

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



John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Pineda
Director

April 26, 2013

Rusty Taylor
RNP Enterprises
1135 CR 30
Craig, CO 81625

Re: File No. M-2013-006, Taylor Pit, 110c Decision Letter - Financial and Performance Warranty Request - Construction Material Operation

Rusty Taylor:

On April 26, 2013, the Division of Reclamation, Mining and Safety approved your 110c mining permit application.

The amount of financial warranty set by the Division for this operation is \$19,911.00. 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. We have enclosed a performance warranty form with this letter for your use.

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.

Sincerely,

Stephanie J. Reigh
Environmental Protection Specialist

Enclosure: DRMS Cost Estimate for Reclamation

cc: Steve Baker, 3B Enterprises, LLC
Russ Means, DRMS
Barbara Coria, DRMS

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



PERFORMANCE WARRANTY

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Pineda
Director

Permittee: RNP Enterprises

Operation: Taylor Pit

Permit No: M-2013-006

This form has been approved by the Mined Land Reclamation Board pursuant to sections 34-32-117, C.R.S., of the Mined Land Reclamation Act and 34-32.5-117, C.R.S., of the Colorado Land Reclamation Act for the Extraction of Construction Materials. Any alteration or modification of this form, without approval by the Board shall result in the financial warranty being invalid and result in the voiding of any permit issued in conjunction with such invalid financial warranty and subject the operator to cease and desist orders and civil penalties for operating without a permit pursuant to sections 34-32-123, C.R.S., of the Mined Land Reclamation Act and 34-32.5-123, C.R.S., of the Colorado Land Reclamation Act for the Extraction of Construction Materials.

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, the Colorado Mined Land Reclamation Act, C.R.S. 34-32-101 et seq. (the "Act"), as amended, and the Colorado Land Reclamation Act for the Extraction of Construction Materials, C.R.S. 34-32.5-101 et seq. (the "Act"), as amended, provides that no permit may be issued under the Act until the Mined Land Reclamation Board (the "Board") receives a performance warranty (or warranties) that is a written promise to comply with all applicable requirements of the Act.

WHEREAS, RNP Enterprises (the "Permittee"), has applied for a permit to conduct a mining operation known as Taylor Pit (the "Operation") on certain lands in Moffat County, Colorado. These lands are described in the permit application, as amended and supplemented, and are referred to herein as the "Affected Lands".

WHEREAS, in its application for the permit, the Permittee has agreed to be bound by all requirements of the Act and all applicable rules and regulations of the Board, as amended from time to time.

WHEREAS, the Board has determined, in accordance with the Act, that the estimated costs of reclamation with regard to those affected lands in Moffat County which are now or may become subject to the permit are those amounts for the stated periods of time as set forth in the financial warranty, which may be amended from time to time to reflect revised estimates of said costs of reclamation.

WHEREAS, the Permittee hereby gives the Board a performance warranty pursuant to Section 34-32-117(2) or Section 34-32.5-117(2) of the Act, and herein promises the Board that it will comply with all applicable requirements of the Act with regard to those Affected Lands.

NOW, THEREFORE, the Permittee hereby promises the Board that it will comply with all applicable requirements of the Act and rules and regulations of the Board with respect to the Affected Lands.

FURTHER, the Permittee hereby promises the Board that it will comply with all of the terms of the application for a permit, as amended and supplemented, as well as any conditions attached to the permit by the Board.

FURTHER, the Permittee promises the Board, pursuant to 34-32-112(2)(d) or 34-32.5-112(1)(c)(iv) of the Act, that it has the lawful authority to enter upon the Affected Lands to conduct mining operations, including, but not limited to, reclamation. The Permittee further recognizes the right of the Board to enter to reclaim lands affected by the operation.

The description of lands herein is for convenience of reference only, and no error in such description, nor any revision of the permitted mining area, nor the disturbance by the Warrantor of lands outside of the permitted mining area shall alter or diminish the Permittee's obligation hereunder, which shall extend to the reclamation of all such lands disturbed.

The obligation of the Permittee hereunder is such that, if the Permittee shall successfully comply with the requirements of the Act, applicable rules and regulations, and the permit, then the Board, upon a finding that the Permittee has so complied, shall release this performance warranty, and the Permittee from its obligation hereunder, to the extent that the Board determines that such compliance has been accomplished. The obligation of the Permittee hereunder shall continue until released in whole or in part by the Board in accordance with applicable law.

