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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COLORADO DIVISION OF RECLAMATION MINING & SAFETY

May 7, 2013

Glen Williams
Cotter Corporation, N.S.L.
P.O. Box 700
Nucla, CO
81424

RE: CM-25 Mine, Permit No. M-1977-307, Amendment Approval, Revision No. AM-1

Dear Mr. Williams:

On May 6, 2013 the Division of Reclamation, Mining and Safety (Division) approved the Amendment application (AM-1) submitted on September 28, 2012, addressing the following:

Update permit to meet requirements for 110d operations.

The terms of AM-1 approved by the Division are hereby incorporated into Permit No. M-1977-307. All other conditions and requirements of the permit remain in full force and effect.

The Division has estimated the reclamation costs based on the operation proposed through AM-1 and determined that the Financial Warranty shall be set at *$29,405.00.* According to Division records, the Department of Energy (DOE) currently holds a Financial Warranty of $4,000.00 and the Division holds a Financial Warranty of $100.00 for this site. Please submit additional bond in the amount of *$25,305.00.* The revision will not be final until the bond is approved by the Division.

Please make arrangements with Barbara Coria at the Division of Reclamation, Mining and Safety Denver Office, phone no. 303.866.3567, ext. 8148 for submittal of the financial warranty. Any questions regarding completion, execution and/or submittal of financial warranty forms should also be directed to Barbara Coria.

If you require additional information, have questions or concerns, please contact me at the DRMS Grand Junction Field Office.

Sincerely,

Dustin Czapla
Environmental Protection Specialist
Department of Natural Resources
Division of Reclamation, Mining and Safety
101 South 3rd, Suite 301
Grand Junction, CO 81501
Phone: (970) 243-6299
Fax: (970) 241-1516

Cc: Ed Cotter, DOE
Jennifer Thurston, INFORM

COST SUMMARY WORK

Task description: **Update financial warranty based on AM-1 application**

Site: **CM-25 Mine** Permit Action: AM1 Permit/Job#: M1977307

PROJECT IDENTIFICATION

Task #: 000 State: Colorado Abbreviation: None
Date: 5/6/2013 County: Montrose Filename: M307-000
User: DMC

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Demolition/removal of onsite structures	DEMOLISH	1	8.00	$2,963.83
02a	Seal portals and vent holes	MINESEAL	1	16.00	$13,400.52
03a	Recontour mine waste dump	DOZER	1	8.59	$1,189.04
04a	Spread fines over waste dump area	DOZER	1	1.64	$227.50
05a	Revegetate site	REVEGE	1	8.00	$2,343.80
06a	Mobilize reclamation crew and equipment	MOBILIZE	1	3.71	$2,893.20
			SUBTOTALS:	**45.94**	**$23,017.89**

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance:	2.02%	Total =	$464.96
Performance bond:	1.05%	Total =	$241.69
Job superintendent:	22.97 hrs	Total =	$1,502.47
Profit:	10.00%	Total =	$2,301.79
		TOTAL O & P =	$4,510.91
		CONTRACT AMOUNT (direct + O & P) =	$27,528.80

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%		$1,376.44
CONTINGENCY:	0.00	Total =	$0.00
		TOTAL INDIRECT COST =	$6,387.35

TOTAL BOND AMOUNT (direct + indirect) = $29,405.00

DEMOLITION WORK

Task description: **Demolition/removal of onsite structures**

Site: **CM-25 Mine** Permit Action: AM1 Permit/Job#: M1977307

PROJECT IDENTIFICATION

Task #: 01A State: Colorado Abbreviation: None
Date: 5/6/2013 County: Montrose Filename: M307-01a
User: DMC

Agency or organization name: DRMS

UNIT COSTS

Location adjustment: 94.70 %

Structure or Item Description	Dimensions	Demolition Menu Selection	Quantity	Unit	Unit Cost	Total Cost
Remove compressor building	24' x 12' x 8'	Bldg. (SN) demo./off-site disposal in approved landfill - Max. 15 mile haul	2,304.00	CF	$1.07	$2,465.28
Demo compressor building slab	24' x 12' x 12"	Demo. and on-site disposal in existing pit, 12 in. thick - Max. 50 ft. push	288.00	SF	$2.31	$664.42

