

# 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



Bill Ritter, Jr.  
Governor

Harris D. Sherman  
Executive Director

Ronald W. Cattany  
Division Director  
Natural Resource Trustee

December 19, 2008 ✓

**NON CONFIDENTIAL**

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

**RE: Reclamation Bond Amount, Centennial Uranium Prospect,**  
**Notice Modification MD-01, File No. ~~P-2007-015~~**

P2008 043 ✓  
acs ✓

Dear Mr. Blubaugh:

The Division has reviewed your letter and attachments dated November 26, 2008 providing cost data for use in establishing the reclamation bond amount for the above referenced prospect. You provided plugging and abandonment costs for three holes completed in 2008. The Division recognizes the value of this direct data, but also recognizes that the three holes may not be fully representative of plugging issues that may develop for the holes proposed under notice modification MD-01. It can be anticipated that time and resource consuming difficulties will occur in some percentage of holes to be abandoned. The unit costs used by the Division to estimate plugging expenses are from dozens of recently abandoned holes in Colorado, and are thus more representative of the percentage of problem holes that almost always occur in multi-hole plugging projects. In order to use the site-specific data you have provided, the Division will add a twenty percent contingency factor to that data. The amount of bond required for you to proceed with the activities under modification MD-01 to prospecting notice P-2008-043 has been re-established at \$67,400.00. See the attached estimate summary spreadsheet for details. You may not proceed with the activities described in MD-01 until bond in this amount has been provided and accepted in writing by the Division.

If you have any questions, please contact me at 303-866-3567, ext. 8143 or allen.sorenson@state.co.us.

Sincerely,

Allen C. Sorenson  
Reclamation Specialist

enclosure(s)

cc: Elizabeth Taliaferro, DRMS, via email and w/ enclosures

c:\acs files\My Documents 4-19-06 thru\centennial md-01 bond amount.doc