In further satisfaction of the requirements of the Act, the Permittee promises to be responsible for the cost of reclamation up to the amount established by the Board and has attached hereto its financial warranty, which may be amended from time to time. The Permittee agrees that it will maintain a financial warranty (or warranties) for the estimated costs of reclamation in good standing for the entire life of the permit. Please note that under the provisions of the Colorado Mined Land Reclamation Act and the Colorado Land Reclamation Act for the Extraction of Construction Materials, any Applicant or Permittee that submits proof, acceptable to the Board or Division of Reclamation, Mining and Safety, that an Applicant or Permittee is a unit of County or Municipal government, or is a department or division of State government, the Applicant or Permittee is not required to submit or post any other instrument of financial responsibility but hereby promises to be responsible for the cost of reclamation up to the amount specified by the Board.

If the Board determines that the Permittee is in default under this performance warranty and has failed to cure such default, although written notice of such default and ample time to cure such default have been given, the Permittee's financial warranty shall be subject to forfeiture.

This performance warranty may be executed in multiple copies, each of which shall be treated as an original, but together they constitute only one agreement, the validity and interpretation of which shall be governed by the laws of the State of Colorado.

This performance warranty may be executed in multiple copies, each of which shall be treated as an original, but together they constitute only one agreement, the validity and interpretation of which shall be governed by the laws of the State of Colorado.

The provisions hereof shall bind and inure to the benefit of the parties hereto and their successors and assigns.

SIGNED, SEALED AND DATED this _____ day of _____, _____.

RNP Enterprises (SEAL)
Permittee

By: _____

Title: _____

NOTARIZATION OF PERMITTEE'S ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____
, _____, by _____ as _____ of _____
_____.

NOTARY PUBLIC

My Commission expires: _____

APPROVED:
State of Colorado
Mined Land Reclamation Board
Division of Reclamation, Mining and Safety

By: _____ Date: _____
Division Director

COST SUMMARY WORK

Task description: T01

Site: Taylor Pit

Permit Action: Initial calc

Permit/Job#: M2013006

PROJECT IDENTIFICATION

Task #: T01

State: Colorado

Abbreviation: None

Date: 4/25/2013

County: Moffat

Filename: M006-t01

User: SJR

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
t03	dozer	DOZER	1	24.18	\$4,792.31
t04	dozer for over burden	DOZER	1	21.65	\$4,290.14
t07	drill seeder & mulch	REVEGE	1	0.00	\$7,208.49
t06	grade overburden	GRADER	1	7.62	\$729.00
t05	grade topsoil 3:1	GRADER	1	7.62	\$729.00
t01	mobilization	MOBILIZE	1	0.36	\$2,162.38
<u>SUBTOTALS:</u>				61.43	\$19,911.32

REVEGETATION WORKTask description: **Drill seeder & mulch**Site: **Taylor Pit**Permit Action: **Initial calc**Permit/Job#: **M2013006****PROJECT IDENTIFICATION**Task #: **T07**State: **Colorado**Abbreviation: **None**Date: **4/26/2013**County: **Moffat**Filename: **M006-t07**User: **SJR**Agency 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
	\$
Total Tilling Cost/Acre	\$0.00

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Mountain Brome - Bromar	1.60	2.57	\$5.44
Orchardgrass - Shawnee	0.30	3.72	\$0.35
Intermediate Wheatgrass - Rush	2.50	5.34	\$5.60
Sainfoin - Remont	2.50	1.09	\$7.03
Pubescent Wheatgrass - Topar	2.25	4.65	\$4.84
Totals Seed Mix	9.15	17.37	\$23.25

Application

--	--

Description	Cost /Acre
Drill seeding (DRMS Cost Data)	\$88.20
Total Seed Application Cost/Acre	\$88.20

MULCHING and MISCELLANEOUS**Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
Hay, delivered {MEANS 31 25 14.16 1200}	2.00	TON	\$265.00	\$530.00
Total Mulch Materials Cost/Acre				\$530.00

Application

Description	Cost /Acre
Power mulcher (MEANS 32 91 13.16 0250)	\$86.68
Total Mulch Application Cost/Acre	\$86.68

