



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Colorado River Valley Field Office
2300 River Frontage Road
Silt, CO 81652

In Reply Refer To:
COC-074205 (COG020)

December 23, 2025

Amy Yeldell
Colorado Division of Reclamation, Mining and Safety
Active Mines Program
Grand Junction Field Office
101 3rd Street, Suite 301
Grand Junction, Colorado 81501

Dear Ms. Yeldell,

After reviewing the BLM's letter to DRMS from June 4, 2019, and Rocky Mountain Aggregates letter to DRMS from November 26, 2025, the BLM wanted to clarify the bond requirements. Please refer to the corrected indirect cost requirements below:

Per the BLM Solid Minerals Handbook H-3809-1, the following indirect costs are required in the reclamation cost estimate:

1. Engineering, design, and construction plan:

BLM typically estimates the cost for an engineering, design, and construction plan as 4-8% of estimated reclamation operation and maintenance costs. DRMS has documented 4.25% of the direct plus overhead and profit costs. This is acceptable.

2. Contingency:

Absent of specific local or state data, the BLM typically calculates the contingency costs as 4-10% of estimated reclamation operation and maintenance costs. DRMS has documented 3% of direct costs which is acceptable to the BLM as written.

3. Contractor Profit:

Where state law specifies an amount or percentage, BLM must use that figure. Absent specific local or state data, the reclamation cost estimate should estimate contractor profit as 10 percent of the estimated reclamation operation and maintenance costs. DRMS has documented 10% of direct costs. This meets the BLM's requirements.

4. Liability Insurance:

BLM dictates that the contractor's liability insurance premium must be 1.5% of the total labor costs. DRMS has documented 2.02% of total costs, which meets BLM's requirements.

5. *Performance and Payment Bond:*

BLM requirements are specific to federal construction contracts but are typically 1.5% for each bond type. DRMS has documented 1.05% for a performance bond, which is sufficient for the current operation.

6. *BLM Contract Administration:*

BLM typically estimates BLM contract administration using 6-10% of the estimated reclamation operation and maintenance costs, absent any state or local data. DRMS has documented 5.0% for reclamation management and/or administration, The BLM is satisfied with the rate DRMS has posted for the current status of this operation.

7. *BLM Indirect Cost:*

The BLM Indirect Cost percentage for fiscal year 2026 is 19.09% of the BLM contract administration costs. This rate is calculated each year but will only change the bonding as each bond is reviewed. DRMS included this indirect cost as 19.09% of the reclamation management and/or administration costs.

If you have any questions or concerns regarding this matter, please contact Brittany Cocina, Geologist, at (970) 876-9053 or bcocina@blm.gov.

Sincerely,

Elizabeth A. Dawson
Field Manager