

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
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March 4, 2010

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

Bill Ritter, Jr.
Governor

James B. Martin
Executive Director

RE: Centennial Project, Third Review of Notice of Intent Modification MD-03, File No. P-2008-043

Dear Mr. Blubaugh:

The Colorado Division of Reclamation, Mining, and Safety (DRMS) has reviewed Powertech's submittal dated February 2, 2010 responding to DRMS second review of proposed modification MD-03 to Notice of Intent to Conduct Prospecting P-2008-043, and has determined that there are several issues remaining to be addressed. Please respond to the following items at your earliest convenience bearing in mind that if you have not addressed these items within sixty days of the date of this letter the DRMS may terminate consideration of the proposed modification (Rule 5.1.3 of the Mineral Rules and Regulations of the Mined Land Reclamation Board).

The initial submittal of MD-03 received by DRMS on September 2, 2009 and the subsequent submittals from Powertech dated October 28, 2009 and February 2, 2010 describe a number of actions to be taken to ensure that the tanks deployed to the pump test site will be suitable for storage and subsequent injection of ground water pumped from well IN08-33-PW1. DRMS has determined that reporting and verification procedures are not sufficiently described; please commit to completion of the following actions prior to deployment of the tanks.

1. Powertech's October 28, 2009 submittal states:

All cleaning and inspection procedures outlined in the Powertech Produced Water Vessel Cleaning and Inspection Procedure will be adhered to and will be certified as complete before water containment vessels are brought on the site. All manifolds valves and transfer pumps will be cleaned as described in the attached procedure. Additionally piping will be new and National Sanitation Foundation or otherwise certified for potable water.

Provide a commitment to provision to DRMS of the certifications described in the preceding statement and a commitment that the tanks will not be used to store produced ground water until after the certifications have been accepted by DRMS in writing.

2. Powertech's October 28, 2009 submittal states "(i)nitially natural background radiation levels shall be measured and recorded" at the pump test site, and that "(r)adiological measurements using an alpha and gamma probe shall be conducted on the containment vessel before it is utilized onsite and, again, after onsite use; all readings will be documented on the appropriate Powertech form." Provide a commitment to provision to DRMS of the results of these required radiological measurements and a commitment that the tanks will not be used to store produced ground water until after the results have been accepted by DRMS in writing. Provide a commitment to notify DRMS in advance of the schedule for collecting the radiological measurements, as DRMS may opt to inspect and audit the procedures.

3. Powertech's February 2, 2010 submittal states "Rain for Rent keeps a detailed history of the previous contents of tanks. The water holding tanks to be used by Powertech and provided by Rain for Rent will have been previously used to contain water only, at least back one tank use event." Provide a commitment to provision to DRMS of Rain for Rent's detailed history of the previous contents of tanks, at least back one tank use event, and a commitment that the

tanks will not be used to store produced ground water until after the detailed history has been accepted by DRMS in writing.

4. Powertech's February 2, 2010 submittal describes tank rinsate testing in accordance with previous discussions between Powertech and DRMS held on January 22, 2010. Since the date of those discussions, DRMS has learnt that EPA will be requiring testing of the tanked water prior to injection, and analysis for RCRA metals, certain volatile and semi-volatile organic compounds, total petroleum hydrocarbons, and total coliforms. Based on this information, DRMS has determined that rinsate testing of each tank must be conducted, prior to deployment to the pump test site, as follows.

- a. Collection of rinse water sample prior to application to tanks for analysis of total organic carbon (TOC).
- b. Analysis of rinsate for TOC and for dissolved arsenic, barium, cadmium, chromium, lead, mercury, selenium, and silver.
- c. If the metals concentrations in any of the samples exceed Colorado ground water standards, then the DRMS accepts the course of action described in Powertech's February 2, 2010 submittal to re-clean and re-sample the tank(s).
- d. If rinse water TOC is above two milligrams per liter (mg/l) and TOC in the rinsate is more than two mg/l above the level measured in the rinse water, or if the rinse water TOC is below two mg/l and the rinsate TOC is above four mg/l, then additional analysis of the rinsate will be required. The tank(s) failing TOC must be re-cleaned and rinsate analyzed for certain volatile and semi-volatile organic compounds (methods SW-846 8260 and 8270) and total petroleum hydrocarbons. If unacceptable levels of contamination are indicted by the test results, then the tank(s) must either be rejected for use at the pump test site, or must again be re-cleaned and re-tested.