Job Hours: **8.00** **Subtotal (unadjusted):** **$3,129.70** **Total Cost (adjusted for location):** **$2,963.83**

SAFEGUARDING UNDERGROUND OPENINGS

Task description: **Seal portals**

Site: **CM-25 Mine** Permit Action: AM1 Permit/Job#: M1977307

PROJECT IDENTIFICATION

Task #: 02A State: Colorado Abbreviation: None
Date: 5/6/2013 County: Montrose Filename: M307-02a
User: DMC

Agency or organization name: DRMS

UNIT COSTS

Opening Description	Dimensions	Closure Method	Quantity	Unit	Unit Cost	Total Cost
Main and escapeway	EA	Adit closure - backfilling (per opening)	2.00	EA	$1,415.48	$2,830.96
Ventholes	EA	Shaft closure – concrete plug	4.00	EA	$2,642.39	$10,569.56

Job Hours: **16.00** **Total Cost:** **$13,400.52**

BULLDOZER WORK

Task description: **Recontour mine waste dump**

Site: **CM-25 Mine** Permit Action: AM1 Permit/Job#: M1977307

PROJECT IDENTIFICATION

Task #: 03A State: Colorado Abbreviation: None
Date: 5/6/2013 County: Montrose Filename: M307-03a
User: DMC

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat D6T LGP
Horsepower: 200
Blade Type: Straight
Attachment: NA
Shift Basis: 1 per day
Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	$35.09	NA
Operating Cost/Hour:	$65.97	100
Ripper op. Cost/Hour:	$0.00	0
Operator Cost/Hour:	$37.41	NA

Total unit Cost/Hour: $138.47
Total Fleet Cost/Hour: **$138.47**

MATERIAL QUANTITIES

Initial Volume: 1,944
Swell factor: 1.000
Loose volume: **1,944** LCY

Source of estimated volume: AM1 Rec. Plan
Source of estimated swell factor: Cat Handbook

HOURLY PRODUCTION

Average push distance: 50 feet
Unadjusted hourly production: 444.6 LCY/hr

Materials consistency description: Loose stockpile 1.2

Average push gradient: 0 %
Average site altitude: 5,800 feet

Material weight: 2,700 lbs/LCY

Weight description: Stone - crushed

Job Condition Correction Factor		Source
Operator Skill:	0.750	(AVG.)
Material consistency:	1.200	(CAT HB)
Dozing method:	1.000	(GEN.)

Visibility:	1.000	(AVG.)
Job efficiency:	0.830	(1 SHIFT/DAY)
Spoil pile:	0.800	(FND-RF)
Push gradient:	1.000	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	0.852	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.5092

Adjusted unit production: 226.39 LCY/hr
Adjusted fleet production: **226.39** LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)
Unit cost: $0.612/LCY

Total job time: **8.59** Hours
Total job cost: **$1,189.04**

BULLDOZER WORK

Task description: **Spread fines over waste dump area**

Site: **CM-25 Mine** Permit Action: AM1 Permit/Job#: M1977307

PROJECT IDENTIFICATION

Task #: 04A State: Colorado Abbreviation: None
Date: 5/6/2013 County: Montrose Filename: M307-04a
User: DMC

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat D6T LGP
Horsepower: 200
Blade Type: Straight
Attachment: NA
Shift Basis: 1 per day
Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	$35.09	NA
Operating Cost/Hour:	$65.97	100
Ripper op. Cost/Hour:	$0.00	0
Operator Cost/Hour:	$37.41	NA

Total unit Cost/Hour: $138.47
Total Fleet Cost/Hour: **$138.47**

MATERIAL QUANTITIES

Initial Volume: 300
Swell factor: 1.000
Loose volume: **300** LCY

Source of estimated volume: AM1 Rec. Plan
Source of estimated swell factor: Cat Handbook

HOURLY PRODUCTION

Average push distance: 150 feet
Unadjusted hourly production: 212.5 LCY/hr

Materials consistency description: Loose stockpile 1.2

Average push gradient: 0 %
Average site altitude: 5,800 feet

Material weight: 1,600 lbs/LCY

Weight description: Top Soil

Job Condition Correction Factor		Source
Operator Skill:	0.750	(AVG.)
Material consistency:	1.200	(CAT HB)
Dozing method:	1.000	(GEN.)

