

PUBLIC SERVICE COMMISSION

Abandoned Mine Lands Division

Memorandum

TO: Commissioners – Kroshus, Fedorchak and Christmann
John Schuh – General Counsel
Steven Kahl – Executive Secretary
DKM

From: Dean K. Moos, Director – AML Division and Joan Breiner

Date: June 21, 2019

Subject: Change Order for 2019 Exploratory Drilling AML Project, Case No. AM-19-78;
Contract No. AM-811-19

In early March, the AML Division issued an Invitation for Bid (IFB) for the 2019 Exploratory Drilling Project for drilling into underground mine workings located beneath a light industrial complex near Williston. The AML Division estimated that the project would require 40,000 feet of drilling and 3,500 feet of casing to locate subsurface voids.

The contract was awarded to Agapito Associates, Inc. for \$366,890 on April 11, 2019. Agapito Associates, Inc. bid \$6.40 per drilling foot and \$7.94 per casing foot. A Notice to Proceed was issued and work began May 13, 2019.

Due to more voids being encountered than originally anticipated, a change order was issued on May 24th to increase casing by 6,000 feet and to add 100 feet of coring at \$160 per foot of core. An additional change order is needed and the AML Division recommends the Commission allow staff to write change orders up to \$170,000 for the following:

<u>Bid Item</u>	<u>Additional Quantity Requested</u>	<u>Unit</u>	<u>Unit Cost</u>	<u>Contract Total Quantity</u>	<u>Total Increase to Contract</u>
Drilling	15,000	Foot	\$6.40	55,000	\$ 96,000
Casing	8,000	Foot	\$7.94	14,000	\$ 63,520
Blast Rock	48	Ton	\$38.00	48	\$ 1,824
Additional unknown expenses					<u>\$ 8,656</u>
TOTAL INCREASE TO CONTRACT					<u>\$170,000</u>

We have more than enough federal funds for this additional work. Agapito Associates, Inc. is willing to do the additional work under the terms of the original contract.

Agapito Associates, Inc. has worked diligently to drill at least 4,000 feet per week as required in the project specifications. As of June 19, over 33,000 feet and 400 holes have been drilled and over 8,000 feet of casing have been installed.

The project includes work at three different businesses on the site. Drilling was completed at the Shift Services site on June 18 and drilling has moved to property occupied by Pruitt Services. Agapito Associates, Inc. should be able to complete the work by July 19 as scheduled. An estimated 300 additional holes will need to be drilled to complete the project for a project total of approximately 55,000 feet of drilling. If casing continues at the same rate, a total of 14,000 feet of casing will be needed.

Also, Mr. Barry Bohannon, owner of Shift Services, has requested replacement of "blast rock" on a small portion of his property that was affected by the drilling project. The product appears to be very angular crushed rock that was sourced from a pit near Sidney, MT. Agapito will replace the blast rock with the same type of product and the affected area is small. This item was not specifically addressed in the job specifications, so Agapito Associates, Inc. has requested a change order to accommodate the increased cost of the "blast rock" in the amount of \$1,824 which is 48 tons at \$38 per ton.

These changes would increase the contract price over forty percent which exceeds the amount allowed by the Commission's change order policy. Agapito Associates, Inc. has done an exemplary job thus far. Attached is a motion to allow staff to issue additional change orders to increase the amount of Contract No. AM-811-19 with Agapito Associates, Inc. up to \$170,000.