

AGREEMENT

THIS AGREEMENT is made this 14th day of April, 2009, by and between the County of Santa Clara, a political subdivision of the State of California (hereinafter referred to as the "County") and the undersigned duly authorized representatives of Lehigh Southwest Cement Company and Hanson Permanente Cement, Inc. (hereinafter referred to as "Company") regarding the Permanente Quarry.

RECITALS

- A. The Company owns and operates the Permanente Quarry ("Quarry"), which is located within the jurisdiction of the County.
- B. In March 1985, the County approved a Reclamation Plan for the Quarry ("Reclamation Plan").
- C. In October 2006, the County issued an Order to Comply/Notice of Violation ("2006 Order") pursuant to the Surface Mining and Reclamation Act of 1975 ("SMARA"), Pub. Res. Code § 2710 *et seq.*, to the Quarry owner/operator requiring the processing of an amendment to the Reclamation Plan to encompass mining-related disturbance outside of the approved reclamation plan (except for the cement plant), and set forth a compliance schedule for the amendment. A copy of the 2006 Order is attached as Exhibit A to this Agreement.
- D. In May 2008, the County issued a modification to the compliance schedule included in the 2006 Order ("2008 Schedule Modification"). A copy of the 2008 Schedule Modification is attached as Exhibit B to this Agreement. The 2008 Schedule Modification called for the Company to file a reclamation plan amendment by February 2010, with final County action on the amendment to take place in 2011.
- E. In June 2008, the County issued a Notice of Violation ("2008 NOV") related to the placement of overburden material in an area known as the East Materials Storage Area ("EMSA"). A copy of the 2008 NOV is attached as Exhibit C to this Agreement. Among other things, the 2008 NOV instructed the Company to cease depositing material in the EMSA.
- F. Due to operational needs at the Quarry, the Company desires to continue using the EMSA. The County is amenable to allowing the Company to use the EMSA pending final action on a reclamation plan amendment, provided the Company files and diligently pursues a reclamation plan amendment for the EMSA. Accordingly, the County and the Company agree as follows:

AGREEMENT

1. With respect to the Reclamation Plan amendment for the EMSA ("EMSA Amendment"), the parties agree as follows:

A. Not later than April 20, 2009, the Company shall submit to the County an application for the EMSA Amendment. Upon a timely request by Company to meet with County staff prior to April 20, 2009 to discuss the requirements for the application, County representatives will make themselves available for such a meeting.

B. Within thirty (30) days of the Company's submittal, the County shall make a completeness/incompleteness determination specifying in writing the information, if any, needed to make the application complete. The Parties intend to meet during the first week of May to facilitate the County's completeness review.

C. If the County deems the application incomplete, the Company shall respond to the County's incompleteness determination by providing a resubmittal within thirty (30) days after the incompleteness determination.

D. Within thirty (30) days of the Company's resubmittal, the County shall review the Company's resubmittal and determine the completeness/incompleteness of the application.

E. In the event the County still deems the application incomplete, the Company shall be required to continue working in good faith with the County to provide the additional material within thirty (30) day resubmittal/review cycles as outlined above. However, if the County determines that the Company has not produced a complete application by July 20, 2009, the County shall assess, starting as of June 20, 2009, a penalty of \$250/day, which daily penalty shall be doubled every thirty days thereafter, until such time as a complete application is submitted to the County and deemed complete by the County. The penalty shall cease when the County deems the application complete.

2. Upon execution of this Agreement, the Company may recommence use of the EMSA as depicted on Exhibits D and E, subject to the stipulations and understandings set forth in this Agreement, pending final action by the County on the EMSA Amendment, and the language in the 2008 NOV instructing the Company to cease depositing material in the EMSA is modified to conform to this Agreement.

3. Nothing in this Agreement shall be interpreted in a manner that indicates that the County will approve the EMSA Amendment or will allow the Company to continue using the EMSA if the EMSA Amendment application is denied or if the Company withdraws the EMSA Amendment application prior to the County taking final action on the application. Nor shall anything in this Agreement be interpreted as a waiver

of the County's legal authority, including but not limited to its enforcement authority under SMARA.

4. Due to timing requirements for geotechnical studies, the County agrees to amend and reissue the compliance schedule issued with the 2006 Order and revised pursuant to the 2008 Schedule Modification to extend the date for submission of the Quarry's overall Reclamation Plan amendment application from February 2010 to May 2010.

5. This Agreement is binding on the Company's successors in interest with respect to the Quarry property and operations.

IN WITNESS WHEREOF, the parties have executed this Agreement, in counterpart, on the day and year first hereinabove written.

