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TO: General File
Dana Dean, Associate Director
Steve Christensen, Permit Supervisor
Daron Haddock, Permit Supervisor
Paul Baker, Minerals Program Manager

FROM: Wayne Western, Environmental Scientist

RE: Escalation Factor for 2015 – 1.2%

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

| Year | Index | Escalation (5 Year Averages) |
|--------|-------|------------------------------|
| 2003 | 119.2 | |
| 2004 | 120.2 | 1.005 |
| 2005 | 125.0 | 1.016 |
| 2006 | 131.8 | 1.032 |
| 2007 | 134.6 | 1.038 |
| 2008 | 130.0 | 1.013 |
| 2009* | 133.8 | 1.005 |
| 2010 | 136.2 | 1.017 |
| 2011** | 140.2 | 1.012 |
| 2012 | 145.0 | 1.015 |
| 2013 | 143.1 | 1.019 |
| 2014 | 141.7 | 1.012 |

The escalation factor for bonds estimated from this date forward in 2015 will use the 1.2% 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 prior factors were based on a three-year average.

P:\GROUPS\MINERALS\WP\BondAverageCostPerAcre\2015\EscalationMemo2015.doc

