

Appendix H: Compliance History

Appendix H: Compliance History

No.	Date	Document
1.	September 22, 2006	15-Day Notice from Department of Conservation to Santa Clara County
2.	October 10, 2006	Order to Comply/Notice of Violation from Santa Clara County to Hanson Permanente Cement
3.	July 2, 2007	Response from Hanson Permanente to OMR re OMR's Comments on Cement Manufacturing Plant
4.	August 14, 2007	Compliance Schedule
5.	August 23, 2007	Letter from OMR to Santa Clara County re Quarry and Cement Plant
6.	December 11, 2007	Letter from Hanson Permanente to Santa Clara County re Reclamation Plan Amendment
7.	May 21, 2008	Revised Compliance Schedule
8.	June 20, 2008	Notice of Violation from Santa Clara County to Hanson
9.	July 7, 2008	Letter from Hanson to Santa Clara County re Reclamation Plan Amendment and June 20, 2008, NOV
10.	July 21, 2008	Response Letter from DH to Santa Clara County re June 20, 2008, NOV
11.	April 14, 2009	Agreement between Santa Clara County and Lehigh Southwest Cement Company, et al.

Sent By: SANTA CLARA COUNTY PLANNING; 408 288 9198 ;
9-22-06; 4:57PM; Dept of Conservation

Sep-26-06 8:44AM;
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STATE OF CALIFORNIA, RESOURCES AGENCY

ARNOLD SCHWARZENEGGER, GOVERNOR

**DEPARTMENT OF CONSERVATION****OFFICE OF MINE RECLAMATION**

801 K STREET • MS 09-06 • SACRAMENTO, CALIFORNIA 95814

PHONE 916 / 323-9198 • FAX 916 / 446-6066 • TDD 916 / 324-2535 • WEB SITE conservation.ca.gov

September 22, 2008

Via Certified Mail: 7006 0810 0001 0438 4688

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

Dear Mr. Alexeeff:

**SMARA ENFORCEMENT 15-DAY NOTICE TO SANTA CLARA COUNTY, HANSON
PERMANENTE QUARRY AND CEMENT PLANT, CALIFORNIA MINE ID #91-43-0004**

The purpose of this letter is to notify you of violations of the Surface Mining and Reclamation Act of 1975 (SMARA) (Public Resources Code (PRC) Sections 2710 et seq.) at the Hanson Permanente Quarry and Cement Plant (California Mine ID #91-43-0004). This surface mine is operated by Hanson Permanente Cement, Inc. (Hanson). For purposes of SMARA enforcement, Santa Clara County (County) is the lead agency for this surface mining operation.

Prior to commencing mining activities, PRC Section 2770 requires each surface mining operation to obtain a permit to operate (or have a vested right to conduct surface mining operations), an approved reclamation plan, and approved financial assurances for reclamation. PRC Section 2729 defines "Mined Lands" to include "...the surface, subsurface, and groundwater of an area in which surface mining operations will be, are being, or have been conducted, including private ways and roads appurtenant to any such area, land excavations, workings, mining waste, and areas in which structures, facilities, equipment, machines, tools, or other materials or property which result from, or are used in, surface mining operations are located."

With limited exceptions, if the lead agency or the director of the Department of Conservation (Department) determines, based upon an inspection, that a surface mining operation is not in compliance with SMARA, the lead agency or the Department may notify the operator of that violation by personal service or certified mail. If the violation extends beyond 30 days after the date of the lead agency's or the Department's notification, the lead agency or the Department may issue an order

*The Department of Conservation's mission is to protect Californians and their environment by:
Protecting lives and property from earthquakes and landslides; Ensuring safe mining and oil and gas drilling;
Conserving California's farmland; and Saving energy and resources through recycling.*

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requiring the operator to comply or, if the operator does not have an approved reclamation plan or financial assurances that meet State minimum standards, cease all further mining activities. The Department may initiate enforcement actions only after the lead agency has been notified in writing of the violation for at least 15 days and if the Department determines that the lead agency has not taken appropriate enforcement action.

Staff of the Office of Mine Reclamation (OMR) visited the Hanson Permanente Quarry and Cement Plant in December 2005 and May 2006. Based on data gathered during these visits, as well as information contained in the County's 2005 Surface Mining Inspection Report for this site, the Department has identified the following violations of SMARA:

Disturbed areas outside the reclamation plan boundary. Extensive post-1975 mining-related disturbance is evident in numerous areas located outside the perimeter of the approved reclamation plan boundary. In these areas, Hanson has been and is currently operating in violation of SMARA. Currently, there is no approved reclamation plan or financial assurance for these areas, which include:

- Actively used private ways and roads connecting the pit area, the west materials storage area, the east materials storage area, the cement plant, and areas south and southwest of the cement plant.
- Approximately 30 acres located along the northwest side of the pit and outside of the reclamation plan boundary. According to Appendix B of the approved reclamation plan, grading occurred in this area in 1978 and 1979 to mitigate a "previous problem of gross instability in this area." This activity resulted in the removal of approximately 440,000 cubic yards of material, most of which lay outside the approved reclamation plan boundary.
- Structures and facilities located due east of the pit area.
- A large, conveyor-fed stockpile of processed material located southwest of the cement plant.
- A commercial rock plant/processing facility located south of the cement plant.

The Department believes that the reclamation plan for the Hanson Permanente Quarry and Cement Plant needs to be amended to include all post-1975 mining-related disturbed areas. The financial assurance should also be revised to include these additional areas in accordance with the amended reclamation plan. Until this is accomplished, the Department believes that the County should require Hanson to post, immediately and in addition to its existing financial assurance, an interim financial assurance that is adequate for the County or the Department to conduct and complete reclamation of all post-1975 mining-related disturbed areas outside the existing reclamation plan boundary.

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Cement plant located outside the reclamation plan boundary. According to the approved reclamation plan, "...crushed rock is transported, for further processing, to the cement plant further to the east." Because the cement plant includes structures, facilities, equipment, machines, tools, or other materials or property which result from, or are used in, surface mining operations, it meets the definition of "Mined Lands" contained in PRC Section 2729. Because there is no approved reclamation plan or financial assurance for this area, Hanson has been and is currently operating the cement plant in violation of SMARA.

The Department believes that the reclamation plan for the Hanson Permanente Quarry and Cement Plant needs to be amended to include the cement plant site. The financial assurance should also be revised to include this additional area in accordance with the amended reclamation plan. Until this is accomplished, the Department believes that the County should require Hanson to post, immediately and in addition to its existing financial assurance, an interim financial assurance that is adequate for the County or the Department to conduct and complete reclamation of the cement plant site.