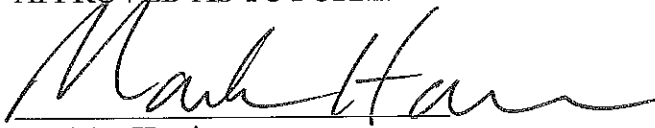
LEHIGH SOUTHWEST CEMENT COMPANY,

By: 

(SEAL)


ATTEST: _____

APPROVED AS TO FORM:



Mark D. Harrison
Counsel for Company

COUNTY OF SANTA CLARA,
A political subdivision of the State of California

By: 

Jody Hall Esser
Director, Department of Planning & Development

APPROVED AS TO FORM AND LEGALITY:

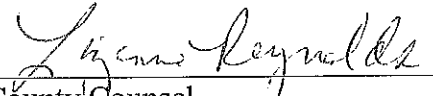

County Counsel

EXHIBIT A

County of Santa Clara

Department of Planning and Development
Administration

County Government Center, East Wing, 7th Floor
70 West Hedding Street
San Jose, California 95110-1705
(408) 298-6740 FAX (408) 288-0198



October 10, 2006

John Giovanola
Hanson Permanente Cement, Inc.
24001 Stevens Creek Road
Cupertino, CA 95014

ORDER TO COMPLY/NOTICE OF VIOLATION
(Pub. Res. Code § 2774.1)

Dear Mr. Giovanola:

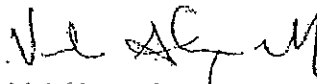
On September 22, 2006, the Department of Conservation's Office of Mine Reclamation (OMR) issued a "15-Day Notice" to the County of Santa Clara pursuant to Public Resources Code § 2774.1 (f)(1). The 15-Day Notice alleged several SMARA violations at Hanson Permanente Cement, Inc.'s (Hanson's) Permanente Quarry. Pursuant to § 2774.1(f), if the County does not take appropriate enforcement action in response to this notice, OMR may initiate enforcement.

Accordingly, the County hereby issues a Notice of Violation (NOV) and Order to Comply to Hanson's Permanente Quarry for mining-related disturbance outside the approved reclamation plan with the exception of the cement plant. At this time, the County is not requiring Hanson to include the adjacent cement plant site within the amended reclamation plan boundaries. As you know, the cement plant is a separately permitted and vested industrial facility which pre-dates SMARA by nearly 40 years and the County expressly excluded the cement plant from the approved reclamation plan in 1985. To date, the County has also been unable to find any clear guidance in the law or regulation regarding whether, under these circumstances, SMARA requires the cement plant to be included in the reclamation plan. Please note, however, that OMR may decide to take enforcement action on this issue. If this issue ultimately reaches the State Mining and Geology Board (SMGB), the County will adhere to the SMGB's decision on this issue.

The issues addressed in this NOV have already been the subject of numerous discussions between the County and Hanson. As a result of these meetings, Hanson at this time has agreed to file an amended reclamation plan encompassing all disturbed areas (except the cement plant and former aluminum plant sites) and to comply with the County's compliance schedule (attached). The amended reclamation plan will address, among other things, the slope instability along the north wall of the pit, and encompass all mining-related access roads, structures, stockpiles and storage areas, including the rock processing facility to the south of the cement plant. The amendment will also calculate, for posting on an interim basis pending final reclamation plan approval, new financial assurances. Hanson at this time has also agreed to waive the hearing requirement in Public Resources Code § 2774.1(b). Please confirm that this accurately represents Hanson's position.

We appreciate Hanson's cooperative attitude in this matter and express the County's commitment to work diligently with Hanson to expeditiously resolve all outstanding issues.

Sincerely,



Val Alexeeff
Director of Planning

cc: Douglas W. Craig, Assistant Director, OMR
Allen M. Jones, Chair, SMGB
Stephen M. Testa, Executive Officer, SMGB
Pete Kutas, County Executive, Santa Clara County
Jane Decker, Deputy County Executive, Santa Clara County
Ann Ravel, County Counsel, Santa Clara County
Lizanne Reynolds, County Counsel, Santa Clara County

COMPLIANCE SCHEDULE – HANSON PERMANENTE

Deadline	Action
11/15/06- 11/30/06	Pre-application meeting between County Planning Department and Hanson concerning reclamation plan amendment.
12/15/06- 12/31/06	Hanson to submit an application for an amended reclamation plan, and interim financial assurance calculations.
1/15/07- 1/31/07	The County to complete its 30-day review of the application, and inform Hanson in writing whether the application is complete for processing or additional information is required.
No later than 3/16/07	Hanson to resubmit a revised application containing additional information required by the 30-day review letter.
4/16/07	<p>The County to inform Hanson that the application is complete for processing.</p> <p>The County to provide approval for interim financial assurances, for immediate posting.</p> <p>The County to forward the amended reclamation plan and financial assurances to OMR for comments pursuant to Public Resources Code section 2774, subdivision (c).</p>
4/20/07	The County to begin processing and CEQA review of the amended reclamation plan.
5/15/07	OMR to provide any comments regarding the amended reclamation plan, pursuant to the 30-day review period of Public Resources Code section 2774, subdivision (d)(1).
6/1/07	OMR to provide any comments regarding the updated financial assurances, pursuant to the 45-day review period of Public Resources Code section 2774, subdivision (d)(1).
7/20/07- 8/17/07	The County to complete the CEQA review. Based on assumption that the document will be a Mitigated Negative Declaration and that public participation will not be unusually strong.
8/20/07	Public release of the proposed CEQA environmental document and beginning of the public comment period.

