

# 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  
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November 21, 2012

Brian Mason  
Garnet Mesa Investments, LLC  
P.O. Box 784  
Delta, CO 81416

John W. Hickenlooper  
Governor

Mike King  
Executive Director

Loretta E. Pineda  
Director

**Re: File No. M-2012-024, Warren Gravel Pit, 112c Decision Letter - Financial and Performance Warranty Request - Construction Material Operation**

Mr. Mason:

On November 21, 2012, the Division of Reclamation, Mining and Safety approved your 112c mining permit application.

The amount of financial warranty set by the Division for this operation is \$28,734.84. You must submit a financial warranty in this amount and a performance warranty in order for us to issue a permit. In the event you have requested a financial warranty form, we have enclosed it in this letter. If you have not, please select a type of financial warranty from Rule 4.3. Then contact us so that we can provide you with the appropriate warranty form.

**PLEASE NOTE THAT MINING OPERATIONS MAY NOT COMMENCE UNTIL A PERMIT HAS BEEN ISSUED BY THE DIVISION AFTER RECEIPT OF YOUR FINANCIAL WARRANTY AND PERFORMANCE WARRANTY. A PERMIT WILL NOT BE ISSUED UNTIL WE VERIFY THE ADEQUACY OF BOTH YOUR FINANCIAL WARRANTY AND PERFORMANCE WARRANTY.**

If you have any questions, please contact me at (970) 241-2042.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Marshall", written over a horizontal line.

Travis H. Marshall  
Environmental Protection Specialist

Enclosure – Final Reclamation Cost Estimate

cc: Russ Means, DRMS

Michael Ripp  
MVR Resources, Inc.  
P.O. Box 54  
Delta, CO 81416

## COST SUMMARY WORK

Task description: Estimate

Permit Action: Final

Reclamation

Site: Warren Gravel Pit

Cost Estimate

Permit/Job#: M2012024

### PROJECT IDENTIFICATION

Task #: 001

State: Colorado

Abbreviation: None

Date: 11/21/2012

County: Delta

Filename: M024-001

User: THM

Agency or organization name: DRMS

### TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Reduce 1,600 ft highwall with dozer	DOZER	1	27.54	\$5,503.95
02a	Distribute topsoil around pit prior to spreading with Dozer	LOADER	1	27.29	\$3,020.00
03a	Spread 4926 CY of topsoil placed by loader	DOZER	1	3.57	\$714.41
04a	Revegetation of 8.64 acres	REVEGE	1	16.00	\$8,825.80
05a	Mobilization	MOBILIZE	1	2.30	\$3,170.00
<b><u>SUBTOTALS:</u></b>				<b>76.7</b>	<b>\$21,234.16</b>

### INDIRECT COSTS

#### OVERHEAD AND PROFIT:

Liability insurance: 2.02%

Total = \$428.93

Performance bond: 1.05%

Total = \$222.96

Job superintendent: 38.35 hrs

Total = \$2,274.16

Profit: 10.00%

Total = \$2,123.42

TOTAL O & P = \$5,049.47

CONTRACT AMOUNT (direct + O & P) = \$26,283.63

#### LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 500.00

Total = 500.00

Engineering work and/or contract/bid preparation: 0.00%

Total = \$0.00

Reclamation management and/or administration: 5.00%

\$1,314.18

CONTINGENCY: 3.00

Total = \$637.02

TOTAL INDIRECT COST = \$7,500.68

**TOTAL BOND AMOUNT (direct + indirect) = \$28,734.84**

BULLDOZER WORKTask description: Reduce 1,600 ft highwall with dozerSite: Warren Gravel PitPermit Action: Final Reclamation  
Cost EstimatePermit/Job#: M2012024PROJECT IDENTIFICATIONTask #: 01A  
Date: 11/21/2012  
User: THMState: Colorado  
County: DeltaAbbreviation: None  
Filename: M024-01aAgency or organization name: DRMSHOURLY EQUIPMENT COSTBasic Machine: Cat D8T - 8U  
Horsepower: 310  
Blade Type: Universal  
Attachment: NA  
Shift Basis: 1 per day  
Data Source: (CRG)Cost Breakdown:

		<u>Utilization %</u>
Ownership Cost/Hour:	\$58.56	NA
Operating Cost/Hour:	\$102.84	100
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$38.49	NA

Total unit Cost/Hour: \$199.89  
Total Fleet Cost/Hour: \$199.89MATERIAL QUANTITIESInitial Volume: 16,652  
Swell factor: 1.124  
Loose volume: 18,710 LCYSource of estimated volume: Division of Reclamation, Mining & Safety  
Source of estimated swell factor: Cat HandbookHOURLY PRODUCTIONAverage push distance: 60 feet  
Unadjusted hourly production: 1,438.4 LCY/hrMaterials consistency description: Compacted fill or embankment 0.9Average push gradient: -15 %  
Average site altitude: 4,970 feetMaterial weight: 2,900 lbs/LCYWeight description: Sand and gravel - DryJob Condition Correction Factor

		<u>Source</u>
Operator Skill:	0.750	(AVG.)
Material consistency:	0.900	(CAT HB))

**WHEEL LOADER – LOAD AND CARRY WORK**Task description: Distribute topsoil around pit prior to spreading with DozerSite: Warren Gravel PitPermit Action: Final Reclamation Cost  
EstimatePermit/Job#: M2012024**PROJECT IDENTIFICATION**Task #: 02A  
Date: 11/21/2012  
User: THMState: Colorado  
County: DeltaAbbreviation: None  
Filename: M024-02aAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: CAT 962H  
Attachment 1: ROPS CabHorsepower: 209  
Shift Basis: 1 per day  
Data Source: (CRG)**Cost Breakdown:**

		Utilization %
Ownership Cost/Hour:	\$26.65	NA
Operating Cost/Hour:	\$45.49	100
Operator Cost/Hour:	\$38.49	NA
Total Unit Cost/Hour:	\$110.63	
Total Fleet Cost/Hour:	\$110.63	

**MATERIAL QUANTITIES**Initial volume: 4,926 CCY      Swell factor: 1.000  
Loose volume: 4,926 LCYSource of estimated volume: Division of Reclamation, Mining & Safety  
Source of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Loader Cycle Time:      Unadjusted Basic Cycle Time (load, dump, maneuver): 0.500 minutes

Cycle Time Factors		Factor (min.)	Source
Material:	Material 1/8" to 3/4" diameter -0.02	-0.020	(Cat HB)
Stockpile:	Conveyor or dozer piled 10 ft. high or less 0.01	0.010	(Cat HB)
Truck Ownership:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Operation:	Constant operation -0.04	-0.040	(Cat HB)
Dump Target:	Nominal target 0.00	0.000	(Cat HB)
Net Cycle Time Adjustment:		-0.050	minutes
Adjusted Basic Cycle Time:		0.450	minutes

**Rolling Resistance – Road Conditions**Haul: Rutted dirt, little maintenance, no water, 2" tire penetration 5.0  
Return: Soft, rutted dirt, no maintenance or water, 4" tire penetration 8.0**Haul and Return Time**

	Length (feet)	Grade Res. (%)	Rolling Res. (%)	Total Res. (%)	Travel Time (minutes)	Source
Haul Route:	400	0.00	5.00	5.00	0.3671	(Cat HB)
Return Route:	400	0.00	8.00	8.00	0.4288	(Cat HB)

**BULLDOZER WORK**Task description: Spread 4926 CY of topsoil placed by loaderSite: Warren Gravel PitPermit Action: Final Reclamation  
Cost EstimatePermit/Job#: M2012024**PROJECT IDENTIFICATION**Task #: 03AState: ColoradoAbbreviation: NoneDate: 11/21/2012County: DeltaFilename: M024-03aUser: THMAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: Cat D8T - 8UHorsepower: 310Blade Type: UniversalAttachment: NAShift Basis: 1 per dayData Source: (CRG)**Cost Breakdown:**