Pursuant to PRC Section 2774.1(f)(1), this letter serves as official notice to the County that, unless appropriate action is taken to cause Hanson to correct the violations noted above and come into compliance with SMARA, the Department will take such action as it deems appropriate to enforce SMARA. By October 9, 2006, please provide the Department with either of the following:

- Evidence of the County's approval of an amended reclamation plan and a revised financial assurance for the Hanson Permanente Quarry and Cement Plant that meet all of the requirements outlined above.
- A comprehensive, detailed plan by the County for resolving the violations described above and achieving full compliance with SMARA at the Hanson Permanente Quarry and Cement Plant. This plan should include appropriate steps and timelines for achieving full compliance without delay. It should also include a requirement for Hanson to post interim financial assurances as described above for all disturbed areas outside the existing reclamation plan boundary and the cement plant site.

If you have any questions regarding this notice, please contact me at (916) 323-9198.

Sincerely,

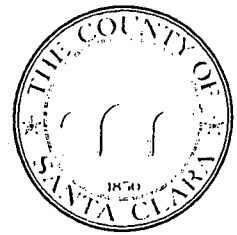

Douglas W. Craig
Assistant Director

cc: Stephen M. Testa, Executive Officer, State Mining and Geology Board
Mike Gantenbein, Designated Agent, Hanson

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) 299-6740 FAX (408) 288-9198



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 Kutras, 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.



Hanson Aggregates
PO Box 639069
San Diego, CA 92145

July 2, 2007

Douglas W. Craig
Assistant Director
Department of Conservation
Office of Mine Reclamation
801 K Street, MS 09-06
Sacramento, CA 95814

Re: Hanson Permanente Cement Plant

Dear Mr. Craig:

We write to address the Office of Mine Reclamation Unit's ("OMR") comments on Hanson Cement Corporation's cement manufacturing plant in western Santa Clara County ("County"). OMR's comments were contained in letters to the County dated May 18, 2007 and June 7, 2007. OMR expresses the view that Hanson's cement plant qualifies as "mined lands" under the Surface Mining and Reclamation Act, Public Resources Code section 2710 *et seq.* ("SMARA"). OMR also suggests that the cement plant should be included in the reclamation plan amendment currently being processed by the County.

Hanson believes OMR did not have access to all of the pertinent facts concerning the cement plant operation and its entitlement history when OMR drafted the letters at issue, and the cement plant should not be a part of the reclamation plan.

Of specific note are the following facts:

1. No mineral extraction has occurred on the cement plant site.
2. The cement plant is permitted separately from the limestone quarry.
3. The County issued the cement plant permit nearly 40 years after the vested quarry began operation.

4. The cement plant is served by rail.
5. The cement plant permit has no termination date. The cement plant will continue to serve the market, even after local limestone is depleted and after the existing quarry is reclaimed.
6. The County determined that the cement plant was not a "surface mining operation" when the Quarry's current reclamation plan was approved in March 1985. The State was notified of the County's determination at that time.
7. An exemption from SMARA passed in 1993 acknowledges that stand-alone "mineral processing facilities" are exempt from the reclamation requirement. The exemption certainly applies with equal or greater force to industrial processes engaged in the manufacture of cement, which go well beyond simple "mineral processing."

The following discusses these points in more detail for your consideration.

BACKGROUND

The cement plant is located just west of the City of Cupertino, and east of Hanson's Permanente Quarry (Mine Identification No. 91-43-0004) ("Quarry"). The Quarry began operations in 1903, according to State Geologist's reports. The Quarry predates the County's use permit requirements and is a vested surface mining operation.

The cement plant, as distinct from the Quarry, operates under a use permit issued by the County in May 1939, approximately 36 years after the commencement of the adjacent Quarry uses. The use permit authorizes the "erection, construction and operation of a cement mill and the storage of cement..." The County issued the use permit under its A-1 zoning classification, which allowed industrial uses with a use permit. The cement plant use permit contains no termination date, and the cement plant has operated continuously since its construction. No quarrying has ever taken place on the cement plant site.

Operationally, the cement plant manufactures cement products with raw materials that include limestone excavated from the Quarry and materials imported by rail or truck, and supplements limestone obtained from the Quarry with limestone imported from other sources. The cement plant will, pursuant to its use permit, continue to manufacture cement indefinitely, and long after the Quarry is exhausted of its limestone resource.

In terms of local and regional importance, the cement plant plays a vital role in the supply of cement products to Santa Clara County, the San Francisco Bay Area and the Northern California market. The cement plant currently accounts for approximately 65% of the cement used in the County (representing roughly one-third of the cement plant's total production), over 55% of all cement used in the San Francisco Bay Area, and an estimated 18% of all cement used in Northern California. In addition, the plant presently employs over 175 skilled workers and is a valued and stable employer in the community. The cement plant's historical contributions are also notable. Among them, the cement plant supplied the materials for the building of the Shasta Dam, and was an important element of the United States' materiel supply in World War II.

The cement plant was a sizeable industrial facility when originally constructed. Indeed, by 1941, it was considered the largest cement plant in the world. Hanson and its predecessors have over time invested substantially in the cement plant in reliance on the use permit to maintain the facility as among the most significant and advanced of its type. In 1950 and 1955, for example, the cement plant was upgraded with additional kilns and auxiliary facilities based on amendments to the use permit that were granted by the County after public hearings and review. Later, in December 1977, the County approved a \$100 million proposal to modernize the cement plant by transitioning from "wet" to "dry" production processes, thereby dramatically reducing the plant's fuel needs and air emissions. Currently, the cement plant boasts the largest single pre-heater kiln in the United States. Hanson's search for new, more efficient and environmentally-forward technologies is ongoing, and Hanson continues to invest millions annually in this plant and its operations.

The County has recognized the legal distinction between the cement plant and the Quarry in its treatment of the Quarry under SMARA. On March 7, 1985, the County approved the current reclamation plan for the Quarry. As part of that approval, the County determined that the cement plant was not subject to SMARA's requirements. The County's staff report indicates the County concluded that SMARA did not apply to the cement plant because SMARA required reclamation of quarrying uses, and the cement plant was not such a use:

It should be noted by the [Planning Commission] that this approval is for reclamation aspects of the quarry area and not the operational activity nor does it include the area of the cement plant. Consequently, the plans and recommended conditions of approval are limited to the reclamation aspects of the quarry site as spelled out by the State Mining and Geology Act and the County surface mining regulations.