10/8/07	Close of CEQA public comment period.
10/15/07	Prepare early response to OMR of public hearing on amended reclamation plan and revised financial assurances, pursuant to SB 668.
11/15/07	County to prepare staff report concerning application for amended reclamation plan and financial assurances.
11/30/07- 12/30/07	Public hearing on application for amended reclamation plan and financial assurances.

EXHIBIT B

County of Santa Clara

Department of Planning and Development
Planning Office

County Government Center, East Wing, 7th Floor
70 West Hedding Street
San Jose, California 95110-1705
(408) 399-5770 FAX (408) 288-9198
www.sccplanning.org



May 21, 2008

Marvin E. Howell
Hanson Aggregates West, Inc.
P.O. Box 639069
San Diego CA 92163-9069

**Subject: Compliance Schedule Modification of the
Notice of Violation Issued October 10, 2006, by the
County of Santa Clara to
Hanson Permanente Quarry, State Mine ID 93-41-0004
(Public Resources Code §2774.1)**

Dear Mr. Howell,

This letter serves as notification that the Compliance Schedule of the Notice of Violation issued by the County of Santa Clara on October 10, 2006, and modified in a report to the State Mining & Geology Board dated August 14, 2007, is hereby modified. The new schedule is contained in the attached table. The schedule incorporates time needed to complete the environmental review associated with the proposed amendment to the Hanson Permanente Quarry's reclamation plan. As you know, this proposed reclamation plan amendment is intended, among other things, to abate SMARA violations reported in the 2006 and 2007 SMARA inspections conducted by the County.

The revised schedule is based in part on a timeframe you provided in a letter (copy enclosed) dated December 11, 2007, addressed to Val Alexeeff, Director of the Department of Planning & Development. This timeframe outlines the time and tasks necessary to complete preparation of an in-depth geology report of the Hanson Permanente quarry site. It also suggests time needed to complete CEQA review.

The attached compliance schedule estimates that the environmental impact report, written in compliance with the California Environmental Quality Act (CEQA), will be completed in phases, with the first phase, the geologic evaluation, being completed by December 2009, the Draft Environmental Impact Report being completed by March 2011, and the public hearing regarding the Final Environmental Impact Report and project proposal being conducted in August or September 2011. This schedule may be subject to change depending on the complexity of the environmental review under CEQA and the subsequent public hearing process to consider both the CEQA document and the project proposal.

Please note that, as stated in our last SMARA inspection report, the reclamation plan amendment process is the means by which certain SMARA violations are to be abated. Until the process is complete the violations will continue to be reported each year to the State Office of Mine Reclamation. If you have any questions regarding this matter you may call me at (408) 299-5747.

Sincerely,



Gary Rudholm
Senior Planner

ATT / ENCL

cc: Cy Oggins, State Office of Mine Reclamation
Stephen M. Testa, Executive Officer, State Mining & Geology Board
Sylvia Gallegos, Deputy County Executive, Santa Clara County
Jody Hall Esser, Interim Director, Planning & Development, Santa Clara County
Michael M. Lopez, Planning Manager, Santa Clara County
Lizanne Reynolds, Deputy County Counsel, Santa Clara County
John Giovanola, Hanson Permanent Quarry

Compliance Schedule – Hanson Permanente Quarry

County File 2250-13-66-06PAM

State Mine ID 91-43-0004

Revised May 21, 2008

Deadline	Action
11/15/06 – 11/30/06	Pre-application meeting between County Planning Department and Hanson concerning reclamation plan amendment
12/15/06 – 12/31/06	Hanson to submit an application for an amended reclamation plan and interim financial assurance calculations
1/15/07 – 1/31/07	The County to complete its 30-day review of the application, and inform Hanson in writing whether the application is complete for processing or additional information is required
No later than 3/16/07	Hanson to resubmit a revised application containing additional information required by the 30-day review letter
4/16/07	<p>The County to inform Hanson that the application is complete for processing.</p> <p>The County to provide approval for interim financial assurances for immediate posting</p> <p>The County to forward the amended reclamation plan and financial assurances to OMR for comments pursuant to Public Resources Code section 2774, subdivision (c)</p>
4/20/07	The County to begin CEQA review of the amended reclamation plan proposal
5/21/07	OMR to provide any comments regarding the amended reclamation plan, pursuant to the 30-day review period of Public Resources Code section §2774, (d)(1)
6/4/07	OMR to provide any comments regarding the updated financial assurances, pursuant to the 45-day review period of Public Resources Code §2774(d)(1)

Compliance Schedule – Hanson Permanente Quarry
 County File 2250-13-66-06PAM
 State Mine ID 91-43-0004