DRMS estimates the cost to reclaim the pump test site at \$136,101.00. The details of the cost estimate are enclosed with this letter. Powertech may not commence operations proposed in MD-03 until the above listed issues have been resolved, bond in the amount of \$136,101.00 has been submitted, and Powertech is notified in writing that the bond has been accepted by the DRMS.

If you have any questions, please contact me at 303-866-3567, ext. 8143.

Sincerely,



Allen C. Sorenson
Reclamation Specialist

enclosure(s)

cc: Michael Beshore, Powertech, via email, w/ enclosures

CIRCES Cost Estimating Software

COST SUMMARY FORM

PROJECT IDENTIFICATION

Date : 04-Mar-2010 Permit or job no. : P2008043 Site : Centennial Uranium Project
 User : ACS Abbreviation : none State : Colorado
 Filename : P043-000 County : Weld
 Agency or organization name : Colorado Division Of Reclamation, Mining, And Safety
 Permit or job action : Modification MD-03

TASK LIST (DIRECT COSTS)

NO.	TASK DESCRIPTION	FORM USED	FLEET SIZE	TASK HOURS	DIRECT COST	
001	-Remove pump test fencing and piping	demolish	2	22.00	\$1,655	
002	-Revegetate pump test site	rewege	1	16.00	\$634	
003	-Class C motor home 31 ft.	NA	1	1,344.00	\$8,000	
004	-4 tanks and diesel pump 56 days	NA	1	1,344.00	\$8,540	
005	-Pipe and fittings, purchase	NA	1	0.10	\$1,391	
006	-Install labor, inc. delivery, pipes, pump, fittings	NA	2	26.00	\$1,015	
007	-Hydrotest tanks, pipes, fittings	NA	1	2.00	\$350	
008	-Enviro fee, Rain for Rent	NA	1	0.10	\$15	
009	-Remove labor, tanks, Rain for Rent	NA	1	0.10	\$925	
010	-Pick up hauling, Rain for Rent	NA	1	0.10	\$1,875	
011	-Fuel Surcharge, Rain for Rent	NA	1	0.10	\$300	
012	-Tank cleaning, 4 tanks	NA	1	0.10	\$2,400	
013	-Freeze protection, tanks and pipe, 28 days	NA	5	672.00	\$18,928	
014	-Genset for freeze protection, 28 days	NA	1	672.00	\$4,500	
015	-Haul, deliver freeze protection, Rain for Rent	NA	1	0.10	\$300	
016	-Install freeze protection, Rain for Rent	NA	1	0.10	\$870	
017	-Remove freeze protection, Rain for Rent	NA	1	0.10	\$580	
018	-Haul, pick up freeze protection, Rain for Rent	NA	1	0.10	\$300	
019	-Fuel surcharge, Rain for Rent	NA	1	0.10	\$48	
020	-Spill guard for genset, Rain for Rent	NA	1	672.00	\$560	
021	-Fuel for genset, pump, and motor home generator	NA	1	0.10	\$17,000	
022	-EPA required water quality analysis, 4 tanks	NA	1	8.00	\$1,300	
023	-Deliver fuel, lubricants, and filtersto pump test site	mobilize	2	0.10	\$6,740	
024	-Mobilize reveg. equip. per Consolidated Divisions Inc. invoice	NA	1	0.10	\$930	
025	-Labor for periodic fueling and lubrication	NA	1	52.00	\$4,517	
				SUBTOTALS :	4,831.40	\$83,673

