

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

Phone: (303) 866-3567

FAX: (303) 832-8106



September 19, 2012

Mike Thompson
Reardon Steel LLC
18050 Road G
Cortez, CO 81321

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

**RE: Financial Warranty for a Notice of Intent to Conduct Prospecting (NOI),
Camp Bird Tailings Exploration Project, NOI File No. P-2012-017.**

Dear Mr. Thompson:

On September 17, 2012, the Division received the above referenced NOI application. The application was found complete for the purposes of filing on September 17, 2012. The application was forwarded to the Division's office in Denver and will be posted on the Division's web site as soon as possible. Pursuant to Rule 5.1.3, the public comment period for the NOI shall close on the tenth (10th) working day following the posting date.

The NOI application did not include a financial warranty, which constitutes a deficiency in the application. Based on information submitted with the NOI application, the Division has completed a preliminary reclamation cost estimation totaling \$10,863.84. Please find enclosed five pages of summary and task sheets utilized by the Division to estimate the cost of reclamation. Please submit a properly executed financial warranty totaling not less than \$10,863.84. Pursuant to Rule 5.1.3(c), the Applicant shall address this deficiency within sixty (60) days, due October 18, 2012, or the Division may terminate the NOI file.

Please contact me at the Division's office in Durango at 691 County Road 233, Suite A-2, Durango, CO 81301, phone (970) 247-5469, if you have any questions.

Sincerely,

Wallace H. Erickson

Environmental Protection Specialist

Enclosure: Reclamation Cost Estimation totaling

ec w/enclosure: Mike Thompson, Reardon Steel
Russ Means, DRMS GJFO

COST SUMMARY WORK

Task description: Summary of reclamation tasks and costs

Site: Camp Bird Tailings
Exploration Project

Permit Action: NOI application
review

Permit/Job#: P2012017

PROJECT IDENTIFICATION

Task #: 003
Date: 9/19/2012
User: WHE

State: Colorado
County: Ouray

Abbreviation: None
Filename: P017-003

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Revegetate 1.41 acres affected lands	REVEGE	1	16.00	\$7,879.73
002	Haul reclamation equipment/crew to and from job site	MOBILIZE	1	1.00	\$64.29
<u>SUBTOTALS:</u>				17	\$ \$7,944.02

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02
Performance bond: 1.05
Job superintendent: 8.50
Profit: 10.00

Total = \$160.47
Total = \$83.41
Total = \$504.05
Total = \$794.40

TOTAL O & P = \$1,542.33

CONTRACT AMOUNT (direct + O & P) = \$9,486.35

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 500.00
Engineering work and/or contract/bid preparation: 4.25
Reclamation management and/or administration: 5.00

Total = 500.00
Total = \$403.17
\$474.32

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$2,919.82

TOTAL BOND AMOUNT (direct + indirect) = \$10,863.84

REVEGETATION WORKTask description: Revegetate 1.41 acres affected landsSite: Camp Bird Tailings
Exploration ProjectPermit Action: NOI application
reviewPermit/Job#: P2012017**PROJECT IDENTIFICATION**Task #: 001State: ColoradoAbbreviation: NoneDate: 9/19/2012County: OurayFilename: P017-001User: WHEAgency or organization name: DRMS**FERTILIZING****Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
			Total Fertilizer Materials Cost/Acre	\$0.00

Application

Description	Cost /Acre
	\$
Total Fertilizer Application Cost/Acre	\$0.00

TILLING

Description	Cost /Acre
Hand raking (MEANS 32 91 13.23 0250)	\$1,197.90
Total Tilling Cost/Acre	\$1,197.90

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Canada Wildrye	2.00	5.28	\$11.70
Mountain Brome - Bromar	7.00	11.25	\$23.31
Slender Wheatgrass - Native	7.00	25.55	\$15.40
Flax, Lewis Blue	2.00	13.27	\$32.34
Bluebunch Wheatgrass - Goldar	2.00	6.43	\$10.76
Totals Seed Mix	20.00	61.78	\$93.51

Application

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Description	Cost /Acre
Push spreader (MEANS 32 92 19.14 0020)	\$1,502.82
Total Seed Application Cost/Acre	\$1,502.82

MULCHING and MISCELLANEOUS**Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
Total Mulch Materials Cost/Acre				\$0.00

Application

Description	Cost /Acre
	\$
Total Mulch Application Cost/Acre	\$0.00

NURSERY STOCK PLANTING

Common Name	No / Acre	Type and Size	Planting Cost	Fertilizer Pellet Cost	Cost /Acre
					\$
Totals Nursery Stock Cost / Acre					\$0.00

JOB TIME AND COST

No. of Acres: 1.41 Cost /Acre: \$2,794.23
 Estimated Failure Rate: 100% Cost /Acre*: \$2,794.23
 *Selected Replanting Work Items: TILLING, SEEDING

Initial Job Cost: \$3,939.86
 Reseeding Job Cost: \$3,939.86
 Total Job Cost: \$7,879.73
 Job Hours: 16.00

EQUIPMENT MOBILIZATION/DEMobilIZATIONTask description: Haul reclamation equipment/crew to and from job siteSite: Camp Bird Tailings
Exploration ProjectPermit Action: NOI application
reviewPermit/Job#: P2012017**PROJECT IDENTIFICATION**Task #: 002
Date: 9/19/2012
User: WHEState: Colorado
County: OurayAbbreviation: None
Filename: P017-002Agency or organization name: DRMS**EQUIPMENT TRANSPORT RIG COST**Shift basis: 1 per day
Cost Data Source: CRG DataTruck Tractor Description: GENERIC ON-HIGHWAY TRUCK TRACTOR, 6X4, DIESEL POWERED,
400 HP (2ND HALF, 2006)Truck Trailer Description: GENERIC FOLDING GOOSENECK, DROP DECK EQUIPMENT TRAILER
(25T, 50T, AND 100T)**Cost Breakdown:**

Available Rig Capacities	0-25 Tons	26-50 Tons	51+ Tons
Ownership Cost/Hour:	\$16.63	\$18.37	\$22.33
Operating Cost/Hour:	\$44.38	\$46.13	\$50.07
Operator Cost/Hour:	\$27.66	\$27.66	\$27.66
Helper Cost/Hour:	\$0.00	\$25.39	\$25.39
Total Unit Cost/Hour:	\$88.67	\$117.55	\$125.45

NON ROADABLE EQUIPMENT:

Machine Description	Weight/ Unit (TONS)	Owner ship Cost/hr/ unit	Haul Rig Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
Subtotals:					\$0.00	\$0.00	\$0.00

ROADABLE EQUIPMENT:

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 1 T. Crew	\$64.29	1	\$64.29	\$64.29
Subtotals:			\$64.29	\$64.29

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	OURAY	
Total one-way travel distance:	5.00	miles
Average Travel Speed:	10.00	mph

Total Non-Roadable Mob/Demob Cost *	\$0.00
** two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	\$64.29
** one round trip, no haul rig:	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	0.50	0.50
Return Time (Hours):	0.50	0.50
Loading Time (Hours):	0.00	NA
Unloading Time (Hours):	0.00	NA
Subtotals:	1.00	1.00

JOB TIME AND COST

Total job time:	1.00	Hours
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Total job cost:	\$64.29
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