Deadline	Action
May 25, 2007	Notice of Preparation of a Draft Environmental Impact consistent with CEQA requirements issued by the County.
August 2, 2007	Close of public comment, which included two public scoping meetings, under the Notice of Preparation. At the close of the comment period for the Notice of Preparation, the County received more than 200 letters listing issues that should be addressed in the project EIR.
Geologic Investigation Phase	
12/31/07	Hanson to provide schedule for geologic investigation for use in CEQA document associated with the reclamation plan amendment proposal.
6/30/08	Status meeting with County staff on progress of geologic investigation.
9/30/08	Status meeting with County staff on progress of geologic investigation.
12/31/08	Status meeting with County staff on progress of geologic investigation.
3/31/09	Status meeting with County staff on progress of geologic investigation.
6/30/09	Status meeting with County staff on progress of geologic investigation.
9/30/09	Status meeting with County staff on progress of geologic investigation.
12/01/09	Completion of geologic field investigation, monitoring, analysis, and reporting.
12/31/09	Status meeting with County staff on completion of geologic investigation.

Compliance Schedule – Hanson Permanente Quarry
 County File 2250-13-66-06PAM
 State Mine ID 91-43-0004

Continued CEQA Review Phase	
2/01/10	Hanson to submit revised reclamation plan amendment plans, maps, and supporting documents, as required.
3/01/10	The County to county its review of the revised amendment for completeness and compliance with SMARA.
4/15/10	Hanson to resubmit any further revisions to the amendment, if necessary.
5/15/10	The County to inform Hanson whether the amendment application is complete for processing.
6/01/10	<p>The County to forward the reclamation plan amendment proposal and financial assurance cost estimates to OMR for comments pursuant to Public Resources Code §2774(c).</p> <p>The County to continue CEQA review of the proposed reclamation plan amendment. (The County will issue a new Notice of Preparation if the project changes.)</p> <p>The County to contract and hire new consultant, complete a draft environmental impact report (DEIR).</p>
7/01/10	OMR to provide any comments regarding the amended reclamation plan, pursuant to the 30-day review period of Public Resources Code sources §2774(d)(1).
7/15/10	OMR to provide comments regarding the updated financial assurances, pursuant to the 45-day review period of Public Resources Code §2774(d)(1).
03/15/11	Public release of the draft environmental impact report (DEIR) and beginning of the public comment period.

Compliance Schedule – Hanson Permanente Quarry
County File 2250-13-66-06PAM
State Mine ID 91-43-0004

Public Hearing Phase and Final EIR	
05/05/11	Public hearing before the County Planning Commission to receive comments on DEIR.
5/15/11	Close of CEQA public comment period. County to commence preparation of Responses to Comments on the DEIR.
7/01/11	The County to prepare early notification to OMR of public hearing on reclamation plan amendment proposal, revised financial assurances, and Final EIR (FEIR).
August / September 2011	County to hold public hearing concerning application for the proposed reclamation plan amendment and FEIR.

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Hanson

Hanson Aggregates
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9229 Harris Plant Road
San Diego, CA 92145
Tel: 858-277-5481
Fax: 858-277-4517
www.hansonpc.com

December 11, 2007

Val Alexeeff
Director, Department of Planning and Development
County of Santa Clara
70 West Hedding Street
East Wing, 7th Floor
San Jose, CA 95110

Re: Hanson Permanente Quarry
Mine Identification No. 91-43-0004

Dear Mr. Alexeeff:

This letter follows our November 8, 2007 meeting concerning Hanson Permanente Cement, Inc.'s (Hanson) reclamation plan amendment. The purpose of the meeting was to finalize a schedule for processing the reclamation plan amendment for the Permanente Quarry. The current schedule (Exhibit 1) does not identify a completion date for the CEQA process and does not identify when the County will approve the amendment. The County left these portions of the schedule open to accommodate scoping comments and issues raised by the Department of Conservation (DOC) that needed to be addressed in the schedule.

The DOC has requested that the company gather additional geotechnical data to support the reclamation plan amendment. The reclamation plan amendment proposed post-approval field analysis to validate certain geotechnical recommendations, including final slope angles. In May 18, 2007 comments, however, the DOC stated that the amendment should include complete geologic evaluations. The DOC also requested additional slope stability analysis for existing slopes. The DOC asked that Hanson resubmit the amendment at a later date after all supporting evaluations were complete.

Hanson is in the process of addressing these requests through a detailed geologic investigation in the existing pit. The geologic investigation is designed to ensure the stability of slopes in proposed extraction areas, and represents a conservative approach that considers the complexity of the underlying geology and past

slope stability issues. The investigation consists of specialized geotechnical drilling and geologic evaluation. Drilling is expected to be complete by winter 2008-2009, based on the complexity of the geology and the difficulty of drilling. Experience indicates that up to six weeks may be required to complete a borehole to a 400-500 foot depth. The attached proprietary letter from Hanson's engineering geologists, Golder Associates, explains the geologic circumstances in more detail. Based on current estimates, drilling, monitoring, analysis and reporting will collectively require approximately 24 months, and conclude by December 2009.

