From: Wayne Western
To: Hess, Pete
CC: Owen, James
Date: 5/31/2011 5:14 PM
Subject: Re: New Memo
Attachments: Memo2011.doc

>>> Pete Hess 5/31/2011 4:47 PM >>>
Put today's date on it Wayne...

>>> Wayne Western 5/31/2011 4:30 PM >>>
James and Peter,

this is the corrected memo.

Wayne
TO: General File
Anthony Gallegos, Environmental Scientist
James D. Smith, Permit Supervisor
Daron Haddock, Permit Supervisor
Dana Dean, Associate Director
Brett Gregory, Intern
Lynn Kunzler, Environmental Scientist
Leslie Heppler, Environmental Scientist
Pete Hess, Environmental Scientist
James Owen, Environmental Scientist
Tom Munson, Environmental Scientist
Peter Brinton, Environmental Scientist
Wayne Western, Environmental Scientist

FROM: Paul Baker, Minerals Program Manager

RE: Escalation Factor for 2011 – 1.7%

Following are the index numbers and escalation factor from the Means Historical Cost Index for Site Construction, National Average:

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
<th>Escalation (5 Year Averages)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>119.2</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>120.2</td>
<td>1.005</td>
</tr>
<tr>
<td>2005</td>
<td>125.0</td>
<td>1.016</td>
</tr>
<tr>
<td>2006</td>
<td>131.8</td>
<td>1.032</td>
</tr>
<tr>
<td>2007</td>
<td>134.6</td>
<td>1.038</td>
</tr>
<tr>
<td>2008*</td>
<td>130.0</td>
<td>1.013</td>
</tr>
<tr>
<td>2009</td>
<td>133.8</td>
<td>1.005</td>
</tr>
<tr>
<td>2010**</td>
<td>136.2</td>
<td>1.017</td>
</tr>
</tbody>
</table>

The escalation factor for bonds estimated from this date forward in 2011 will use the 1.7% escalation factor. The escalation factor was calculated from the Historic Cost Index for Site Construction.

*Starting with January 2009, fuel costs and routine maintenance costs are included in the equipment cost.

** Starting in 2011 the escalation will be based on a five-year instead of a three-year average.