Notably, OMR has long been aware of the scope of the Quarry's reclamation plan, and the County's separate legal treatment of the cement plant. The County provided the State with a copy of the current reclamation a week after the reclamation plan was approved. The operator also forwarded the reclamation plan to the State in 1991 as part of its first annual report, and on subsequent occasions.

DISCUSSION

SMARA, as you know, is intended to ensure that lands physically altered by extractive operations are reclaimed to a condition that allows for beneficial post-mining end uses and minimizes adverse effects on the environment. (SMARA, § 2711.) To achieve these goals, SMARA requires that persons conducting surface mining obtain approval of a "reclamation plan" from a designated lead agency for areas subjected to post-January 1, 1976, mining. (SMARA, §§ 2770, 2776.)

Reclamation plans are subject to specific content requirements. A reclamation plan must, for example, state the quantity and type of minerals for which surface mining will be conducted; dates for the initiation and termination of mining; the maximum depth of excavation; a description of and a plan for the type of surface mining to be employed; a time schedule that will provide for the completion of surface mining on each segment of the mined lands so that reclamation can be initiated at the earliest possible time; and a description of the proposed use or potential uses of the mined land after reclamation. (See SMARA, § 2772, subds. (c)(1) – (c)(8).) It also must state the steepness of slope angles and describe the treatment of overburden and mining waste material. (Code of Regulations, tit. 14, §§ 3502, subds. (b)(3), (b)(4).)

These requirements plainly do not fit a non-mining, industrial manufacturing facility such as the cement plant. Because the cement plant is not engaged in mining, Hanson could not provide the information called for in a reclamation plan. For example, Hanson cannot state the quantity and type of minerals to be mined, as none are mined on the cement plant site, nor can Hanson identify the depth of excavation, as no excavation occurs. Likewise, Hanson cannot supply a termination date or a reclamation schedule because the cement plant use permit has no termination date and Hanson will continue manufacturing operations after the adjacent Quarry is exhausted. Further, how would Hanson identify the post-mining end use? It makes little sense to describe the end use of the cement plant as "a cement plant," yet that is what we understand that OMR would require. SMARA's reclamation requirements, in short, make little sense when applied to Hanson's cement plant and would not promote the purposes of the reclamation law.

The California legislature recognized this problem when it amended SMARA in 1993 to clarify that stand-alone "mineral processing" facilities are exempt from SMARA's reclamation requirement. Although this section was amended long after issuance of the

cement plant's permit and long after the County's 1985 reclamation plan determination, it is nonetheless instructive in these circumstances. SMARA section 2714, subdivision (c), provides:

SMARA does not apply to the following activities:

* * *

(c) Operation of a plant site used for mineral processing, including associated onsite structures, equipment, machines, tools, or other materials, including the onsite stockpiling and onsite recovery of mined materials, subject to all of the following conditions:

(1) The plant site is located on lands designated for industrial or commercial uses in the applicable county or city general plan.

(2) The plant site is located on lands zoned industrial or commercial, or are contained within a zoning category intended exclusively for industrial activities by the applicable city or county.

(3) None of the minerals being processed are being extracted onsite.

(4) All reclamation work has been completed pursuant to the approved reclamation plan for any mineral extraction activities that occurred onsite after January 1, 1976.

The requirements of the exemption would certainly apply to perpetual, non-mining industrial facilities such as the cement plant. Subdivisions (1) and (2) state the facility must be located on lands designated and zoned for industrial or commercial uses. As the County advised OMR in December 2006, the cement plant was lawfully established in 1939 under A-1 zoning, a broad classification allowing all uses not prohibited by law, including industrial and commercial uses with a use permit. Having been established under A-1 zoning, the cement plant's use permit continues subject to these original requirements. Further, no quarrying takes place within the area designated as the cement plant site in Hanson's amended reclamation plan. The exemption's underlying rationale would apply with special force to a cement plant, which goes beyond mineral processing in size, scope and function to the actual manufacture of new products.

Although OMR's position as respects the need for a reclamation plan might be correct in other circumstances for other types of plants, the cement plant's long history as a non-extractive, separately-permitted industrial use illustrates why the cement plant would not qualify as "mined lands" under SMARA. "Mined lands" are defined by SMARA section 2729 as:

[T]he surface, subsurface, and ground water of an area in **which surface mining operations will be, are being, or have been conducted, including** private ways and roads appurtenant to any such area, land excavations, workings, mining waste, and **areas in which structures, facilities, equipment, machines, tools, or other materials or property which result from, or are used in,** surface mining operations are located.

(SMARA, § 2729 [emphasis added].)

"Surface mining operations" are defined by SMARA section 2735 as follows:

"Surface Mining Operations" means all, or any part of, the **process involved of the mining of minerals on mined lands by removing overburden and mining directly from the mineral deposits, open-pit mining of minerals naturally exposed, mining by the auger method, dredging and quarrying, or surface work incident to an underground mine.** Surface mining operations shall include, but are not limited to:

- (a) Inplace distillation, retorting or leaching.
- (b) The production and disposal of mining waste.
- (c) Prospecting and exploratory activities.

(Pub. Resources Code, § 2729 [emphasis added].)

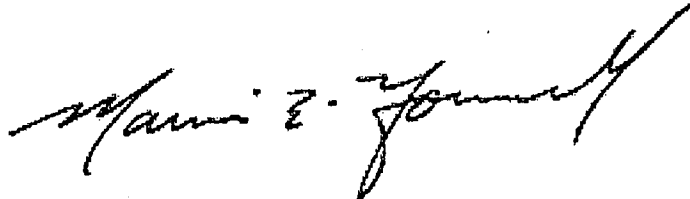
The cement plant clearly is not used in, nor does it result from, the process of mining. The cement plant's lone function is to manufacture cement – a use established long after the commencement of the Quarry. The cement plant is not utilized to remove overburden, nor is it used to "mine," "dredge," "quarry" or extract minerals from the subsurface in any other manner. The cement plant also is not used to produce or dispose of waste, in prospecting or exploratory activities, or for "Inplace distillation, retorting or leaching" (the process of extraction through chemical means). As such, the cement plant is not used in "surface mining operations" and does not qualify as "mined lands."