Enclosed for your review is a draft revised schedule (Exhibit 2) reflecting the time requirements for this investigation. The attached schedule completes those portions of the schedule previously left for future determination. The schedule reflects the following tasks and time allowances:

<u>Task</u>	<u>Time Allotted</u>
Geologic investigation, including planning, drilling, lab testing, geologic evaluation and report preparation	24 months
Incorporated geologic data into revised reclamation plan amendment	2 months
County review for completeness and compliance with SMARA, and forward revised amendment to DDC	4 months
Complete CEQA draft environmental impact report	6 months
Publication and public review of draft environmental impact report	2 months
Respond to comments, prepare staff report and conduct public hearing	3-4 months

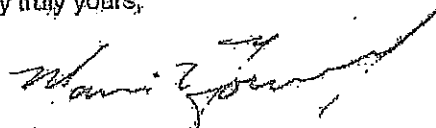
Concurrently with the investigation described above, Hanson will be conducting geologic investigation in the proposed Pit 2, and in potential extraction areas to the west of Pit 2 in line with requests made during the public scoping process. After incorporating the foregoing time requirements into the schedule, we anticipate final approval of a revised reclamation plan amendment in May 2011.

Val Alexeeff
December 11, 2007
Page 3

Please let us know that the revised processing schedule comports with the County's understanding of our agreement; and if you would like to discuss the schedule in greater detail.

Very truly yours,

By:



Marvin E. Howell

Enclosures

cc: Michael Meinen
Jeffrey Brummer

EXHIBIT C

County of Santa Clara

Department of Planning and Development
Planning Office

County Government Center, East Wing, 7th Floor
70 West Hedding Street
San Jose, California 95110-1705
(408) 299-5770 FAX (408) 288-9198
www.sccplanning.org



June 20, 2008

Marvin E. Howell
Hanson Aggregates West, Inc.
P.O. Box 639069
San Diego CA 92163-9069

John Giovanola
Hanson Permanente Cement
24001 Stevens Creek Blvd
Cupertino CA 95014-5659

Subject: NOTICE OF VIOLATION (PRC §2774.1)

Dear Mr. Howell and Mr. Giovanola:

On April 3, 2008, the County of Santa Clara received a complaint alleging Hanson Permanente Quarry was storing stockpiles of petroleum coke on land owned and operated by the quarry. Subsequently, staff from the County Planning Office met with Hanson personnel in the field on April 8, 2008, to locate the stockpiled material in the field. Following this field inspection staff also met with the County Geologist and a consultant from the geology firm retained by the Planning Office to assist with the 2007 SMARA inspection of Hanson Permanente. Based on this field review and subsequent discussion with the County Geologist and consultant, both of who participated in the most recent SMARA inspection, the County has determined the following:

1. The material shown in the photographs included with the complaint is not petroleum coke.
2. The material is stockpiled overburden from the mine.
3. The location where the stockpiled materials were found is within an area included in the boundary of a proposed reclamation plan amendment, but is not located within the boundary of the current, approved reclamation plan boundary.

The County of Santa Clara previously issued a combined Order to Comply/Notice of Violation (NOV) to Hanson on October 10, 2006, for having areas of disturbance outside the approved reclamation plan boundary. Hanson subsequently applied for a reclamation plan amendment to address this issue. The NOV effectively placed Hanson on notice that work outside the reclamation plan boundary is not authorized. For this reason, the County views this additional stockpiling as an intensification of an existing violation.

In keeping with the requirements of SMARA §2774.1, the County hereby issues a Notice of Violation for mining related disturbance outside the approved reclamation plan, and specifically for stockpiling in an area east of the approved reclamation plan.

Because the approved reclamation plan provides for an area to receive overburden in the portion of the mined land identified as "Area A," which has space available to receive such material, you are hereby required to accomplish the following:

- (1) cease depositing the material in the location described above, and
- (2) submit a proposal for either
 - (a) removing the material, or
 - (b) providing for interim erosion control and re-vegetation of the stockpile in order to retain the material while the reclamation plan amendment continues to be processed.

The County Planning Office must receive the abatement proposal, identified in Item #2 above, on or before July 21, 2008.

If you have any questions regarding this matter please contact me via email at Gary.Rudholm@pln.sccgov.org, or by telephone at (408) 299-5747.

