

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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Bill Ritter, Jr.
Governor

James B. Martin
Executive Director

March 18, 2010

Mr. Richard Blubaugh
Powertech (USA) Inc.
5575 DTC Parkway, Suite 140
Greenwood Village, CO 80111

RE: Centennial Project, Fourth Review of Notice of Intent Modification MD-03, File No. P-2008-043

Dear Mr. Blubaugh:

The Colorado Division of Reclamation, Mining, and Safety (DRMS) has reviewed Powertech's submittal dated March 9, 2010 responding to DRMS third review of proposed modification MD-03 to Notice of Intent to Conduct Prospecting P-2008-043, and has determined that there are issues remaining to be addressed. Please respond to the following items at your earliest convenience bearing in mind that if you have not addressed these items within sixty days of the date of this letter the DRMS may terminate consideration of the proposed modification (Rule 5.1.3 of the Mineral Rules and Regulations of the Mined Land Reclamation Board).

1. Powertech has requested the flexibility to use tanks regardless of previously stored contents. DRMS approves this request. However, DRMS will continue to require that Powertech provide a commitment for provision to DRMS of Rain for Rent's detailed history of the previous contents of tanks, at least back one tank use event, and a commitment that the tanks will not be used to store produced ground water until after the detailed history has been accepted by DRMS in writing. DRMS will not use this detailed history for any reason other than to inform and frame the evaluation of rinsate test results; tank history will not be used to disqualify tanks that pass the rinsate testing and meet all other requirements of MD-03.
2. Powertech has committed to pump test commencement after April 15 and to monitoring the long range temperature forecast and postponing the pump test if "abnormally sub-freezing air temperatures are to be expected." These commitments, along with the commitment to install valves and other plumbing to clear the pipes if freezing potential were to develop, are sufficient for DRMS to eliminate the requirement to bond for freeze protection equipment and equipment operation. In order to apply enforceable parameters to the forecast monitoring commitment, please state affirmatively that Powertech will not commence the pump test until such time that the National Weather Service forecast for the pump test location is free of any sub-25 degree Fahrenheit predictions.

DRMS estimates the cost to reclaim the pump test site at \$63,670.00. The details of the cost estimate are enclosed with this letter. This estimate differs from the DRMS cost estimate for MD-03 previously prepared as follows:

- a. Costs for freeze protection have been removed.

- b. Costs for the option of deploying a fifth tank have been added.
- c. An engineering cost has been added to cover the expense of pump test data evaluation prior to injection as required under MD-03 and by the EPA Underground Injection Control Program.

Powertech may not commence operations proposed in MD-03 until the above listed issues have been resolved, bond in the amount of \$63,670.00 has been submitted, and Powertech is notified in writing that the bond has been accepted by the DRMS.

If you have any questions, please contact me at 303-866-3567, ext. 8143.

Sincerely,



Allen C. Sorenson
Reclamation Specialist

enclosure(s)

cc: Michael Beshore, Powertech, via email, w/ enclosures

CIRCES Cost Estimating Software

COST SUMMARY FORM

PROJECT IDENTIFICATION

Date : 18-Mar-2010	Permit or job no. : P2008043	Site : Centennial Uranium Project
User : ACS	Abbreviation : none	State : Colorado
	Filename : P043-000	County : Weld

Agency or organization name : Colorado Division Of Reclamation, Mining, And Safety
 Permit or job action : Modification MD-03

TASK LIST (DIRECT COSTS)

NO.	TASK DESCRIPTION	FORM USED	FLEET SIZE	TASK HOURS	DIRECT COST
001	-Remove pump test fencing and piping	demolish	2	22.00	\$1,655
002	-Revegetate pump test site	revege	1	16.00	\$634
003	-Class C motor home 31 ft.	NA	1	1,152.00	\$6,000
004	-5 tanks and diesel pump for 56 days	NA	5	1,344.00	\$10,500
005	-Pipe and fittings, purchase	NA	1	0.10	\$1,391
006	-Install labor, inc. delivery, pipes, pump, fittings	NA	2	26.00	\$1,015
007	-Hydrotest tanks, pipes, fittings	NA	1	2.00	\$350
008	-Enviro fee, Rain for Rent	NA	1	0.10	\$15
009	-Remove labor, tanks, Rain for Rent	NA	1	0.10	\$1,156
010	-Pick up hauling, Rain for Rent	NA	1	0.10	\$2,344
011	-Fuel Surcharge, Rain for Rent	NA	1	0.10	\$375
012	-Tank cleaning, 5 tanks	NA	1	0.10	\$3,000
021	-Fuel for diesel pump and motor home generator	NA	1	0.10	\$1,560
022	-EPA required water quality analysis, 5 tanks	NA	1	8.00	\$1,625
023	-Deliver fuel, lubricants, and filtersto pump test site	mobilize	2	0.10	\$1,828
024	-Mobilize reveg. equip. per Consolidated Divisions Inc. invoice	NA	1	0.10	\$930
025	-Labor for periodic fueling and lubrication	NA	1	14.00	\$1,216
SUBTOTALS :				2,584.90	\$35,594
* includes inflation factor adjustment of : NA %				TOTAL DIRECT COST * =	\$35,594