Finally, fundamental land-use principles do not allow any party to ignore the cement plant's long history as an independently-permitted industrial use. The plant is a stand-alone facility that has been operating continuously in the same footprint since its inception in 1939. The cement plant's entitlements under the 1939 use permit are established and its operation requires no further discretionary approvals. It has been nearly 70 years since the cement plant permit was issued, 32 years since SMARA was enacted and 22 years since the County decided, in connection with the reclamation plan approval in 1985, that the cement plant was not subject to SMARA. The State was provided with the approved reclamation plan, and the staff reports reflecting the basis for the County's decision, a week after the County's approval. Hanson and its predecessors have relied on the cement plant use permit by investing considerably in the cement plant, and at no time since the issuance of the cement plant permit has the relationship between the cement plant and the Quarry changed.

We look forward to discussing the impact of these facts in greater detail when we meet.

Very truly yours,

HANSON PERMANENTE CEMENT CORPORATION

A handwritten signature in black ink, appearing to read "Marvin E. Howell", written in a cursive style.

Marvin E. Howell

cc: Bridgett Luther, Director, Department of Conservation
Allen M. Jones, Chairman, State Mining and Geology Board
Mark Harrison, Diepenbrock Harrison

Compliance Schedule – Hanson Permanente Quarry

County File 2250-13-66-06PAM

State Mine ID 91-43-0004

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
5/21/07	OMR to provide any comments regarding the amended reclamation plan, pursuant to the 30-day review period of Public Resources Code section 2774, subdivision (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)
May 25, 2007	Notice of Preparation of a Draft Environmental Impact consistent with CEQA requirements issued by the County.

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

August 2, 2007	Close of public comment, which included two public scoping meetings, under the Notice of Preparation.
TBD	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. A schedule of the CEQA process will be prepared following review of comments received by the County from responsible agencies and the general public.
TBD	The approval process schedule for the proposed reclamation plan amendment will be prepared following substantial completion of the CEQA process.



DEPARTMENT OF CONSERVATION

OFFICE OF MINE RECLAMATION

801 K STREET • MS 09-06 • SACRAMENTO, CALIFORNIA 95814

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August 23, 2007

RECEIVED AUG 27 2007

Mr. Val Alexeef, Director
Department of Planning and Development
County of Santa Clara
70 West Hedding Street
East Wing, 7th Floor
San Jose, CA 05110

Dear Mr. Alexeef:

HANSON PERMANENTE QUARRY AND CEMENT PLANT, CALIFORNIA MINE ID
#91-43-0004

In a letter dated September 22, 2006, the Office of Mine Reclamation (OMR) notified Santa Clara County (County) of certain violations of the Surface Mining and Reclamation Act of 1975 (SMARA) at the Hanson Permanente Quarry and Cement Plant. Among other things, the letter advised the County that the cement manufacturing plant located adjacent to this surface mining operation met the definition of "mined lands" as that term is defined in Public Resources Code (PRC) Section 2729. Accordingly, OMR directed the County to include the area occupied by the cement plant in a required amendment to the reclamation plan for this surface mining operation.

Based on a review of information provided by the operator of this site, Hanson Permanente Cement, Inc. (Hanson), it appears that the cement manufacturing operation is a distinct operation in several important respects. First, the site is and has been used exclusively for the manufacture of cement on a site where no excavation for mining production purposes has ever occurred. Second, the cement manufacturing plant was established 36 years after mining operations commenced at the adjacent limestone quarry. Third, the cement manufacturing plant has operated under a separate use permit that was consistent with local zoning requirements at the time of its issuance in May 1939.

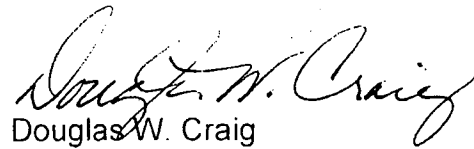
In a recent conversation with the Department, County staff indicated concurrence with the history and intent of County actions as described in a July 2, 2007, letter from Hanson to the Department (copy enclosed). Based on this information, and recognizing the County's authority with regard to local land use decision-making, the Department now believes that the cement manufacturing operation does not meet the definition of

Mr. Val Alexeeff
August 23, 2007
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"mined lands" as that term is defined in PRC Section 2729. As a result, the County is not required to include the cement manufacturing operation in the reclamation plan amendment for this site. All other requirements contained in the Department's September 22, 2006 SMARA enforcement 15-day notice, as well as all other comments provided in the Department's May 18, 2007, and June 7, 2007, letters to the County, remain as stated.

If you have any questions, please contact me at (916) 323-9198.

Sincerely,



Douglas W. Craig
Assistant Director

Enclosure

cc: Stephen M. Testa, Executive Officer, State Mining and Geology Board
Mike Gantenbein, Designated Agent, Hanson Permanente Cement, Inc.



**Hanson Aggregates
West Region**
P.O. Box 639069
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www.hansonplc.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 DOC	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

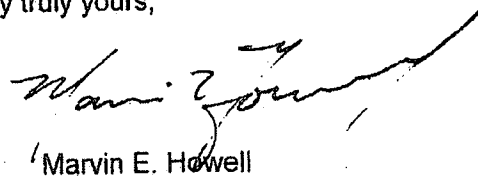
Concurrently with the investigation described above, Hanson will be conducting geologic investigation in the proposed Pit 2, and in potential extraction areas to the west of Pit 2 in line with requests made during the public scoping process. After incorporating the foregoing time requirements into the 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 Brummert

Golder Associates Inc.
2580 Wyandotte Street, Suite G
Mountain View, CA USA 94043
Telephone: (650) 386-3828
Fax: (650) 386-3815
www.golder.com



Project: 063-7109

December 4, 2007

**SCHEDULE FOR GEOTECHNICAL DRILLING AND EVALUATIONS
HANSON PERMANENTE CEMENT QUARRY, CUPERTINO, CA**

**THIS DOCUMENT CONTAINS CONFIDENTIAL, PROPRIETARY AND TRADE SECRET
DATA**

NOT FOR PUBLIC DISCLOSURE

Golder Associates Inc.
2580 Wyandotte Street, Suite G
Mountain View, CA USA 94043
Telephone: (650) 386-3828
Fax: (650) 386-3815
www.golder.com



December 4, 2007

Project: 063-7109

Lehigh Hanson Southwest Cement Company
24001 Stevens Creek Blvd.
Cupertino, CA 95014

Attention: Mr. Marvin Howell

**RE: SCHEDULE FOR GEOTECHNICAL DRILLING AND EVALUATIONS
HANSON PERMANENTE CEMENT QUARRY
CUPERTINO, CA**

Dear Mr. Howell:

As requested, we are providing an estimated schedule to complete the geotechnical evaluations for Hanson reclamation plan amendment. This includes geotechnical investigation and monitoring, lab work, analysis and reporting with respect to the existing extraction pit, Pit 1, and the proposed extraction site designated Pit 2. In addition, you have asked that we include, in our schedule, geotechnical investigation and analysis for potential new extraction areas west of Pit 2.