Sincerely,



Gary Rudholm
Senior Planner

cc: Cy Oggins, State Office of Mine Reclamation
Stephen Testa, Executive Officer, State Mining & Geology Board
Jody Hall Esser, Interim Director of Planning & Development
Michael M. Lopez, Planning Manager
Lizanne Reynolds, Deputy County Counsel

EXHIBIT D



EMSA AREA

EMSA Area

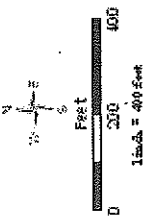
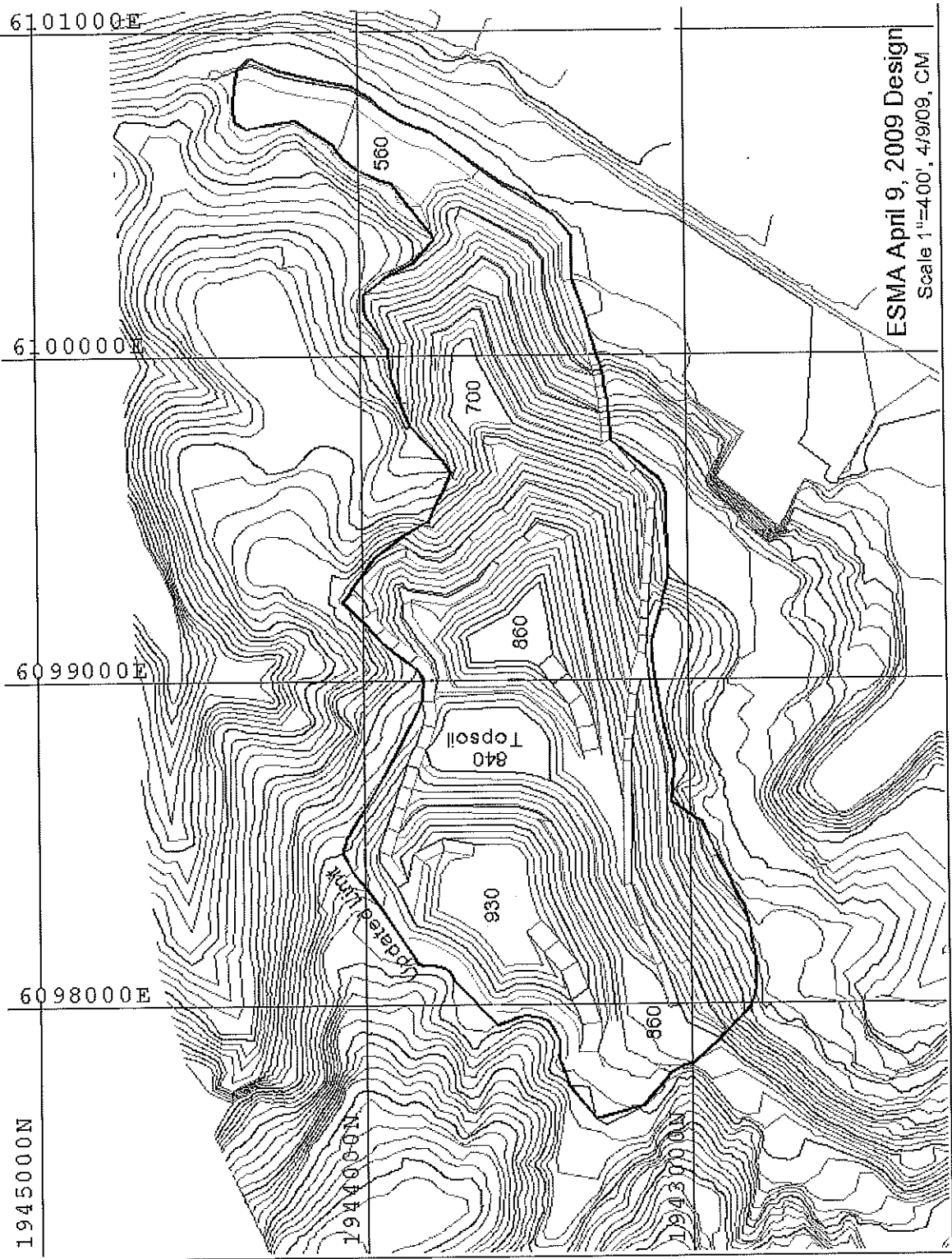


EXHIBIT E



ESMA April 9, 2009 Design
Scale 1"=400', 4/9/09, CM

CORRESPONDENCE

RECEIVED
PLANNING OFFICE

08 JUL -8 AM 10:47



Hanson Aggregates

West Region

P.O. Box 639069
San Diego, CA 92163-9069

9229 Harris Plant Road
San Diego, CA 92145

Tel 858-277-5481

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www.hanson.biz

July 7, 2008

Gary Rudholm
Planning Department
County of Santa Clara
70 West Hedding Street
East Wing, 7th Floor
San Jose, CA 95110

Re: Hanson Permanente Quarry
Mine Identification No. 91-43-0004

Dear Mr. Rudholm:

Thank you for meeting on June 30, 2006 to discuss Hanson Permanente Cement, Inc.'s (Hanson) progress towards finalizing the reclamation plan amendment, and the June 20, 2008 Notice of Violation (NOV). The purpose of this letter is to confirm how, procedurally, the County of Santa Clara (County) and Hanson will address the matters raised in the NOV.