Visibility:	1.000	(AVG.)
Job efficiency:	0.830	(1 SHIFT/DAY)
Spoil pile:	0.800	(FND-RF)
Push gradient:	1.000	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	1.438	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.8593

Adjusted unit production: 182.60 LCY/hr
Adjusted fleet production: **182.6** LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)
Unit cost: $0.758/LCY

Total job time: **1.64** Hours
Total job cost: **$227.50**

REVEGETATION WORK

Task description: **Revegetate site**

Site: **CM-25 Mine** Permit Action: AM1 Permit/Job#: M1977307

PROJECT IDENTIFICATION

Task #: 05A State: Colorado Abbreviation: None
Date: 5/6/2013 County: Montrose Filename: M307-05a
User: DMC

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
Weed control spraying (MEANS 31 31 16.13 3100)	$145.20
Total Tilling Cost/Acre	**$145.20**

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Blue Grama - Hachita	2.00	32.64	$21.30
Indian Ricegrass - Native	4.00	12.95	$26.96
Galleta	2.00	7.30	$50.40
Slender Wheatgrass - Native	2.00	7.30	$4.50
Western Wheatgrass - Arriba	4.00	10.10	$14.72
Needle and Thread	1.00	2.64	$46.99
Needlegrass, Green - Lodorm	2.00	8.31	$10.78
Flax, Lewis Blue	1.00	6.63	$16.52
Saltbush, Four Wing	3.00	4.13	$32.19
Globemallow, Scarlet (or copper)	0.30	3.40	$42.14
Winter Fat	1.00	2.55	$32.69
Penstemon, Palmer	0.50	11.06	$15.50
Totals Seed Mix	22.80	109.01	**$314.69**

Application

Description	Cost /Acre
Broadcast seeding [DMG]	$261.28
Total Seed Application Cost/Acre	**$261.28**

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: 2.6
Estimated Failure Rate: 25%
*Selected Replanting Work Items: TILLING, SEEDING

Cost /Acre: $721.17
Cost /Acre*: $721.17

Initial Job Cost: **$1,875.04**
Reseeding Job Cost: **$468.76**
Total Job Cost: **$2,343.80**
Job Hours: **8.00**

EQUIPMENT MOBILIZATION/DEMOBILIZATION

Task description: **Mobilize reclamation crew and equipment**

Site: **CM-25 Mine** Permit Action: AM1 Permit/Job#: M1977307

PROJECT IDENTIFICATION

Task #: 06A State: Colorado Abbreviation: None
Date: 5/6/2013 County: Montrose Filename: M307-06a
User: DMC

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 D6T LGP	26.87	$35.09	$117.55	1	$152.64	$117.55	$250.00
CAT 950H	20.13	$24.98	$88.67	1	$113.65	$88.67	$250.00
Drill/Broadcast Seeder with Tractor	25.00	$39.59	$88.67	1	$128.26	$88.67	$250.00
Subtotals:					**$394.55**	**$294.89**	**$750.00**

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.	$15.34	1	$15.34	$15.34
Subtotals:			**$15.34**	**$15.34**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	NUCLA	
Total one-way travel distance:	15.00	miles
Average Travel Speed:	35.00	mph
Total Non-Roadable Mob/Demob Cost * '* two round trips with haul rig:	$2,880.05	
Total Roadable Mob/Demob Cost ** ** one round trip, no haul rig:	$13.15	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	0.43	0.43
Return Time (Hours):	0.43	0.43
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	1.86	0.86

JOB TIME AND COST

Total job time:	**3.71**	Hours
Total job cost:	**$2,893.20**	