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:	9.9	Cost /Acre:	\$728.13
Estimated Failure Rate:	20%	Cost /Acre*:	\$0.00
*Selected Replanting Work Items:	NONE		
Initial Job Cost:	\$7,208.49		
Reseeding Job Cost:	\$0.00		
Total Job Cost:	\$7,208.49		
Job Hours:	0.00		

MOTOR GRADER WORK

Task description: Grade overburden

Site: Taylor Pit

Permit Action: Grader overburden

Permit/Job#: M2013006

PROJECT IDENTIFICATION

Task #: T06

State: Colorado

Abbreviation: None

Date: 4/26/2013

County: Moffat

Filename: M006-t06

User: SJR

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: CAT 12M

Horsepower: 158

Ripper Attachment: _____

Shift Basis: 1 per day

Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	\$22.65	NA
Operating Cost/Hour:	\$45.38	100
Ripper Operating Cost/Hour:	\$0.00	
Operator Cost/Hour:	\$27.55	NA
Total Unit Cost/Hour:	\$95.57	
Total Fleet Cost/Hour:	\$95.57	

MATERIAL QUANTITIES

Total Area to be graded or ripped: 9.90 acres

Source of estimated acreage: Permit

HOURLY PRODUCTION

Average Grader Speed:	<u>1.50</u>	mph
Selected Application:	<u>Finish grading (0-2.5 mph) - 1.5</u>	
Selected Blade Angle:	<u>30</u>	degrees
Effective Blade Length:	<u>10.40</u>	feet
Width of blade overlap per pass:	<u>2.00</u>	feet
Net grading or ripping width per pass:	<u>8.40</u>	feet
Unadjusted Hourly Unit Production:	<u>1.5273</u>	acres/hour

Job Condition Correction Factors

Site Altitude: 7000 feet

Altitude Adj:	<u>1.00</u>	Source
Job Efficiency:	<u>0.85</u>	(CAT HB)
Net Correction:	<u>0.8500</u>	(1sh/d, mod.)
		multiplier

Adjusted Hourly Unit Production: 1.2982 acres/Hour

Adjusted Hourly Fleet Production: 1.2982 acres/Hour

JOB TIME AND COST

Fleet size: 1 Grader(s) Total job time: 7.63 Hours

Unit cost: \$73.62 per acre Total job cost: \$729.00

MOTOR GRADER WORK

Task description: Grade topsoil 3:1

Site: Taylor Pit

Permit Action: Grader topsoil

Permit/Job#: M2013006

PROJECT IDENTIFICATION

Task #: T05

State: Colorado

Abbreviation: None

Date: 4/26/2013

County: Moffat

Filename: M006-t05

User: SJR

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: CAT 12M

Horsepower: 158

Ripper Attachment: _____

Shift Basis: 1 per day

Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	\$22.65	NA
Operating Cost/Hour:	\$45.38	100
Ripper Operating Cost/Hour:	\$0.00	
Operator Cost/Hour:	\$27.55	NA
Total Unit Cost/Hour:	\$95.57	
Total Fleet Cost/Hour:	\$95.57	

MATERIAL QUANTITIES

Total Area to be graded or ripped: 9.90 acres

Source of estimated acreage: Permit

HOURLY PRODUCTION

Average Grader Speed:	<u>1.50</u>	mph
Selected Application:	<u>Finish grading (0-2.5 mph) - 1.5</u>	
Selected Blade Angle:	<u>30</u>	degrees
Effective Blade Length:	<u>10.40</u>	feet
Width of blade overlap per pass:	<u>2.00</u>	feet
Net grading or ripping width per pass:	<u>8.40</u>	feet
Unadjusted Hourly Unit Production:	<u>1.5273</u>	acres/hour

Job Condition Correction Factors

Site Altitude: 7000 feet

Altitude Adj:	<u>1.00</u>	Source
Job Efficiency:	<u>0.85</u>	(CAT HB)
Net Correction:	<u>0.8500</u>	(1sh/d, mod.)
		multiplier

Adjusted Hourly Unit Production: 1.2982 acres/Hour

Adjusted Hourly Fleet Production: 1.2982 acres/Hour

JOB TIME AND COST

Fleet size: 1 Grader(s) Total job time: 7.63 Hours

Unit cost: \$73.62 per acre

Total job cost: \$729.00

BULLDOZER WORKTask description: Dozer for over burdenSite: Taylor PitPermit Action: Dozer overburdenPermit/Job#: M2013006**PROJECT IDENTIFICATION**Task #: T04State: ColoradoAbbreviation: NoneDate: 4/26/2013County: MoffatFilename: M006-t04User: SJRAgency 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:	\$56.69	NA
Operating Cost/Hour:	\$104.06	100
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$37.41	NA

