

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

NON CONFIDENTIAL



01 February 2011 ✓

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

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

Re: Surety Reduction Approval, Centennial Uranium Project, Revision No. SR-2
File No. P-2008-043 ✓

Dear Mr. Blubaugh:

On 31 January 2011, the Colorado Division of Reclamation, Mining and Safety (Division) reduced the amount of financial warranty for prospecting notice P-2008-043 from \$122,400 to \$71,400. Powertech (USA) Inc. posted a cash bond for this prospecting notice; therefore, a State Warrant in the amount of \$51,000 plus accumulated interest (if any) will be sent to you under separate cover.

Please find enclosed the estimate of remaining well plugging and surface reclamation costs used to determine the amount of the reduction. This surety reduction is partly based on three previously bonded exploration boreholes that were not drilled. Therefore, approval to drill those exploration boreholes is rescinded. With the exception of ground water monitoring well C-004-35, for which financial warranty is still in place, no additional drilling may be conducted under prospecting Notice of Intent P-2008-043 without the Division's written approval of a modification to the prospecting notice.

You may call me with questions at 303-866-3567 ext 8108.

Sincerely,

David Bird
Division of Reclamation, Mining, and Safety

cc: Michael Beshore – Powertech, via email
Mary Rodriguez – DRMS, via email

CIRCES Cost Estimating Software
HYDRAULIC EXCAVATOR WORK

PROJECT IDENTIFICATION

Task # : EXC State : Colorado Permit/job # : P-2008-043
 Date : 01/18/2011 County : Weld Abbreviation : none
 User : DB2 Site : Centennial Project Filename : P043-EXC

Agency or organization name : DRMS
 Permit or other job action : Revised reclamation costs under SR-2
 Task description : Backfill and replace topsoil in mud pits

HOURLY EQUIPMENT COST

Machine description : Cat 311C U Horsepower : 79
 Weight (MT) : 11.94

Cost Breakdown :		Utilization %	
Ownership cost/hour :	<u>\$17.82</u>	<u>NA</u>	Shift basis : <u>1 per day</u>
Operating cost/hour :	<u>\$20.51</u>	<u>100</u>	Data source : <u>(CRG)</u>
Operator cost/hour :	<u>\$38.72</u>	<u>NA</u>	
Total unit cost/hour :	<u>\$77.05</u>		Total fleet cost/hour : <u>\$77.05</u>

MATERIAL QUANTITIES

Initial Swell Loose
 volume : 17 BCY factor : 1.250 volume : 21 LCY

Source of estimated volume : 1 pit @ 5' x 15' x 6'
 Source of estimated swell factor : Swell table, earth dry packed

HOURLY PRODUCTION

Excavator Cycle Time (load bucket, swing loaded, dump bucket, swing empty)
 Basic job condition description : SEVERE
 Secondary job condition within basic description : SEVERE
 Cycle time value : 0.33 minutes

Bucket Capacity

Rated bucket capacity : 0.68 LCY (heaped) Bucket size class : medium
 Bucket fill factor : 0.50 USER-PROVIDED BUCKET FILL FACTOR
 Adjusted bucket capacity : 0.34 LCY

Job Condition Correction Factors

Site altitude : <u>5.000</u> feet	Altitude adjustment : <u>1.00</u>	Source : <u>(Cat HB)</u>
	Job efficiency adjustment : <u>0.83</u>	<u>(1 shift/day)</u>
	Net job correction : <u>0.83</u>	multiplier

Unadjusted hourly unit production : 62.77 LCY/hour
 Adjusted hourly unit production : 52.10 LCY/hour
 Adjusted hourly fleet production : 52.10 LCY/hour

JOB TIME AND COST

Fleet size : 1 excavator(s) Total job time : 0.41 hours
 Unit cost : \$1.479 per LCY Total job cost : \$31

FORBS :

sheet 2 of 2

SHRUBS AND TREES (seed) :

* TOTAL SEEDS / SQ. FT. : 303.8 * TOTAL POUNDS PLS / ACRE : 64.00 * TOTAL SEED MIX COST / ACRE : \$1,119.09
 Seed application - method : Broadcast seeding [DMG contract data] TOTAL SEED APPLICATION COST / ACRE : \$241.91