INDIRECT COSTS

OVERHEAD AND PROFIT -	Liability insurance :	2.02	% of direct	total =	\$719	
	Performance bond :	1.05	% of direct	total =	\$374	
	Job superintendent :	300.00	hrs*...\$/hr: \$52.10	total =	\$15,630	
	Profit :	10.00	% of direct	total =	\$3,559	
* net working hours comprising job					TOTAL O & P =	\$20,282
LEGAL - ENGINEERING - PROJECT MANAGEMENT -		CONTRACT AMOUNT (direct + O & P) =			\$55,877	
Financial warranty processing (legal/related costs) :	0.00	total \$	NA	total =	\$0	
Engineering work and/or contract/bid preparation :	NA	NA	NA	total =	\$5,000	
Reclamation management and/or administration :	5.00	% of cntr.	NA	total =	\$2,794	
CONTINGENCY -	NA*	NA		total =	NA	
* contingencies accounted for at task level					TOTAL INDIRECT COST =	\$28,076
TOTAL BOND AMOUNT (direct + indirect) =					\$63,670	

CIRCES Cost Estimating Software
EQUIPMENT MOBILIZATION / DEMOBILIZATION

PROJECT IDENTIFICATION

sheet 1 of 2

Agency or organization name : *Colorado Division Of Reclamation, Mining, And Safety*
 Task # : **023** State : *Colorado* Permit/job # : **P2008043**
 Date : *03/17/2010* County : *Weld* Abbreviation : *none*
 User : *ACS* Site : *Centennial Uranium Project* Filename : *P043-023*

Permit or other job action : *Modification Md-03*

Task description : **Deliver fuel, periodic lube, oil, filter service**

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)*

Available rig capacities :	0-25 Tons	26-50 Tons	51+ Tons
Cost Breakdown :			
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)	Ownership Cost/hr/unit	Haul Rig Cost/hr/unit	Fleet Size (No. units)	Haul Trip Cost/hr/fleet	Return Trip Cost/hr/fleet	DOT permit Cost/fleet
Subtotals :					\$0.00	\$0.00	\$0.00

ROADABLE EQUIPMENT

sheet 2 of 2

Machine Description	Total Cost/hour/unit	Fleet Size (No. units)	Haul Trip Cost/hr/fleet	Return Trip Cost/hr/fleet
-Fuel Tanker, 6x4, 210 HP	\$81.57	9	\$734.11	\$734.11
-Lube Truck, 6x4, 210 HP	\$96.85	1	\$96.85	\$96.85
Subtotals :			\$830.96	\$830.96

EQUIPMENT HAUL DISTANCE and TIME

			Nearest major city or town within project area region :	<u>Ft. Collins</u>	
<u>Transportation Cycle Time :</u>	Non-Roadable Equipment	Roadable Equipment	Total one-way travel distance :	<u>33.0</u>	miles
			Average travel speed :	<u>30.0</u>	mph
Haul time (hours) =	<u>1.10</u>	<u>1.10</u>	Total non-roadable mob/demob cost * :	<u>\$0.00</u>	
Return time (hours) =	<u>1.10</u>	<u>1.10</u>	* two round trips with haul rig		
Loading time (hours) =		<u>NA</u>	Total roadable mob/demob cost ** :	<u>\$1,828.11</u>	
Unloading time (hours) =		<u>NA</u>	** one round trip, no haul rig		
Subtotals =	<u>2.20</u>	<u>2.20</u>			

JOB TIME AND COST

Total job time :	<u>2.20</u>	hours
Total job cost :	<u>\$1,828</u>	