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SENIOR VICE PRESIDENT

MARK ALEXANDER ROY
VICE PRESIDENT

TO: Dan Orodener, Executive Officer
State Land Use Commission
Department of Business, Economic
Development & Tourism
P. O. Box 2359
Honolulu, Hawaii 96804

DATE: April 5, 2013

SUBJECT: Ameron Puunene Quarry at
TMK (2) 3-8-003:004 (por.), 020
(por.) and 021 (por.), and TMK
(2)3-8-01:001 (por.) Puunene,
Maui, Hawaii (CUP 2001/0001)
(SP77-271)

Enclosed is/are:

Copies	Date	Description
Orig.	2/25/13	Memorandum to State Land Use Commission Regarding Annual Report Year Ended December 31, 2012

	For your information	For your use
	For necessary action	As requested
X	For your review	For your signature
X	For your files	Returning

REMARKS: On behalf of Ameron Hawaii we are submitting the enclosed Annual Report for you review and files.

Should you have any questions, please feel free to contact me.

Signed: 
Erin Mukai, Associate

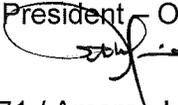
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Copy to: Eric Yoshizawa, Ameron Hawaii, Inc. (w/copy of enclosure)
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MEMORANDUM

Date: February 25, 2013

To: Dan Davidson, Executive Officer
Land Use Commission, State of Hawaii

From: Eric M. Yoshizawa, Vice President - Operations, Maui
Ameron Hawaii (Maui) 

Subject: LUC Docket No. SP77-271 / Ameron HC&D
Annual Report: Year ended December 31, 2012

Ameron Hawaii currently operates its Puunene Quarry, also referred to as "Camp 10 Quarry", within approximately 167.7 acres of land identified as Tax Map Key No.: 3-8-03: Por. 4, Por. 20, and Por. 21 and Tax Map Key No. 3-8-01: Por. 1 in Puunene, Maui. Ameron Hawaii's quarry operations are permitted under State Land Use Commission Special Use Permit (SP77-271) and County Special Use Permit (SUP 770001), as well as its concrete batching operations permitted under County Conditional Permit (CP 2008/0005).

Condition No. 7 of SP77-271 states:

Applicant, its successors or permitted assigns, shall timely provide without any prior notice, annual reports to the Land Use Commission and the County of Maui Planning Department in connection with the status of the subject project and Applicant's progress in complying with the conditions imposed herein. The annual report shall also include the amount of resources mined from the Property and the projected amount of resource remaining at the time of submission of each annual report. The annual report shall be submitted in a form prescribed by the Executive Officer of the Land Use Commission.

As set forth by Condition No. 7 of SP77-271, this report serves as Ameron Hawaii's annual report addressing compliance with the conditions established with the subject project State Land Use Commission Special Use Permit.

Section 1. General Comments

Ameron Hawaii operates on Maui as a producer of ready-mix concrete, crushed basalt rock products, screened sand, cinder, and topsoil mixes. In October 2011, the Company was acquired by National Oilwell Varco. While Ameron Hawaii's parent company has changed, Ameron Hawaii remains unchanged as the permit holder.

The subject site known locally as "Camp 10 Quarry" encompasses the basalt rock quarry and crushed aggregate processing plant, main concrete batch plant, asphalt production

facilities, precast and prestressed concrete casting operations, maintenance facilities, and administrative buildings. Ameron also hosts license agreements with three asphalt paving contractors (Maui Paving, Black Maui Rose, and Sonny Vick's Paving) and two concrete casting operations (Walker Industries and GPRM Prestress), all of whom conduct manufacturing operations at Camp 10.

The permitted area encompasses both current and future mining areas containing the basalt deposit. Here, the source rock is exposed, fragmented through blasting, and collected. Primary stage crushing is performed by portable equipment in the mining pit from which rock is transported by field conveyor to stationary plant processing equipment. Storage of finished aggregate products and loading of customer vehicles take place within the main plant area.

Mining of the basalt rock continues as a cooperative effort between the County of Maui, landowner A&B Properties, and Ameron Hawaii. The County's Solid Waste Division master plan calls for incremental conversion of quarried land areas into future landfill sites through land purchase agreements with A&B. Construction of Central Maui Landfill Phases 5A and 5B was substantially completed in the 2008 through 2010 period and future Phase 6 was subdivided in November 2009.

Provisions of the Master Lease between A&B Properties and Ameron Hawaii call for agricultural reclamation of mined areas other than those set aside for specific purposes, such as for future sanitary landfill cells. In the reclaimed areas, surface soil materials removed to expose the underlying rock deposit are required to be placed back to planting depth after rock removal to enable future cane growth when mining is complete.

