APPENDIX D

Pacific Clay PRODUCTS INC.

July 16, 2009

Law Office of E. William Hutton
21st Century Plaza
6303 Owensmouth Avenue, 10th Floor
Woodland Hills, CA 91367

Attention: Mr. Bill Hutton

SUBJECT: PRICING OF CLAY AND GRAVEL FOR LANDFILL LINER USE
Gregory Canyon Landfill
San Diego County, California

Dear Mr. Hutton:

Pursuant to your request, we are providing herein pricing for clay and gravel to be utilized in the forthcoming Gregory Canyon Landfill project in San Diego County, California. Based on our previous communications with the project team, it is our understanding that the project will require up to approximately 201,000 cubic yards of clay for the first five years of operations, and up to approximately 650,000 cubic yards of clay for the total 30 year lifespan of the landfill. In addition, we also understand that approximately 60,000 cubic yards of gravel will be required for the first five years of operations, and up to approximately 110,000 cubic yards of gravel will be necessary for the total 30 year lifespan. It is our understanding that these materials will be used in the construction of the floor liner portion of the landfill, and will be required to meet various specifications for use in the project. Specifically a permeability of less than 1.0×10^{-7} cm/sec, and a moisture content between 4 and 6 percentage points above the optimum moisture content is required for the clay material. We have a natural geologic deposit of low permeability clays within our mine site that we refer to as "L.A. Olive 13" that totals approximately 8,000,000 cubic yards in volume, and has been used in numerous landfill projects and low permeability applications throughout Riverside, Orange, and Los Angeles counties over the last 30 years. Additionally, we have a high capacity aggregate crushing, screening, and wash plant within our operations that can provide the necessary gravel for the project.

14741 Lake Street, Lake Elsinore, California 92530
Phone (951) 674-2131, Fax (951) 674-8262

The attached Price Quotation presents the cost per ton for each of the materials requested, and is valid for the first 5 years of operations for the project; or in terms of quantities, for the first 201,000 cubic yards of clay and the first 60,000 cubic yards of gravel. The prices presented do not include trucking costs. The price for the clay includes the excavation, stockpiling, moisture conditioning to approximately 4 to 6 percentage points above the material's optimum moisture content, and *initial* laboratory testing to qualify the material for your use. We already routinely moisture condition mined clay used to manufacture fired brick at our facility, and we can accommodate your moisture content specification without the need for any new equipment or processes. This price does not include any loading or trucking fees or subsequent laboratory testing during actual use of the clay material. It has been our past experience that, for the clay material, when the loading and trucking was coordinated by the construction management team and/or general contractor, there has generally been better success in meeting the scheduled needs for the material. The price for the gravel does include loading fees, but not trucking costs. Again, it has been our experience that for projects similar to this where large volumes of materials are moved in relatively short timeframes, the coordination of the trucking and/or loading by the construction management team, project general contractor, or similar has resulted in better success. This generally occurs because the unloading of the material at the final destination is typically the driving force in the efficiency of the trucking operation. We will however, accommodate all aspects of the operation, including the use of our weigh scales and ticketing system (during our normal business hours), and access to the site to observe the operation and/or to obtain material samples for laboratory testing.

The cost of the requested materials as presented on the attached price quotation is a per ton price. Both the clay and gravel possess a unit weight of approximately 1.4 tons per cubic yard. Accordingly, the 201,000 cubic yards of clay would equal approximately 281,400 tons, and the 60,000 tons of gravel would equate to approximately 84,000 tons. However, it should be noted that actual tonnage may vary and would be based on weigh tickets at the time of hauling. Additional surcharges may be added to the material prices if the loading and/or hauling of the materials were to take place outside of our normal operating hours. These surcharges could be discussed if and when the need arises.

Further, we ask that we be provided with at least a 3 month advanced notice prior to the scheduled need for the clay material since it is a natural deposit and must be mined prior to use.

Pacific Clay PRODUCTS INC

In summary, the prices presented in the attached Price Quotation are valid for the volumes of materials anticipated for the first five years of the project. We do not feel it is in the best interests of either parties involved to present material pricing beyond this initial timeframe due to the unpredictability of economic conditions and regulatory guidelines that may be imposed within the construction materials industry so far into the future.

We trust this letter meets your needs. Please feel free to call with any questions or comments.

PACIFIC CLAY PRODUCTS

Chad W. Warren, C.E.G.
Mining Manager

Ed Constante
Materials Control Manager

Pacific Clay PRODUCTS INC