* includes inflation factor adjustment of : NA %

TOTAL DIRECT COST * = **\$83,673**

INDIRECT COSTS

OVERHEAD AND PROFIT -	Liability insurance :	<u>2.02</u>	<u>% of direct</u>	total =	<u>\$1,690</u>
	Performance bond :	<u>1.05</u>	<u>% of direct</u>	total =	<u>\$879</u>
	Job superintendent :	<u>672.00</u>	<u>hrs*...\$/hr: \$52.10</u>	total =	<u>\$35,011</u>
	Profit :	<u>10.00</u>	<u>% of direct</u>	total =	<u>\$8,367</u>

* net working hours comprising job

TOTAL O & P = **\$45,947**

LEGAL - ENGINEERING - PROJECT MANAGEMENT -

CONTRACT AMOUNT (direct + O & P) = **\$129,620**

Financial warranty processing (legal/related costs) :	<u>0.00</u>	<u>total \$</u>	<u>NA</u>	total =	<u>\$0</u>
Engineering work and/or contract/bid preparation :	<u>NA</u>	<u>NA</u>	<u>NA</u>	total =	<u>NA</u>
Reclamation management and/or administration :	<u>5.00</u>	<u>% of cntr.</u>	<u>NA</u>	total =	<u>\$6,481</u>

CONTINGENCY - NA* NA total = NA

* contingencies accounted for at task level

TOTAL INDIRECT COST = **\$52,428**

TOTAL BOND AMOUNT (direct + indirect) = \$136,101

CIRCES Cost Estimating Software

DEMOLITION WORK

PROJECT IDENTIFICATION

Task #: 001
Date: 01-Mar-2010
User: ACS
Permitting action: Modification MD-03
Task description: Remove pump test fencing and piping

Agency or organization name: Colorado Division Of Reclamation, Mining, And Safety
State: Colorado
County: Weld
Site: Centennial Uranium Project
Permit/job#: P2008043
Abbreviation: none
Filename: P043-001

UNIT COSTS

Last unit cost update: March 2009
Location adjustment: 100.00%

Table with columns: STRUCTURE or ITEM DESCRIPTION, DIMENSIONS, DEMOLITION MENU SELECTION, QUANTITY, UNIT, UNIT COST, TOTAL COST. Includes items like -Fence, -Corner posts, -PVC pipe, etc.

JOB COST
Subtotal (unadjusted): \$1,655
Total Cost (adjusted for location): \$1,655

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 : *Hydro seeding (MEANS 02920 320 0200)* TOTAL SEED APPLICATION COST / ACRE : **\$773.19**

MULCHING and MISCELLANEOUS

	DESCRIPTION (data source)	UNITS / ACRE	UNIT	COST / UNIT	COST / ACRE
<u>Materials</u>	- item no. 1 : <i>Straw, delivered {DMG survey data}</i>	2.00	ton	\$110.50	\$221.00
	- item no. 2 :				
	- item no. 3 :				
	- item no. 4 :				
TOTAL MULCH MATERIALS COST / ACRE :					\$221.00
<u>Application</u>	- method no. 1 : <i>Power mulcher (MEANS 32 91 13.16 0700)</i>				\$79.28
	- method no. 2 : <i>Crimping, with tractor {DMG survey data}</i>				\$62.32
	- method no. 3 :				
TOTAL MULCH APPLICATION COST / ACRE :					\$141.60

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
<i>No nursery stock required</i>							
TOTAL NURSERY STOCK COST / ACRE :							\$0.00

JOB COST

No. of acres : 0.25 Cost / acre : \$2,536.89 INITIAL JOB COST : \$634.22
 Estimated failure rate (percent) : 0.00% Cost / acre* : \$0.00 RESEEDING JOB COST : \$0.00
 * Selected replanting work items : None TOTAL JOB COST : **\$634**

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EQUIPMENT MOBILIZATION / DEMOBILIZATION

PROJECT IDENTIFICATION

sheet 1 of 2

Agency or organization name : Colorado Division Of Reclamation, Mining, And Safety
 Task # : 023 State : Colorado Permit/job # : P2008043
 Date : 03/03/2010 County : Weld Abbreviation : none
 User : ACS Site : Centennial Uranium Project Filename : P043-023