As discussed, Hanson will provide the County a written response to the NOV within thirty days, or by July 21, 2008. Afterwards, Hanson and the County will schedule a meeting to discuss Hanson's proposal for resolving concerns raised by the County. It is our understanding that the County does not intend to issue, or to make effective, any compliance orders with respect to matters raised in the NOV until Hanson and the County have met to discuss and resolve these issues.

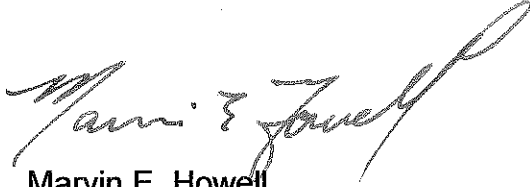
Please let me know if this is inconsistent with your recollection of our discussions. We believe that a clear understanding of process is important as a starting point to resolving this issue. We look forward, as part of this process, to discussing with the County our concern that the NOV may be factually unwarranted and, with respect to the request that Hanson cease certain operations, inconsistent with the existing October 10, 2006 Order and the requirements of the Surface Mining and Reclamation Act.

Thank you again for your attention to this matter.

Gary Rudholm
July 7, 2008
Page 2

Very truly yours,

By:

A handwritten signature in cursive script, appearing to read "Marvin E. Howell".

Marvin E. Howell
Director of Land Use Planning and Permitting
Lehigh-Hanson

cc: Mark Harrison, Esq.

rec'd 1/27/09

Lehigh Hanson
HEIDELBERGCEMENT Group

Lehigh Hanson West Region
12667 Alcosta Blvd, Suite 400
San Ramon, California 94583

Jody Hall Esser
Planner Director
County of Santa Clara
70 West Hedding Street
East Wing, 7th Floor
San Jose, CA 95110

cc Mike Lopez
Gary Rudholm - orig
Kathleen Reynolds
Rob Eastwood
JAE
January 23, 2009

Re: Permanente Quarry
Mine Identification No. 91-43-004

Dear Ms. Esser:

I am writing on behalf of Hanson Permanente Cement, Inc. and Lehigh Southwest Cement Company ("Hanson"), the owner and operator of the Permanente Quarry ("Quarry"). The purpose of this letter is to respond to Santa Clara County's request that Hanson identify achievable interim measures to accelerate the approval of portions of the Quarry's reclamation plan in advance of the deadlines within the current overall compliance schedule.

Background

The Quarry is a limestone and aggregate mining operation in the Santa Clara County foothills. Mining began by 1903, according to state records. From 1939 to the present, mining has continued without interruption under the ownership of Hanson and its predecessors in interest.

In 1976, the Surface Mining and Reclamation Act ("SMARA") became effective within California, and required mining operations statewide to develop reclamation plans to ensure the reclamation of mined lands. On March 7, 1985, the County approved the current reclamation plan for the Quarry.

By design, the current reclamation plan does not encompass all past mining disturbance at the site or, with the exception of actual excavation areas, confine mining-related operations to specific areas. For instance, the reclamation plan does not include a rock processing facility, does not cover a material storage facility known as the East Materials Storage Area ("EMSA"), and does not cover access roads throughout the site, although all of these features were in existence when the County approved the existing reclamation plan in March 1985. The omissions are, in retrospect, consistent with the way that SMARA's requirements were interpreted at the time the reclamation plan was approved.

On October 2006, in response to direction from the State Mining and Geology Board ("SMGB"), the County issued an Order to Comply ("Order") to Hanson. The Order required Hanson to file a reclamation plan amendment extending to all areas disturbed by mining operations and to post updated financial assurances. The Order was last updated and reissued on May 21, 2008. As modified, the Order requires the submittal of a final, completed reclamation plan document and all supporting studies by February 2010, and anticipates full reclamation plan approval by September 2011. The terms of the Order do not prevent Hanson from continuing mining activities during the period in which the amendment is being processed.

File 2250-13-66-07P-08PAM

- Supporting geotechnical analysis and cross-sections showing maximum slope angles no steeper than 2.0H:1.0V.
- Additional technical studies as required on air, noise and other environmental impacts specifically associated with this proposal.

We hope that you will agree this represents a substantial undertaking, and a significant step towards achieving overall compliance at the Quarry at the earliest possible date. We are compelled by the circumstances to make two requests in connection with this proposal.

First, we ask for acknowledgement from the County that, upon acceptance of this proposal, Hanson can recommence placement of material in the EMSA. This acknowledgement would simply follow the terms of the current Order now in effect, which do not prohibit mining activity while the reclamation plan amendment is being processed.

Second, we believe the County understands that the proposal herein would require us to reallocate resources that are currently being devoted to the preparation of the February 2010 submittal. We ask, accordingly, that the County provide a three-month extension of the February 2010 deadline contained in the current Order. We envision the County would do this through an amended compliance schedule.

If acceptable, we can begin working toward this objective immediately with the anticipation of meeting with the County during the last week of March to update progress. We appreciate your attention to this matter, and the cooperative relationship we continue to enjoy with the County. We look forward to discussing this proposal with you in greater detail.

