

APPENDIX G

Financial Assurance Cost Estimate
By Webber & Webber Mining Consultants, Inc., September 2008

FINANCIAL ASSURANCE COST ESTIMATE
FOR
SUPER CREEK QUARRY

CA MINE ID# 91-33-0003

Prepared by:

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Date: November 30, 2008

Note: This worksheet was developed by the Office of Mine Reclamation to assist lead agencies and operators prepare a reclamation cost estimate and determine an appropriate amount for the financial assurance in conformance with Section 2773.1 of SMARA. It should be used in conjunction with the Financial Assurance Guidelines adopted by the State Mining and Geology Board. Like the guidelines, it is advisory only.

FINANCIAL ASSURANCE ESTIMATES FOR SUPERCREEK QUARRY

I. PRIMARY RECLAMATION ACTIVITIES

Description of Task: Complete contouring of existing quarry disturbance, including disturbance since May 2001 of the southeast tip of the south ridge. A portion of the quarry area in the western sector has been final graded and is partially revegetated naturally.

Methods to be Used: Utilizing Caterpillar dozers, recontour the existing active quarry area, 10 acres. After removing crushing and screening plant, recontour plant area and stockpiles, 2 acres

Miscellaneous Information:

Overburden (cubic yards): 16,000 Topsoil (cubic yards): _____ Acres: _____

Production Rate (cubic yards/hour): 1. 250 2. 300 3. _____ 4. _____

Haul Distance (feet): 1. 300 2. 200 3. _____ 4. _____

A. Equipment - List all equipment required to complete identified task. For large reclamation jobs separate mine areas for ease of accounting.

	Equipment	Quantity	\$/Hour	# of Hours	Cost (\$)
1	Cat D9L Dozer	1	217.75	80	17,420
2	Cat D9L Dozer	1	217.75	24	5,226
3					0
4					0
5					0
Total Equipment Cost for this Task					22,646

B. Labor - List all labor categories to complete identified task.

	Labor Category	Quantity	\$/Hour	# of Hours	Cost (\$)
1	Equipment Operator (dozer)	1	54.81	104	5,700
2					0
3					0
4					0
5					0
Total Labor Cost for this Task					5,700

C. Materials - List all materials required to complete identified task (include disposal costs).

	Item	Quantity	\$/Unit	Cost (\$)
1	No materials needed			0
2				0
3				0
4				0
5				0
Total Materials Cost for this Task				0

D. Direct Cost for this Task

Equipment Cost + Labor Cost + Materials Cost = \$ 28,346

I. PRIMARY RECLAMATION ACTIVITIES

Description of Task: Pursuant to the approved Revegetation Plan, place growth media soil islands on 15% of the recontoured quarry and plant site areas.

Methods to be Used: Utilizing a small loader, distribute site collected topsoil, fine-textured waste tailings and site collected organics and establish the 1-2 feet thick soil islands.

Miscellaneous Information:

Overburden (cubic yards): _____ Topsoil (cubic yards): 10,800 Acres: 24
 Production Rate (cubic yards/hour): 1. 150 2. _____ 3. _____ 4. _____
 Haul Distance (feet): 1. 600 2. _____ 3. _____ 4. _____

A. Equipment - List all equipment required to complete identified task. For large reclamation jobs separate mine

	Equipment	Quantity	\$/Hour	# of Hours	Cost (\$)
1	Cat 980C Loader	1	149.93	72	10,795
2					0
3					0
4					0
5					0
Total Equipment Cost for this Task					10,795

B. Labor - List all labor categories to complete identified task.

	Labor Category	Quantity	\$/Hour	# of Hours	Cost (\$)
1	Equipment Operator	1	54.81	72	3,946
2					0
3					0
4					0
5					0
Total Labor Cost for this Task					3,946

C. Materials - List all materials required to complete identified task (include disposal costs).

	Item	Quantity	\$/Unit	Cost (\$)
1				0
2				0
3				0
4				0
5				0
Total Materials Cost for this Task				0

D. Direct Cost for this Task

Equipment Cost + Labor Cost + Materials Cost = \$ 14,741

II. REVEGETATION

Description of Task: Revegetate the quarry area (approximately 24 acres) by establishing approximately 4 acres of soil islands. Revegetate inactive eastern waste slopes (approximately 27 acres) with approx. 4 acres of terraces.

Methods to be Used: The prepared soil islands totaling 4 acres (15% of 24 acres) will be seeded with the recommended plant seed mixture pursuant to the Revegetation Plan and cultivated with a spring-tooth harrow. Reclamation of Eastern Waste Material Slopes with construction of 2' - 3' wide trenches every 25 feet in height and seeded. Approx. 4 acres of terraces to be seeded.