		<u>Utilization %</u>
Ownership Cost/Hour:	\$58.56	NA
Operating Cost/Hour:	\$102.84	100
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$38.49	NA

Total unit Cost/Hour: \$199.89Total Fleet Cost/Hour: \$199.89**MATERIAL QUANTITIES**Initial Volume: 4,926Swell factor: 1.000Loose volume: 4,926 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Average push distance: 60 feetUnadjusted hourly production: 1,438.4 LCY/hrMaterials consistency description: Loose stockpile 1.2Average push gradient: -5 %Average site altitude: 4,970 feetMaterial weight: 1,600 lbs/LCYWeight description: Top Soil**Job Condition Correction Factor**

		<u>Source</u>
Operator Skill:	0.750	(AVG.)
Material consistency:	1.200	(CAT HB)

**REVEGETATION WORK**Task description: Revegetation of 8.64 acres

Site: Warren Gravel Pit Permit Action: Final Reclamation Permit/Job#: M2012024  
Cost Estimate

**PROJECT IDENTIFICATION**

Task #: 04A State: Colorado Abbreviation: None  
 Date: 11/21/2012 County: Delta Filename: M024-04a  
 User: THM

Agency or organization name: DRMS**FERTILIZING****Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
12-4-8	100.00	pound	\$0.47	\$46.50
			<b>Total Fertilizer Materials Cost/Acre</b>	<b>\$46.50</b>

**Application**

Description	Cost /Acre
Tractor towed spreader (MEANS 32 01 90.13 0120)	\$50.09
<b>Total Fertilizer Application Cost/Acre</b>	<b>\$50.09</b>

**TILLING**

Description	Cost /Acre
Subsoiling, heavy, 18" depth (DMG)	\$204.07
<b>Total Tilling Cost/Acre</b>	<b>\$204.07</b>

**SEEDING**

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Crested Wheatgrass - Fairway	1.50	6.89	\$3.56
Yellow Sweet Clover - Madrid	1.50	8.95	\$3.75
Streambank Wheatgrass - Sodar	3.00	9.78	\$12.36
Thickspike Wheatgrass - Critana	3.00	10.61	\$15.18
Rabbitbrush, Rubber	0.25	3.72	\$8.96
Saltbush, Four Wing	0.25	0.34	\$2.63
Sumac, Skunkbrush	0.25	0.12	\$8.67
<b>Totals Seed Mix</b>	<b>9.75</b>	<b>40.41</b>	<b>\$55.10</b>

**Application**

**EQUIPMENT MOBILIZATION/DEMOBILIZATION**Task description: **Mobilization**Site: **Warren Gravel Pit**Permit Action: **Final Reclamation  
Cost Estimate**Permit/Job#: **M2012024****PROJECT IDENTIFICATION**Task #: **05A**  
Date: **11/21/2012**  
User: **THM**State: **Colorado**  
County: **Delta**Abbreviation: **None**  
Filename: **M024-05a**Agency or organization name: **DRMS****EQUIPMENT TRANSPORT RIG COST**Shift basis: **1 per day**  
Cost Data Source: **CRG Data**Truck 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:**

<b>Available Rig Capacities</b>	<b>0-25 Tons</b>	<b>26-50 Tons</b>	<b>51+ Tons</b>
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
Cat D8T - 8SU	47.71	\$58.56	\$117.55	1	\$176.11	\$117.55	\$250.00
CAT 962H	20.95	\$26.65	\$88.67	1	\$115.32	\$88.67	\$250.00
Drill/Broadcast Seeder with Tractor	25.00	\$39.59	\$88.67	1	\$128.26	\$88.67	\$250.00
Power Mulcher (Reinco M90)	6.00	\$7.03	\$88.67	1	\$95.70	\$88.67	\$250.00

Subtotals: **\$515.39** **\$383.56** **\$1,000.00****ROADABLE EQUIPMENT:**

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 3/4 T.	\$14.59	2	\$29.18	\$29.18

Subtotals: **\$29.18** **\$29.18**