In summary, we estimate that investigation, analysis and reporting will require approximately 24 months. This estimate is based on our current understanding of the geologic conditions and the logistics involved in completing the drilling and monitoring program. We offer the following background information and summary of our work plan to ensure that the basis for our estimate is clear.

SITE BACKGROUND

The Permanente Quarry is a limestone and aggregate mine in the foothills west of the City of Cupertino. State records indicate that limestone was commercially mined from this location in 1903 or earlier. Hanson's predecessor acquired the Permanente Quarry in 1939, and has mined the site continuously since.

Site topography consists of gentle to steep terrain. Steep slopes predominate, with flatter terrain along the Permanente Creek corridor. Elevations range from 570 feet msl at the East Materials Storage Area to approximately 1,900 feet msl at the top of the West Materials Storage Area. Rainfall in the area is between 25 and 35 inches per year. Rainfall patterns vary, but in general, the rainy season in the region of the Quarry is from November through April. The warmer months (May to October) are typically dry.

Limestone and aggregate are extracted from intricately-folded and faulted limestones and metabasalts (greenstones). These rocks are part of the Permanente Terrain of the Jurassic-Cretaceous age Franciscan Complex. The Franciscan Complex is a subduction zone assemblage of highly deformed, variably metamorphosed, marine sedimentary rocks with oceanic crust-related submarine basalt (greenstone), chert and minor limestone. This limestone-metabasalt assemblage reaches a minimum total thickness of approximately 1,100 feet and is moderately inclined to the southeast.

PROPRIETARY / CONFIDENTIAL

The Santa Clara Formation overlies a portion of the Franciscan Complex underlying the property. The Santa Clara Formation is a continental fluvial and alluvial deposit that is composed of unconsolidated to slightly consolidated conglomerate, sandstone, siltstone, and claystone (Verderhurst, 1981). The Santa Clara Formation ranges in age from late Tertiary to Pleistocene. Uplift of the Coast Ranges during this time resulted in increased erosion of the mountains and deposition of the Santa Clara Formation. The contact between the Franciscan rocks and Santa Clara Formation is considered to be unconformable, with the Santa Clara Formation deposited on eroded Franciscan terrain (Rogers and Armstrong, 1973). Subsequent uplift of the nearby foothills and recent faulting have resulted in deformation of the Santa Clara Formation, with south-southwest trending dips of up to 50 degrees, and fault contact with the older Franciscan rocks underlying the property (Rogers and Armstrong, 1973).

All major stratigraphic horizons within the Franciscan rocks of the quarry are separated by low-angle faults forming a structurally imbricated thrust stack of layered and folded rock units. The Franciscan rocks are tectonically juxtaposed against an overlying section of undated, continentally-derived greywackes, shales, and argillites. The deformed thrust stack is a gently folded, northeast-trending, southeast dipping sequence in the eastern portion of the pit and transitions southwestward to a series of enechelon, northwest trending, southeast plunging, anticlinal and synclinal folds in the western portion of the pit and beyond. High angle, brittle faults crosscut the Franciscan rocks, dissecting the rocks along prominent north-south and northwest-southeast orientations. A major through-going regional fault, the northwest Berrocal fault strand, crosses the western portion of the pit and likely extends below the material storage area west of the pit.

In summary, the site lies on a complex, tilted series of layered rocks that are highly deformed and sheared by faulting. Once rocks have been deformed and sheared they lose much of their original strength. Furthermore, the shear surfaces, faults and other discontinuities in the rock mass represent zones of weakness with less strength than the rock mass as a whole. Where such surfaces are "daylighted" by mining and tilt outward into the pitslope, they can cause significant slope instability.

These surfaces are suspected to underlie a number of events involving slope instability in recent years. In spring 1987, significant slope movement took place on the northwest Pit 1 wall between the 1200 and 1500 benches. Notwithstanding efforts to stabilize the slope, sloughing continued and over time involved large sections of highly weathered greenstone materials extending up to and across the northern ridgecrest of the pit. A separate and distinct slope movement occurred in mid-January 2001, involving displacement of the uppermost two benches on the northeastern side of Pit 1. Subsequently, in December 2001, displacement occurred between the 1340 and 1510 elevations on the eastern rim of the pit, affecting land owned by the Mid-Peninsula Regional Open Space District.

SUMMARY OF WORK PLAN

The past slope instability underscores the complexity of the site's geology and dictates a conservative geotechnical approach. Our recommendations for investigation involve two primary components: geotechnical drilling in proposed extraction zones to develop a more precise geologic model, followed by pore-pressure monitoring to assess the pressure of groundwater in the rock and determine the extent to which pore pressure fluctuations may affect slope stability.

Drilling in Pit 1 has recently been initiated. The drilling work required is highly specialized (triple tube rock coring), and drilling conditions are difficult given the sheared and broken nature of the rock materials. Our current experience at the site indicates that it may take as long as six weeks to complete a single continuously-cored borehole to a 400 to 500-foot depth. Once borings are

complete, piezometers will be installed in the completed drillholes to allow for pore-pressure monitoring. This is to understand pore pressure conditions within the proposed slopes, particularly in light of past slope instabilities, as pore-pressure fluctuations can significantly affect final slope stability conditions.

As respects Pit 2, we propose a series of geotechnical borings to determine site geology, followed by piezometer installation and monitoring to determine pore-pressure conditions in the proposed slopes. We note that the terrain in the Pit 2 area is very steep and rig access is difficult; water supply issues may further complicate the work effort and extend the drilling schedule. We are currently in the process of mapping and preparing drill locations, and expect to have drilling and piezometer installation complete in late spring. Additionally, we are planning to conduct similar geotechnical study in potential extraction zones located to the west of Pit 2.