Total unit Cost/Hour: \$198.16Total Fleet Cost/Hour: \$198.16**MATERIAL QUANTITIES**Initial Volume: 4,000Swell factor: 1.000Loose volume: 4,000 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Average push distance: 200 feetUnadjusted hourly production: 515.8 LCY/hrMaterials consistency description: Rock, well ripped or blasted 0.8Average push gradient: 5 %Average site altitude: 7,000 feetMaterial weight: 2,600 lbs/LCYWeight description: Limestone - Broken**Job Condition Correction Factor**

		<u>Source</u>
Operator Skill:	0.750	(AVG.)
Material consistency:	0.800	(CAT HB)
Dozing method:	1.000	(GEN.)

Visibility:	1.000	(AVG.)
Job efficiency:	0.830	(1 SHIFT/DAY)
Spoil pile:	0.900	(SSD-FC)
Push gradient:	0.903	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	0.885	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.3582

Adjusted unit production: 184.76 LCY/hr

Adjusted fleet production: 184.76 LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)

Unit cost: \$1.073/LCY

Total job time: 21.65 Hours

Total job cost: \$4,290.14

BULLDOZER WORKTask description: DozerSite: Taylor PitPermit Action: DozerPermit/Job#: M2013006**PROJECT IDENTIFICATION**Task #: T03State: ColoradoAbbreviation: NoneDate: 4/26/2013County: GunnisonFilename: M006-t03User: SJRAgency 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:	\$56.69	NA
Operating Cost/Hour:	\$104.06	100
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$37.41	NA

Total unit Cost/Hour: \$198.16Total Fleet Cost/Hour: \$198.16**MATERIAL QUANTITIES**Initial Volume: 7,986Swell factor: 1.000Loose volume: 7,986 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Average push distance: 200 feetUnadjusted hourly production: 515.8 LCY/hrMaterials consistency description: Rock, well ripped or blasted 0.8Average push gradient: 5 %Average site altitude: 7,000 feetMaterial weight: 1,600 lbs/LCYWeight description: Top Soil**Job Condition Correction Factor**

		<u>Source</u>
Operator Skill:	0.750	(AVG.)
Material consistency:	0.800	(CAT HB)
Dozing method:	1.100	(50% SL)

Visibility:	1.000	(AVG.)
Job efficiency:	0.830	(1 SHIFT/DAY)
Spoil pile:	0.900	(SSD-FC)
Push gradient:	0.903	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	1.438	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.6402

Adjusted unit production: 330.22 LCY/hr

Adjusted fleet production: 330.22 LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)

Unit cost: \$0.600/LCY

Total job time: 24.18 Hours

Total job cost: \$4,792.31

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: **Mobilization**Site: **Taylor Pit**Permit Action: **Mobilization**Permit/Job#: **M2013006****PROJECT IDENTIFICATION**Task #: **T01**State: **Colorado**Abbreviation: **None**Date: **4/25/2013**County: **Moffat**Filename: **M006-t01**User: **SJR**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:**

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
Cat D8T - 8U	48.33	\$56.69	\$117.55	1	\$174.24	\$117.55	\$250.00
CAT 12M	16.01	\$22.65	\$88.67	1	\$111.32	\$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: **\$509.52** **\$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
---------------------	---------------------	------------	-----------------------------	-------------------------------

Subtotals: **\$0.00** **\$0.00**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	MAYBELL	
Total one-way travel distance:	5.00	miles
Average Travel Speed:	55.00	mph

Total Non-Roadable Mob/Demob Cost *	\$2,162.38
'* two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	\$0.00
** one round trip, no haul rig:	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	0.09	0.09
Return Time (Hours):	0.09	0.09
Loading Time (Hours):	0.00	NA
Unloading Time (Hours):	0.00	NA
Subtotals:	0.18	0.18

JOB TIME AND COST

Total job time:	0.36	Hours
-----------------	------	-------

Total job cost:	\$2,162.38
-----------------	------------