Due to intended future landfilling activity, the landowner has waived the reclamation requirement in the expansion areas defined by the third and fourth amendments.

In 2011, the Camp 10 Quarry lease was renewed and extended through 2031, and an additional 74.9 acres of rock reserves was added to the lease agreement to provide ample mining reserves through the lease extension period.

For the 2012 calendar year, there were 340,197 combined tons of quarry products extracted of which 255,148 tons comprised processed Grade A category products. Grade B and crusher waste by-products amounted to 85,049 tons. Approximately 8.5 million cubic yards of rock resources are estimated to remain within the expanded lease area, representing approximately thirty years of projected reserves. Additional rock reserves exist immediately adjacent to the licensed area to allow mining activity to continue for decades, pending continued renewal of special and conditional use permits.

Section 2. Compliance with Conditions

1. The Property shall be used for the establishment and operation of an expansion to the current quarry located east of the Property. No other use shall be permitted. If another use is proposed for the Property, the Applicant or landowner shall timely file a motion or petition for Special Permit with the Maui Planning Commission to allow for such use.

Section 1 describes the use of site premises as a source of mined rock to support the production of crushed basalt aggregate products. The subject areas have been and will continue to be used for quarrying and quarry-related activities as noted in Section 1.

2. That the Land Use Commission Special Use Permit shall be valid until August 5, 2017, subject to extension by the Maui Planning Commission upon a timely request for extension filed at least ninety (90) days prior to its expiration. The Commission may require a public hearing on the time extension.

A boundary amendment application was filed in 2008 for the addition of 9.5 acres and withdrawal of 41.2 acres from the permit area as described in Section 1. The aforementioned boundary amendment, also referred to as the sixth amendment to SP 77-271 was approved at the State Land Use Commission meeting of February 19, 2009. Ameron Hawaii understands the provisions set forth in Condition No. 2 and, as applicable, will file for a time extension request to SP77-271 at least ninety (90) days prior to its expiration of August 5, 2017.

3. The conditions imposed herein shall be self enforcing and, accordingly, upon due notice by the Planning Department to the permit holder and the Land Use Commission that there has been a prima facie evidence that a breach has occurred the permit shall be automatically suspended pending a prompt hearing on the continuation of such Land Use Commission Special Permit, provided that written request for such a hearing is filed with the Maui Planning Commission within ten (10) working days of the date of such notice of alleged breach. If no request for hearing is filed within the ten (10) working day period, the Maui Planning Commission may recommend the revocation of said Land Use Commission Special Permit. The Maui Planning Commission's recommendation shall be promptly transmitted to the State Land Use Commission for appropriate action.

Ameron Hawaii understands this condition relating to self-enforcement, breach, and permit suspension.

4. The subject State Land Use Commission Special Permit shall not be transferred without the prior written approval of the Land Use Commission. In this regard, the Maui Planning Commission shall make a recommendation to the Land Use Commission. However, in the event that a contested case hearing preceded issuance of said Land Use Commission Special Permit, a public hearing shall be held by the Maui Planning Commission upon due published notice, including actual written notice to the last known addresses of parties to said contested case and their counsel.

Ameron Hawaii understands this condition relating to permit transfer. No attempt has been made to transfer the Special Permit.

5. Applicant, its successors or permitted assigns, shall exercise reasonable due care as to third parties with respect to all areas affected by subject Land Use Commission Special Permit and shall defend, indemnify, and hold the County of Maui and the State of Hawaii harmless from and against any loss, liability, claim or demand arising out of this permit.

Section 1 describes a special relationship that exists between the County of Maui (operator of the Central Maui Landfill), A&B Properties (managing agent for

HC&S sugar land leases), and Ameron Hawaii (operator of the quarry). These parties, which own or operate on the contiguous adjacent land parcels, have a common interest in developing future landfill space. Ameron Hawaii understands this condition relating to indemnification.

6. Applicant, its successors or permitted assigns, shall fully comply with all applicable governmental requirements shall be rendered.

Ameron Hawaii has and will continue to comply with all applicable governmental requirements. Appropriate site permits have been received for NPDES (DOH Clean Water Branch) and air quality (DOH Clean Air Branch) regulations. Required reports have been filed.

7. Applicant, its successors or permitted assigns, shall timely provide without any prior notice, annual reports to the Land Use Commission and the County of Maui Planning Department in connection with the status of the subject project and Applicant's progress in complying with the conditions imposed herein. The annual report shall also include the amount of resources mined from the Property and the projected amount of resource remaining at the time of submission of each annual report. The annual report shall be submitted in a form prescribed by the Executive Officer of the Land Use Commission.

