Internal

State of Utah

DEPARTMENT OF NATURAL RESOURCES

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February 7, 2014

To: File

From: Paul Baker, Minerals Program Manager PBB

Subject: Reclamation Cost Estimate, TME Asphalt Ridge LLC, TME Asphalt Ridge Mine, M/047/0089, Uintah County, Utah

The reclamation cost estimate for the TME Asphalt Ridge mine was calculated in 2008 and escalated to 2013 dollars as follows:

Direct Costs	$910,266
Contingency (5%)	$45,513
Escalation for five years at 3.8%	$195,934
Total	$1,151,713

The Division now uses the following indirect costs:

Mob/Demob	10%
Contingency	5%
Engineering Redesign	2.5%
Main Office Expense	6.8%
Project Management	2.5%
Total Indirect Costs	26.8%

Actual escalation rates since 2008 have been:

2008	-3.4%	2011	2.9%	
2009	2.9%	2012	3.4%	
2010	1.8%	2013	1.5%	Five-year average 1.5%

Using the 2008 direct costs, current indirect costs, and current escalation rates yields the following:

Direct Costs	$910,266
Indirect Costs	$243,951
Subtotal	$1,154,217
Escalation to 2018	$204,597
Total	$1,358,814

These numbers are based strictly on the cost estimate provided in 2008 and not on updated costs. The operator is being required to provide an updated reclamation cost estimate.

PBB
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