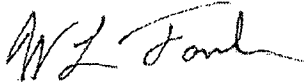
We estimate that drilling and piezometer installation in all areas will be completed by Winter 2008-2009. We recommend subsequent geologic monitoring through Spring 2009 to encompass the full winter/rain cycle. We estimate delivery of our final report for all geotechnical work between August and December 2009. This includes the time necessary to conclude our modeling and analysis, to coordinate our work with mine and reclamation planning, and to prepare reports summarizing our analysis and conclusions. Please recognize that this estimate is based on our best current understanding of the geologic conditions and the scope of work involved. To summarize, our estimated schedule for completing the work above is as follows:

Geotechnical Drilling	December 2008-April 2009
Completion of Geotechnical Lab Testing and Monitoring	April-June 2009
Coordination, Slope Stability Evaluations and Reporting	December 2009

We appreciate the opportunity to be of service on this project. Please call me at (650) 393-9260 if you have any questions or require any additional information.

Sincerely,

GOLDER ASSOCIATES INC.



William L. Fowler, P.G., C.E.G.
Senior Consultant

Cc: Mr. Michael Meinen

County of Santa Clara

Department of Planning and Development
Planning Office

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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 Permanente 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.
.....	

County of Santa Clara

Department of Planning and Development
Planning Office

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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



Hanson Aggregates

West Region

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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.

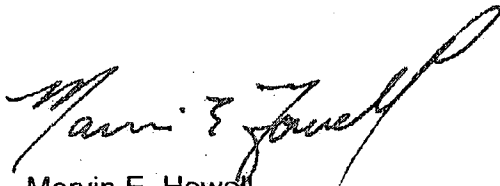
Please let me know if this is inconsistent with your recollection of our discussions. We believe that a clear understanding of process is important as a starting point to resolving this issue. We look forward, as part of this process, to discussing with the County our concern that the NOV may be factually 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 black ink, appearing to read "Marvin E. Howell", written over a horizontal line.

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

cc: Mark Harrison, Esq.



JOHN V. "JACK" DIEPENBROCK
KAREN L. DIEPENBROCK
KEITH W. MCBRIDE
BRADLEY J. ELKIN
EILEEN M. DIEPENBROCK
MARK D. HARRISON
GENE K. CHEEVER
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ANDREA A. MATAZZO
JOEL PATRICK ERB
JON D. RUBIN
JENNIFER L. DAUER
JEFFREY K. DORSO

R. JAMES DIEPENBROCK
(1929 - 2002)

JEFFREY L. ANDERSON
SEAN K. HUNGERFORD
LEONOR Y. DICICAN
JULIE V. REISER
CHRIS A. MCCANDLESS
DAH M. SILVERBOARD
ANDREW P. TAURAINEN
LAMONT T. KING, JR.
DANIEL J. WHITNEY
DAVID A. DIEPENBROCK
JONATHAN A. MARZ
VALERIE C. KIRCAID
MARK E. PETERSON
JASON S. ROSENBERG

July 21, 2008

Via Overnight Mail

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

Re: Hanson Permanente Quarry - Response to Notice of Violation
Mine Identification No. 91-43-0004

Dear Ms. Esser:

We write on behalf of Hanson Permanente Cement, Inc. ("Hanson"). The purpose of this letter is to address the County of Santa Clara's ("County") June 20, 2008 Notice of Violation ("NOV") (Exhibit 1), and provide the County with Hanson's proposal for resolving the issues raised therein. This letter details the relevant background, Hanson's concerns regarding the NOV's form and substance, and how Hanson proposes to address this issue going forward.

I. SITE BACKGROUND

The Permanente Quarry is a limestone and aggregate mining operation in the Santa Clara County foothills, west of the City of Cupertino's jurisdictional limits. Mining is documented in this location as early as 1903. In July 1939, the mining site included approximately 1300 acres, representing the existing quarry and the surrounding areas. Mining has occurred continuously since, and the County has repeatedly acknowledged the Quarry as a legal, non-conforming use.

In 1976, the Surface Mining and Reclamation Act ("SMARA") became effective within California, and required mining operations statewide to develop reclamation plans to ensure that mined lands are reclaimed to facilitate post-mining uses. Following these

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DIEPENBROCK HARRISON

Jody Hall Esser
July 21, 2008
Page 2

requirements, the County approved the current reclamation plan for the Quarry in March 1985 (Exhibit 2). The reclamation plan was designed to cover an approximately 25-year period, to be amended before the end of that period to address future mining operations.

It is well established that the County did not require that all areas disturbed by mining operations be included in the approved reclamation plan. The reclamation plan included only certain extraction areas and material storage areas. The reclamation plan did not include other areas of mining-related activity, a fact that has been recorded in many documents; most recently, in the County's May 14, 2008 inspection report addendum (Exhibit 3):

On March 7, 1985, the County approved the current reclamation plan. The reclamation plan covers approximately 330 acres comprised of active excavation and material storage areas. 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 plant to the southeast of the mining pit or access roads throughout the site. The omissions are consistent with the way that SMARA's requirements were interpreted at the time the reclamation plan was approved.

From 1991, when annual reporting first became effective, through 2005, the Quarry did not receive any violations. This changed in 2006. The notice of violation came on the heels of "45-Day Notice" proceedings (Pub. Resources Code, § 2774.4) initiated by the State Mining and Geology Board ("Board") against the County. In April 2006, the Board charged that the County failed to administer SMARA and to enforce violations at various mines. As to the Quarry, the Board documented mine disturbance outside of the reclamation plan boundaries (Hanson asserts these disturbances are the same areas that by design were not included in the reclamation plan).

The Board voted in September 2006 to conditionally allow the County to retain SMARA authority, but invited the Department of Conservation ("DOC") to initiate its own enforcement action against mines within the County. On September 22, 2006, the DOC gave the County a "15-Day Notice" pursuant to Public Resources Code section 2774.1, subd. (f)(1) (Exhibit 4). The 15-Day Notice stated identified areas of disturbance outside

DIEPENBROCK HARRISON

Jody Hall Esser
July 21, 2008
Page 3

of the Quarry's reclamation plan boundary which appeared to be violations, and gave the County 15 days to take "appropriate action."

The County responded on October 10, 2006 by issuing the Quarry a notice of violation and order to comply (Exhibit 5). The order required Hanson to prepare and file a reclamation plan amendment covering all areas disturbed by mine operations. Hanson complied by filing a reclamation plan amendment in March 2007, and by following a compliance schedule established by the County with the DOC's concurrence (Exhibit 6, updated compliance schedule). The October 2006 compliance order permitted Hanson to continue operating in all respects while the amendment was being processed; the DOC accepted this enforcement action as adequate.