Very truly yours,



Jeffrey L. Brummert
Vice President Materials
Northern California

cc: Marvin Howell, Hanson/Lehigh
Mark Harrison, Diepenbrock Harrison

County of Santa Clara

Department of Planning and Development
Planning Office

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February 20, 2009

Jeff Brummert
Lehigh Hanson, Inc.
12667 Alcosta Blvd. Suite 400
Bishop Ranch 15
San Ramon CA 94583

Subject: Response to Proposal for Addressing the East Materials Storage Area Stockpile as Described in County of Santa Clara Notice of Violation Dated June 20, 2008; State Mine ID #91-43-0004

Dear Mr. Brummert:

This letter is in response to your correspondence dated January 23, 2009, which contains a proposal by Lehigh Hanson to address a Notice of Violation (NOV) issued by the County of Santa Clara on June 8, 2008. The purpose of this letter is to respond to Lehigh Hanson's proposal with respect to reclamation plan amendments for the Permanente Quarry. This letter should not be construed as agreement or disagreement with any of the other information set forth in your letter, including but not limited to the information in the "Background" section. Your letter acknowledges that the County issued a Notice of Violation/Order to Comply on October 10, 2006, to file for a reclamation plan amendment to encompass all areas of disturbance at the Permanente quarry. This order was modified on May 21, 2008. The modified order requires submittal of a final, completed reclamation plan amendment proposal for Permanente quarry, together with supporting technical documents, by February 2010. The order anticipates final reclamation plan amendment approval by September 2011. The order does not prevent Lehigh Hanson from continuing mining operations during the time in which the reclamation plan amendment is being processed.

The County Planning Office issued the June 8, 2008, NOV following inspection of the quarry in response to a complaint by a neighboring property owner. The inspection found stockpiling of over burden materials in a location that has come to be referred to as the East Materials Storage Area (EMSA). This portion of the quarry is not encompassed by the approved reclamation plan. For this reason, and because an area is designated by the approved reclamation plan to receive such material, and which contained room for additional overburden, the County required the quarry to cease depositing materials in the EMSA, and provide erosion control to ensure no transport of sediment from the stockpile.

The County Acknowledges the immediate response to discontinue the stockpiling, and the installation of erosion control measures, which were inspected and noted in the 2008 SMARA inspection report recently turned in to the State Office of Mine Reclamation. The County also acknowledges meeting with Lehigh staff and consultants in January 2009 to discuss the possibility of balancing the short term needs of Permanente Quarry with the comprehensive reclamation plan amendment submittal that is due in February 2010.

Proposal for Compliance with NOV and SMARA

Your letter of January 23, 2009, proposes Lehigh Hanson would submit to the County Planning Office, no later than April 20, 2009, an accelerated reclamation plan amendment that would bring the EMSA into the boundary of the Permanente Reclamation Plan, and thereby place it under current state and local reclamation plan requirements. This proposal would include, but would not be limited to the following features:

- Amended reclamation boundaries that encompass the current reclamation plan boundary and current EMSA area of disturbance, topsoil stockpiles, and related haul roads.
- New grading configuration for the EMSA designed to blend into the surrounding or adjacent topography.
- Comprehensive re-vegetation requirements based on current SMARA reclamation standards, and based on data obtained from the test plot program currently underway at Permanente quarry.

The County has determined that the proposal for compliance with SMARA as set forth in your January 23, 2009, letter is acceptable. With this letter the due date for submittal of a comprehensive reclamation plan amendment of the Permanente Quarry is hereby extended by three months, making the new deadline for submission May 2010.

Secondly, the County will allow Lehigh Hanson to recommence stockpiling of material within the EMSA after a complete reclamation plan amendment has been filed under the following conditions:

1. The County of Santa Clara retains its full enforcement authority under SMARA. This authority includes, but is not limited to issuance of an Order to Comply (OTC) requiring Lehigh Hanson to implement the plan described within this letter, should Lehigh Hanson fail to meet its commitments to submit the proposed reclamation plan amendment by April 20, 2009. This OTC will be issued, if necessary, no more than 30 days following the April 20, 2009, deadline.

2. The County of Santa Clara retains its authority to impose an administrative penalty, as authorized under SMARA §2774.1(c), including but not limited to a daily fine for use of the EMSA prior to final approval of the reclamation plan amendment, should Lehigh Hanson fail to comply with the Order to Comply identified in Condition #1, above.
3. The County of Santa Clara will conduct regular inspections of the EMSA. Lehigh Hanson shall be required to reimburse the County for all reasonable staff costs associated with these inspections.

If you have any questions regarding this matter you may call me at (408) 299-5747.

Sincerely,



Gary Rudholm
Senior Planner

cc: Gary A. Graves, Acting County Executive
Sylvia Gallegos, Deputy County Executive
Jody Hall Esser, Director, Department of Planning & Development
Lizanne Reynolds, Deputy County Counsel

State of California, Office of Mine Reclamation