Permit or other job action : Modification Md-03

Task description : **Deliver fuel, periodic lube, oil, filter service**

EQUIPMENT TRANSPORT RIG COST

Shift basis : 1 per day

Cost data source : CRG Data

Truck tractor description : *Generic on-highway truck tractor, 6x4, diesel powered, 400 HP (2nd half, 2006)*

Truck trailer description : *Generic folding gooseneck, drop deck equipment trailer (25T, 50T, and 100T)*

Available rig capacities :		0-25 Tons	26-50 Tons	51+ Tons
Cost Breakdown :	Ownership cost/hour :	\$16.63	\$18.37	\$22.33
	Operating cost/hour :	\$44.38	\$46.13	\$50.07
	Operator cost/hour :	\$27.66	\$27.66	\$27.66
	Helper cost/hour :	\$0.00	\$25.39	\$25.39
	Total Unit Cost/hour :	\$88.67	\$117.55	\$125.45

NON-ROADABLE EQUIPMENT

Machine Description	Weight/unit (Tons)	Ownership Cost/hr/unit	Haul Rig Cost/hr/unit	Fleet Size (No. units)	Haul Trip Cost/hr/fleet	Return Trip Cost/hr/fleet	DOT permit Cost/fleet
Subtotals :					\$0.00	\$0.00	\$0.00

ROADABLE EQUIPMENT

sheet 2 of 2

Machine Description	Total Cost/hour/unit	Fleet Size (No. units)	Haul Trip Cost/hr/fleet	Return Trip Cost/hr/fleet
-Fuel Tanker, 6x4, 210 HP	\$81.57	34	\$2,773.30	\$2,773.30
-Lube Truck, 6x4, 210 HP	\$96.85	3	\$290.55	\$290.55
Subtotals :			\$3,063.85	\$3,063.85

EQUIPMENT HAUL DISTANCE and TIME

Nearest major city or town within project area region : Ft. Collins

Transportation Cycle Time :	Non-Roadable Equipment	Roadable Equipment
Haul time (hours) =	1.10	1.10
Return time (hours) =	1.10	1.10
Loading time (hours) =		NA
Unloading time (hours) =		NA
Subtotals =	2.20	2.20

Total one-way travel distance :	33.0	miles
Average travel speed :	30.0	mph

Total non-roadable mob/demob cost * :	\$0.00
* two round trips with haul rig	
Total roadable mob/demob cost ** :	\$6,740.47
** one round trip, no haul rig	

JOB TIME AND COST

Total job time :	2.20	hours
Total job cost :	\$6,740	

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MISCELLANEOUS TRUCK WORK

PROJECT IDENTIFICATION

Agency or organization name : Colorado Division Of Reclamation, Mining, And Safety

Task # : 026 State : Colorado Permit/job # : P2008043
 Date : 03/04/2010 County : Weld Abbreviation : none
 User : ACS Site : Centennial Uranium Project Filename : P043-026

Permit or other job action : Modification MD-03

Task description : Load fence and pipe debris into haul truck

HOURLY EQUIPMENT COST

Truck make-up	Description	Data Source
Make and model :	<u>Truck Tractor, 6x4, 50K GVW</u>	<u>(CRG)</u>
Attachment no. 1 :	<u>NA</u>	<u>NA</u>
Attachment no. 2 :	<u>NA</u>	<u>NA</u>
Labor unit no. 1 :	<u>General Laborer</u>	<u>(table)</u>
Labor unit no. 2 :	<u>General Laborer</u>	<u>(table)</u>

Horsepower : 310

Labor zone : 1 Weight : 9.50 US tons

Job shift basis : 1 per day

Cost Breakdown :		Job utilization
Ownership cost/hour :	<u>\$13.16</u>	<u>NA</u>
Operating cost/hour :	<u>\$33.36</u>	<u>100%</u>
Operator(s) cost/hour :	<u>\$50.31</u>	<u>NA</u>
Total unit cost/hour :	<u>\$96.83</u>	

Total fleet cost/hour : \$96.83

JOB TIME

Total job time : 2.00 Hours

JOB COST

Fleet size : 1 Truck(s) Unit cost : \$96.83 /hour

Total job cost : \$194