On July 10, 2008, the Board ended its 45-Day Notice proceeding against the County. The Board based its decision generally on the fact that the County's enforcement actions have been appropriate and consistent with SMARA, and allowed the County to retain its lead agency jurisdiction.

II. INFORMATION REGARDING EMSA

Hanson's use of the EMSA for material storage is not a new condition. The majority of the EMSA is situated on an approximately 153-acre parcel which historically has been used to store material and overburden from the Quarry, as well as to support currently inoperative industrial activities (principally, an aluminum plant). The industrial facilities historically occupied the southeast portion of the parcel, while material storage took place to the north and west. Aerial photographs from the 1940s onward reflect the existence of continually progressive material storage activity in this location.

Like other portions of Hanson's property, the EMSA was not included in the current reclamation plan. Aerial photographs show the EMSA was, however, disturbed then (Exhibit 7, 1980 aerial). The EMSA also was unquestionably disturbed in October 2006 when the County issued its original order (Exhibit 8, 2006 aerial). Hanson, in compliance with that order, included the EMSA in its March 2007 reclamation plan amendment and has continued operations in this area since.

The County issued the NOV on June 20, 2008. Based on a site inspection, and without first investigating the issue with Hanson, the County concluded that mine storage in the EMSA was an intensification of conditions identified in the original notice of violation. The NOV stated that existing storage capacity remained in Area A, and required Hanson to cease depositing material in the EMSA.

DIEPENBROCK HARRISON

Jody Hall Esser
July 21, 2008
Page 4

Hanson has, as an interim step, temporarily ceased storage within the EMSA. This was done as a courtesy to the County and from respect to the working relationship that Hanson and the County continue to enjoy.

III. CURRENT STATUS OF AREA A

We first comment on the current storage capacity in Area A. The NOV states that Area A has the capacity to receive additional material. This is not entirely accurate. Area A has nearly reached its design capacity under the current reclamation plan, which sets forth a maximum height of 1975 feet at 3H:1V slopes. Additionally, the County and its geotechnical consultants have recently expressed concern over slope stability in and adjacent to Area A (Exhibits 3 and 9). These factors may limit the placement of significant amounts of additional material in this location.

IV. CONCERNS REGARDING NOV

Hanson has a number of concerns over the legality and validity of the NOV, arising from the disparity between how SMARA has been designed to address potential violations, and how the County has sought to address the Quarry in the NOV. SMARA recognizes that mining is fundamentally different from other land uses. Quarries such as Hanson's provide raw material that is used on an immediate basis for public and private projects. SMARA anticipates, and protects against, the disruption to these projects that would result if critical raw material sources were closed without warning.

Accordingly, Public Resources Code section 2774.1 provides that if a lead agency believes there has been a violation of an approved reclamation plan, the agency must adhere to procedures established by that section – including notice, an opportunity to correct, and a hearing. Any order thereafter made effective must specify a reasonable time for compliance and take into account the seriousness of the violation and any good faith efforts to comply. SMARA does not authorize local, administrative cease and desist orders among the potential remedies.

As a result, the appropriate and usual remedy under SMARA for addressing deviations from a reclamation plan is to process an amendment to the reclamation plan to ensure that adequate reclamation requirements are in place. The County followed this process correctly with respect to the October 2006 notice of violation by requiring Hanson to submit to a schedule for processing a reclamation plan amendment to cover all disturbed areas, and allowing Hanson to continue operating in the interim. Hanson has diligently complied with these requirements.

DIEPENBROCK HARRISON

Jody Hall Esser
July 21, 2008
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The correctness of the County's approach under SMARA is reflected in the DOC's and Board's actions. The DOC did not challenge or override the October 2006 order as an inadequate enforcement response to the 15-Day Notice. The Board, for its part, ended its 45-Day Notice proceedings against the County based on its finding that the County was correctly applying SMARA's requirements.

The NOV, in contrast, deviates from SMARA's requirements. It directed that Hanson cease its use of the EMSA for storage in excess of the County's authority under section 2774.1. The NOV also conflicts with the original order, which properly allowed Hanson to continue operating in the interim while the reclamation plan amendment is processed. The NOV targets the same EMSA activity that was subject to the October 2006 order, but in a wholly different manner that contravenes the County's earlier order and violates SMARA.

We also are not aware of any factual basis for the conclusion that Hanson "intensified" its EMSA operations. The County has not made any inquiries to Hanson in this regard, nor, to our knowledge, conducted other factual investigation. We are left to assume that the County made this determination only because the EMSA storage has increased in height. This, however, is characteristic of all material storage. Additionally, Hanson's overall quarrying operations have not significantly increased, but continue to respond to market demand. (See *Hansen Brothers Enterprises, Inc. v. Board of Supervisors* (1996) 12 Cal.4th 533, 574 [error "to treat the components [of a mine] separately when considering the intensification of use question"].)

V. RESOLUTION

Hanson would not object to a resolution which combines the NOV and the original order. This could be accomplished by requiring that Hanson include the EMSA in the reclamation plan amendment pursuant to the existing compliance schedule, and by further requiring interim measures for erosion control and revegetation with respect to the EMSA. Hanson would, consistent with the original order and SMARA, continue to operate while the reclamation plan amendment is being processed.

Please note further that while Hanson will not object to such the resolution described above, nothing in this letter should be viewed as a waiver on Hanson's part of any right to contest, in all possible respects, the legality of the NOV.

DIEPENBROCK HARRISON

Jody Hall Esser
July 21, 2008
Page 6

We thank the County for its cooperation, and look forward to continuing to discuss these issues in greater detail with the County.

Very truly yours,

DIEPENBROCK HARRISON
A Professional Corporation

By: 
Mark D. Harrison

SKH:gjc
Enclosures

cc: Marvin Howell, Hanson
Sandy James, Hanson
Lizanne Reynolds, County of Santa Clara
Gary Rudholm, County of Santa Clara

AGREEMENT

COPY

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

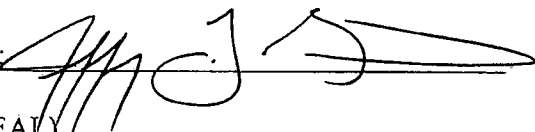
of the County's legal authority, including but not limited to its enforcement authority under SMARA.

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.