In accordance with Condition No. 7, this submittal serves as an annual report for the calendar year 2012. (Refer to Section 1 for information on the amount of resources mined.)

8. Applicant, its successors or permitted assigns, shall begin construction of the quarry expansion within 6 months from issuance of the Land Use Commission's decision and order. Construction shall include any improvements necessary to operate the quarry pursuant to all applicable laws and regulations.

Ameron Hawaii acknowledges and understands the provisions set forth in Condition No. 8. (Refer to Section 1 for a description of project progress.)

9. Applicant, its successors or permitted assigns, shall take appropriate mitigative measures to minimize erosion, and prevent cement products, oil, fuel, and other toxic substances associated with the use of heavy machinery from spilling or leaching into the ground.

Fueling and servicing of mobile heavy equipment are performed at a fueling station and service area over a concrete slab designated for this purpose. Bulk lubricants and waste oils are dispensed and collected in service bays within the maintenance building and facilities. Processing areas and open land spaces are contoured to pond runoff water in retention basins to reduce the likelihood of site runoff and mitigate erosion concerns. Vertical walls in the quarry are bermed for safety. No toxic substances are used in the processing of crushed aggregate.

Concrete batching, which does not take place on the 9.5-acre expansion area, involves bulk powdered cement and chemical admixtures. These products are contained in fully enclosed vessels and are dispensed via enclosed material handling and storage systems.

10. Applicant, its successors or permitted assigns, shall provide adequate dust control measures during all phases of quarry operations in accordance with the provisions of Chapter 11-60.1, Hawaii Administrative Rules, Section 11-60.1-33 on Fugitive Dust.

Quarry equipment and processes adhere to Department of Health Clean Air Branch standards. Under the current clean air permits, the operation undergoes periodic inspection for compliance with allowable opacity limits on fugitive dust generation.

11. Applicant, its successors or permitted assigns, shall utilize non-drinking water, to the extent possible, for grading and dust control of the quarry.

Non-potable, non-drinking water is used in plant dust suppression sprays and on quarry roads. A non-potable non-drinking water trunkline for fire prevention has also been constructed to protect site structures. Drinking water from either municipal or private sources is not available at this remote quarry location.

12. Applicant, its successors or permitted assigns, shall immediately stop work and contact the State Historic Preservation Division, Department of Land and Natural Resources should any previously unidentified archaeological resources such as artifacts, shell, bone, charcoal deposits, human burial, rock or coral alignments, pavings or wall be encountered during development of the Special Permit area.

Should any previously unidentified archaeological resources, such as artifacts, shell, bone, charcoal deposits, human burial, rock or coral alignments, pavings or wall be encountered, work will immediately be stopped and the State Historic Preservation District will be notified. To date, there have been no inadvertent finds.

13. That the applicant, its successors or permitted assigns, shall incorporate improvements to the access to Haleakala Highway, with and without the proposed four lane widening improvements, as reviewed and approved by the Department of Transportation.

In conjunction with DOT Highways review and acceptance, Ameron completed installation of approximately 0.6 mile of paved access road construction at the signalized intersection with Haleakala Highway in 2005. Engineering of the intersection layout, traffic study, and signalization sequence were at Ameron's expense.

14. Applicant, its successors or permitted assigns, shall plant and maintain a windbreak belt, along with landscaping plants, along Pulehu Road. The plantings shall be installed concurrently as quarrying operations progress through Phase V and Phase VI as illustrated in Exhibit 3 of the February 25, 1997 Planning Department Report.

To satisfy Condition No. 14, earthen berms have been constructed along Pulehu Road and within the quarry perimeter (150' setback from the roadway) to provide visual barrier, partial windbreak, and a restrictive safety barrier. There is natural vegetation growth on the established berms.

In 2008 through present, berm construction has continued into Phase VII.

15. Applicant, its successors or permitted assigns, shall clarify the entire acreage that is subject of LUC Docket No. SP77-271 with the Maui Planning Commission and the State Land Use Commission by filing an aerial photographic map with overlay and a site map clearly depicting the proper acreage of SP77-271 within six (6) months of the Land Use Commission's Decision and Order approving the Sixth Amendment to the Special Use Permit. If any parcel within the Permit Area is sold or transferred to any other person or entity, the Applicant shall provide a metes and bounds survey as approved by the Executive Officer.

A revised aerial photographic map with boundary overlay pursuant to the boundary amendment request (Amendment Six) to SP 77-271 was timely submitted to the State Land Use Commission and Maui Planning Commission in a letter dated August 4, 2009.

cc: County of Maui, Department of Planning (Danny Dias)
Michael Munekiyo, Munekiyo & Hiraga, Inc.