A. Equipment - List all equipment required to complete identified task.

	Equipment	Quantity	\$/HR	# of Hrs	Cost (\$)
1	Cat D6H Dozer with Harrow	1	\$77.66	12	\$931.92
2					\$0.00
3					0
4					0
5					0
Total Equipment Cost for this Task					\$931.92

B. Labor - List all labor categories to complete identified task.

	Labor Category	Quantity	\$/Hour	# of Hours	Cost (\$)
1	Botanist/Biologist	1	75.00	12	\$900.00
2	Laborer	1	14.91	12	\$178.92
3	Dozer Operator	1	54.81	12	\$657.72
4	Laborers (4)/ Supervisor (1)	1	313	40	\$12,500.00
5	(for Eastern Waste Slopes)				\$0.00
Total Labor Cost for this Task					\$14,236.64

C. Materials - List all materials required to complete identified task.

	Item/Plant Species	Unit of Measure	# of Lbs/Acre	\$/lb *	Cost (\$)
1	Ricegrass	acre	5	21	\$105.00
2	Needle Grass	acre	4	200	\$800.00
3	Rabbit Brush	acre	4	12	\$48.00
4	Brittlebush	acre	4	15	\$60.00
5	Joint Fir	acre	5	48	\$240.00
6	Deerweed	acre	4	24	\$96.00
Total		8	26		\$10,792.00

Total Materials Cost for this Task:

D. Direct Cost for this Task

Equipment Cost + Labor Cost + Materials Cost = \$25,960.56

* Seed cost provided by S and S Seed (November 20, 2008). Reclamation of Eastern Waste Material Slopes with construction of 2' - 3' wide trenches every 25 feet in height and seeded.

III. PLANT STRUCTURES AND EQUIPMENT REMOVAL

Description of Task: Remove from mine site equipment and parts for scrap. A steel scrap company will cut up and load hopper, old crusher, screens, steel conyors, and all other misc. steel parts remaining onsite for their subsequent sale and profit. Clean up all other misc. refuse and removal from mine site.

Methods to be Used: Private scrap contractor, Riverside Scrap Iron & Metal Corp. of Riverside, California. See attached bid for removal of equipment.refuse from Riverside Scrap Iron & Metal Corp.

A. Equipment - List all equipment required to complete identified task. For large reclamation jobs separate mine areas for ease of accounting.

	Equipment	Quantity	\$/Hour	# of Hours	Cost (\$)
1					0
2					0
3					0
4					0
5					0
Total Equipment Cost for this Task					0

B. Labor - List all labor categories to complete identified task.

	Labor Category	Quantity	\$/Hour	# of Hours	Cost (\$)
1					0
2					0
3					0
4					0
5					0
Total Labor Cost for this Task					0

C. Demolition - List all structures and equipment to be dismantled or demolished.

	Structure/Equipment	Type of Material	Amount	Units	Unit Cost Basis	Disposal Cost	Cost (\$)
1							0
2							0
3							0
4							0
5							0
Total Materials Cost for this Task							0

D. Direct Cost for this Task

Equipment Cost + Labor Cost + Demolition Cost = 0

E. Surplus/Salvage Value

1. Total cost to dismantle/demolish plant structures and equipment pursuant to the approved reclamation plan.	\$0.00
2. Net salvage value of the plant structures and equipment.*	\$0.00
3. Subtract Line 2 from Line 1	\$0.00
4. If Line 3 is greater than \$0, enter this amount on the total plant structures and equipment removal cost line under Section VIII (Summary of Costs). If Line 3 is less than \$0, enter \$0 on the appropriate line in Sec. VIII.	

*** NOTE**

This is the value of plant structures, buildings and equipment on a salvage basis - e.g.. After the structures and equipment have been removed for sale or use off-site. In order to include net salvage value in the financial assurance calculation, the operator must provide a letter of agreement, signed contract, bid or quote from an independent company which provides industrial dismantling or equipment salvage services, or is in the business of buying and selling scrap metals or similar products.

IV. MISCELLANEOUS COSTS

Examples of this type of cost include temporary storage of equipment and materials off-site, special one-time permits (I.e. transportation permits for extra wide or overweight loads, etc.), decommissioning a process mill (I.e. decontamination of equipment), or disposal of warehouse inventories.

	Item/Task	Quantity	\$/Unit	Cost (\$)
1				\$0.00
2				\$0.00
3				\$0.00
4				\$0.00
5				\$0.00
Total Miscellaneous Costs				\$0.00

V. MONITORING

	Monitoring Task	\$/Visit	# Visits/Year	# of Monitoring Years	Cost (\$)
1	Reveg. Specialist - Assessment of revegetation and preparation of annual report	\$2,560	1	5	12,800
2	Maintenance of Reveg. - Reveg. Specialist	\$1,920	1	5	9,600
3	Laborers for annual maintenance	\$720	1	5	3,600
4					0
Total Monitoring Costs					26,000

Revegetation Assessment and annual report: Revegetation Specialist - 32 HRS @ \$80 an Hour
 Revegetation Maintenance: 24 HRS @ \$80
 Laborers (2) 24 HRS @ \$15