MULCHING and MISCELLANEOUS

DESCRIPTION (data source)	UNITS / ACRE	UNIT	COST / UNIT	COST / ACRE
Materials - item no. 1 : Hay, delivered (DMG survey data)	2.00	ton	\$208.08	\$416.16
- item no. 2 :				
- item no. 3 :				
- item no. 4 :				
TOTAL MULCH MATERIALS COST / ACRE :				\$416.16
Application - method no. 1 : Hand spread, 1" deep (MEANS 32 91 13.16 0200)				\$4,356.00
- method no. 2 :				
- method no. 3 :				
TOTAL MULCH APPLICATION COST / ACRE :				\$4,356.00

NURSERY STOCK PLANTING

COMMON NAME	NO. / ACRE	TYPE and SIZE (planting cost data source)	MATERIAL COST / PLANT	PLANTING COST / PLANT	COST / FERT. PELLET	TOTAL COST / PLANT	TOTAL COST / ACRE
No nursery stock required							
TOTAL NURSERY STOCK COST / ACRE :							\$0.00

JOB COST

No. of acres :	<u>0.03</u>	Cost / acre :	<u>\$7,235.15</u>	INITIAL JOB COST :	<u>\$217.05</u>
Estimated failure rate (percent) :	<u>33.00%</u>	Cost / acre* :	<u>\$7,235.15</u>	RESEEDING JOB COST :	<u>\$71.63</u>
* Selected replanting work items :	<u>T S M</u>			TOTAL JOB COST :	<u>\$289</u>

Attachment F: Monitoring Wells & Bonded Hole Volume Needed to Complete Future Abandonment (Notice Of Intent P-2008-043 & P-2008-043 MD-01)

MONITORING WELL ID	Q-S-T-R	TOTAL DEPTH (FT)	MONITORING WELL DIAMETER (IN)	VOLUME REMAINING TO COMPLETE ABANDONMENT (CUBIC FT)
C-003-35	NW-35-T9N-R67W	142	6	27.88
C-004-35*	NOT ADVANCED	160	8.75	66.81
IN08-33-MM1	NE-33-T10N-R67W	503	6	98.76
IN08-33-MM2	NW-33-T10N-R67W	484	6	95.03
IN08-33-MM3	NE-33-T10N-R67W	556	6	109.17
IN08-33-MM4	NE-33-T10N-R67W	590	6	115.85
IN08-33-MM5	SE-33-T10N-R67W	469	6	92.09
IN08-33-MO1	NE-33-T10N-R67W	367	6	72.06
IN08-33-MO2	NW-33-T10N-R67W	341	6	66.96
IN08-33-MO3	NE-33-T10N-R67W	267	6	52.43
IN08-33-MU1	NE-33-T10N-R67W	599	6	117.61
IN08-33-MUU1	NE-33-T10N-R67W	634	6	124.49
IN08-33-MUU2	NW-33-T10N-R67W	600	6	117.81
IN08-33-MUU3	NE-33-T10N-R67W	658	6	129.20
IN08-33-PW1	NE-33-T10N-R67W	526	6	103.28
IN08-3-MM1	NE-3-T9N-R67W	461	6	90.52
IN08-15-MM1	NE-15-T9N-R67W	262	6	51.44
Volume of Hole Needed for Bond to Complete Abandonment (Cubic Feet) =				1531.38

Note: * = Monitoring well C-004-35 has not been constructed yet. Powertech would like to maintain bond for this activity. Volume of hole remaining to complete abandonment is based on 8.75 inches, the open-hole size originally bonded to construct the well.

Installed MW C-004-35 not included in calc

		Vol (ft ³)		
Total footage	7,459	1,465		
Grout footage (16 well x 10')	160	32	x \$11.50/CF	= \$ 368
Bentonite	7,299	1,433	x \$5.11/CF	= \$ 7,323
				<u>\$ 7,691</u>

Cost of materials for holes completed but not abandoned