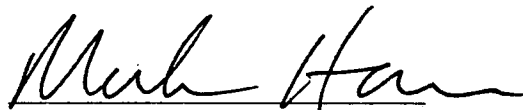
5. This Agreement is binding on the Company's successors in interest with respect to the Quarry property and operations.

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

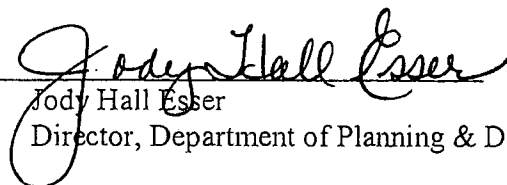
LEHIGH SOUTHWEST CEMENT COMPANY,

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:

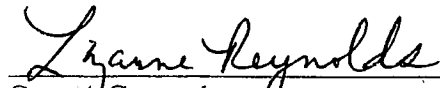

County Counsel

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) 296-6740 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:

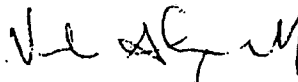
On September 22, 2006, the Department of Conservation's Office of Mine Reclamation (OMR) issued a "15-Day Notice" to the County of Santa Clara pursuant to Public Resources Code § 2774.1 (f)(1). The 15-Day Notice alleged several SMARA violations at Hanson Permanente Cement, Inc.'s (Hanson's) Permanente 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.

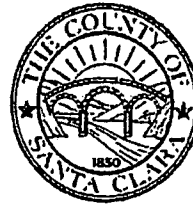
10/8/07	Close of CEQA public comment period.
10/15/07	Prepare early response to OMR of public hearing on amended reclamation plan and revised financial assurances, pursuant to SB 668.
11/15/07	County to prepare staff report concerning application for amended reclamation plan and financial assurances.
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) 299-5770 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 Permanente 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.



Hanson Aggregates
West Region
P.O. Box 639069
San Diego, CA 92169-9069
9229 Harris Plant Road
San Diego, CA 92145
Tel 858-277-5481
Fax 858-277-4517
www.hansonplc.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

Val Alexeeff
December 11, 2007
Page 2

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 DOC	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

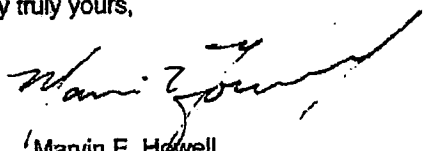
Concurrently with the investigation described above, Hanson will be conducting geologic investigation in the proposed Pit 2, and in potential extraction areas to the west of Pit 2 in line with requests made during the public scoping process. After incorporating the foregoing time requirements into the 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 Brummert

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,



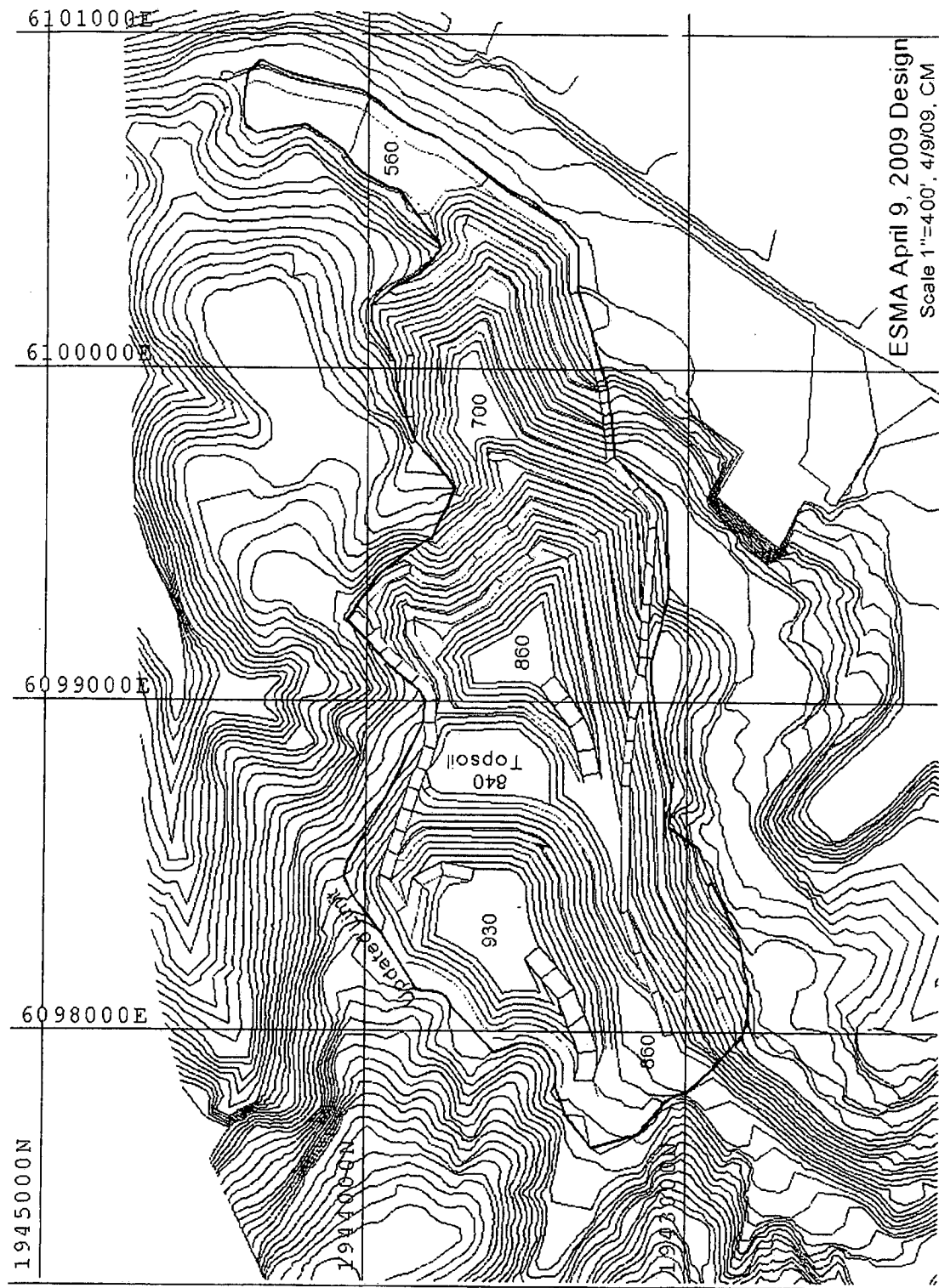
Gary Rudholm
Senior Planner

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



EXHIBIT E



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