

August 4, 2021

The Nevada Division of Environmental Protection, Bureau of Mining Regulation and Reclamation (BMRR) and Bureau of Land Management update the Standardized Reclamation Cost Estimator (SRCE) cost data file by August 1, each year. Since 2007, BMRR has used a reference Reclamation Cost Estimate (RCE) to compare the current cost data file against previous years (excluding Mob/Demob and Process Fluids Cost Estimator tools). Here are the results over the last five years:

Annual Comparison	Percent
2021 - 2016	+11.41%
2021 - 2017	+10.48%
2021 - 2018	+4.27%
2021 - 2019	-2.14%
2021 - 2020	-1.92%

The 2021 cost data file reflected an overall decrease of 1.92% from 2020, primarily attributable to the following items:

- 9.43% overall decrease in materials costs
- 5.51% overall decrease in equipment costs
- 4.27% increase in labor costs

The only metric to increase in the 2021 cost data file was labor. The U.S. Department of Labor updates the Davis-Bacon wage determinations on 2- to 4-year intervals, and several job classifications observed modest increases in the 2021 update. Many of the classifications in Clark County increased by approximately 3.5% - 6.5%, while a few classifications in Elko County increased by roughly 13%. Additionally, the workers' compensation insurance rate for Nevada increased from 7.6% to 12%.

Most of the individual material unit costs decreased in 2021. Vegetation supplements and drill hole plugging materials increased slightly (3-5%), but most other items decreased. The result was an overall decrease of 9.43%.

Equipment rental rates from 2020 to 2021 either stayed flat or decreased by approximately 4%. The "Equipment" category also includes fuel, tires, and other maintenance items. Fuel prices decreased by 2.82% (from \$2.19 per gallon to \$2.13 per gallon), however tire prices increased by an average of 4.2%, and maintenance increased by 3% from 2020 to 2021. The overall result was a decrease of 5.51% for equipment-related costs.

Although fuel prices have increased in recent months, the cost data file uses an annualized average from June of 2020 through May of 2021. Empirical observations have shown that reclamation costs are correlated to the price of fuel. If current fuel prices remain high, an overall increase in the reference RCE would be expected in 2022. The attached graph shows the correlation between reclamation costs and the price of fuel.