VI. SUPERVISION/PROFIT & OVERHEAD/CONTINGENCIES/MOBILIZATION

- A. Supervision – Supervision or reclamation management includes project inspection and supervision. These activities are usually performed by a consultant or staff member with experience in reclamation of disturbed lands. Reclamation management may include recommending change orders, verifying completed work, verifying compliance with project specifications, and other reclamation management oversight activities. Please refer to Graph No. 1 in the guidelines to determine the supervision cost factor.
- B. Profit and Overhead – Where it becomes necessary for the Lead Agency or the Department of Conservation to complete reclamation of the mining site, a third party will be retained to do the actual reclamation work. Because profit and overhead costs are not included in the reclamation cost sheets, these costs must be added to the total reclamation estimate. Please refer to Graph No. 2 in the guidelines to determine the profit and overhead cost factor.
- C. Contingencies – A contingency cost should be included in the financial assurance estimate.
- D. To provide for project uncertainties and unexpected natural events. The U.S. Department of the Interior, Office of Surface Mining publishes the Handbook for Calculation of Reclamation Bond Amounts which recommends contingency percentages be based upon the level of direct costs, as shown below:

<u>Total Direct Cost (\$)</u>	<u>Contingency (%)</u>
0 - \$500,000	10
\$500,000 – 5 million	7
5 million – 50 million	4
Greater than 50 million	2

- E. Mobilization – Mobilization costs are attributed to moving equipment to the project site for reclamation purposes. These costs normally range between one and five percent of the total direct cost of the reclamation operations. These costs will vary depending upon the site location and the total value of the reclamation operations to be performed. Please insert the percentage used to estimate mobilization costs under Section VIII – Summary of Costs.

VII. SUMMARY OF COSTS

Total of Primary Reclamation Activities		\$ 43,088
Total of all Revegetation Costs		\$ 25,961
Total of all Plant Structures & Equipment Removal Costs		\$ -
Total of all Miscellaneous Costs		\$ -
Total of all Monitoring Costs		<u>\$ 26,000</u>
	Total of Direct Costs	\$ 95,048
Supervision -	5.7 %	\$ 5,418
Profit/Overhead -	12.0 %	\$ 11,406
Contingencies -	10.0 %	\$ 9,505
Mobilization -	5.0 %	<u>\$ 4,752</u>
	Total of Indirect Costs	\$ 31,081
	Total of Direct and Indirect Costs	\$126,129
Lead Agency Administrative Cost (10% As determined by the Lead Agency)		<u>\$ 12,613</u>
	Total Estimated Cost of Reclamation	\$138,742

Notes:

See attached seed costs from S&S Seeds and bid for removal of equipment and refuse from Riverside Scrap Iron & Metal Corp.



Riverside Recycling

A Division of
Riverside Scrap Iron & Metal Corp.

2993 Sixth Street • P.O. Box 5288 • Riverside, CA 92517
(951) 686-2129 • Fax (951) 686-8933
E-mail: riversidescrap@aol.com

September 4, 2008

Mr. Allan Bankus, Jr.
Whitewater Rock & Supply Co.
58-645 Old Highway 60
Whitewater, CA 92282

RE: Super Creek Quarry
CA Mine ID # 91-33-0003
Desert Hot Springs, CA

Dear Sir:

Riverside Scrap Iron & Metal Corporation specializes in the removal of equipment, scrap metal and miscellaneous refuse.

This letter serves as a bid to remove equipment, scrap metal and miscellaneous refuse from the Whitewater Rock & Supply site located in the Super Creek Quarry in Desert Hot Springs, CA. Riverside Scrap Iron & Metal Corporation will not charge the State of California for this service and will be allowed to assume ownership of all items salvaged .

Sincerely,

Daniel J. Frankel
President

DJF/lme

11/20/2008 17:14 9097906634

FROM: S&S Seed:
Fax (805) 684-2798

FROM: Paul Kielhold
Fax (909) 790-4634

DATE: November 20, 2008

SUBJECT: Seed Cost, White Water, California.

Please provide the cost for the following mix for a site near White Water, in Riverside County, California.

11/21/08

Common Name	Species	Lbs./Ac. (bulk)	Cost \$/lb Bulk	SOURCE	
ricegrass	<i>Achnatherum hymenoides</i>	5	21	COMMERCIAL	105
needle grass	<i>A. speciosum</i>	4	200	HESPERIA	800
rabbit brush	<i>Chrysothamnus nauseosus</i>	4	12	HUNGRY VLY	48
brittlebush	<i>Encelia farinosa</i>	4	15	MORENO VLY	60
joint fir	<i>Ephedra nevadensis</i>	5	48	PALMDALE	240
deerweed	<i>Lotus scoparius</i>	4	24	SAN BERNARDINO	96
	TOTAL	26			1,349

Thank you,


Paul Kielhold
Phone (909) 856-0754