

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

Phone: (303) 866-3567

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September 16, 2013

Notice to Applicant, Parties and Interested Persons

RE: C-LP-21 Mine, File No. M-1977-305, Notice of Board Hearing and Rationale for Recommending Approval of AM-1 Application

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta Piñeda
Director

Dear Applicant, Party and/or Interested Person:

On August 9, 2013 the Division of Reclamation, Mining and Safety (Division) determined that the 112d-1 Amendment Application (AM-1) submitted by Cotter Corporation for the C-LP-21 Mine, Permit No. M-1977-305, minimally meets the requirements of the *Colorado Mined Land Reclamation Act, C.R.S. 34-32-101 et seq.* (the Act) and the *Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for Hard Rock, Metal and Designated Mining Operations* (Rules or Rule). Therefore, it is the recommendation of the Division that the Colorado Mined Land Reclamation Board (Board) approve AM-1. The Division's rationale for recommending approval is attached.

The Division received a formal objection to the above referenced application. Therefore, pursuant to Rule 1.4.9, staff has scheduled the matter for hearing before the Board. The hearing will occur during the October 16-17, 2013 Board meeting at the Centennial Building, 1313 Sherman Street, Room 318, Denver, Colorado, 80203, commencing at 9:00 a.m. on Wednesday, October 16, 2013 or as soon thereafter as the matter can be considered. Parties and interested persons will have an opportunity to be heard.

You are receiving this notice of the scheduled hearing as the applicant.

If you require additional information, or have questions or concerns, please contact me at the Division's Grand Junction Field Office.

Sincerely,



Dustin Czupla

Environmental Protection Specialist

Department of Natural Resources

Division of Reclamation, Mining and Safety

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Enc: *Rationale for Recommending Approval* dated September 16, 2013

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September 16, 2013

RE: C-LP-21 Mine, Permit No. M-1977-305, Rationale for Recommendation to Approve a 112d-1 Amendment Application over Objections

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta Piñeda
Director

INTRODUCTION

Herein, all references to the Act and Rules refer to the *Colorado Mined Land Reclamation Act, C.R.S. 34-32-101 et seq.* (the Act), and to the *Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for Hard Rock, Metal and Designated Mining Operations* (Rules or Rule).

The purpose of this document is to provide a basis for the Division's recommendation to approve the 112d-1 Amendment application (AM-1), submitted by Cotter Corporation (Operator) for the C-LP-21 Mine, Permit No. M-1977-305, over the objection to the application by Information Network for Responsible Mining (INFORM).

The C-LP-21 Mine is located approximately five miles south of the abandoned town of Uravan in Montrose County. A Reclamation Permit was issued for this site in 1979. The site has been in Temporary Cessation (TC) since December 15, 2012. The site is located on Bureau of Land Management (BLM) land, within the U.S. Department of Energy (DOE) Lease Tract C-LP-21. The affected area includes 18.32 acres. The approved post-mining land use is wildlife habitat.

The C-LP-21 Mine is an underground operation that extracts uranium and vanadium bearing ore. Pursuant to House Bill 08-1161, all uranium mines are considered designated mining operations (DMO). The Reclamation Permit for every DMO must include an adequate Environmental Protection Plan (EPP). The Operator submitted the AM-1 application in order to incorporate an EPP into their permit in accordance with Rule 6.4.21.

CHRONOLOGY

October 1, 2012	Operator submits AM-1 application
October 11, 2012	Division deems AM-1 application complete for the purposes of filing
October 23, 2012	Division notifies Operator of complex application
October 30, 2012	Division sends initial adequacy review letter to Operator, noting deficiencies in the application
December 5, 2012	Division receives timely objection letter from INFORM
December 14, 2013	Division receives Operator's response to initial adequacy review
February 4, 2013	Division receives Operator's response to INFORM's objection letter

February 6, 2013	Division sends second adequacy review letter to Operator, noting additional deficiencies in the application
March 8, 2013	Division sends third adequacy review letter to Operator, noting additional deficiencies in the application
April 1, 2013	Division receives Operator's response to second adequacy review
April 10, 2013	Division sends fourth adequacy review letter to Operator, noting additional deficiencies in the application
May 3, 2013	Division receives Operator's response to third adequacy review
June 13, 2013	Division receives Operator's response to fourth adequacy review
June 28, 2013	Division sends fifth adequacy review letter to Operator, noting additional deficiencies in the application
July 19, 2013	Division receives Operator's response to fifth adequacy review
August 9, 2013	Division determines that the AM-1 application is adequate

OBJECTION

The Division received a timely objection letter on December 5, 2012, during the public comment period, from INFORM.

Issues Raised by the Objector:

The issues presented by INFORM are summarized below in bold italics. The Division's responses are also summarized, along with citations to the applicable sections of the Act and/or Rules. The Division has listed the issues it believes to be within the jurisdiction of the Board first, followed by those it believes are outside the jurisdiction of the Board.

A. ISSUES WITHIN THE JURISDICTION OF THE BOARD

1. ***"...this is not the time to approve an Environmental Protection Plan but, rather, a final reclamation plan and permit termination...we do not believe under any circumstances that the LP-21 is entitled to another period of Temporary Cessation."***

Division Response

This issue was addressed at an April 17, 2013 Board hearing, at which time the Board accepted the Operator's Notice of Temporary Cessation, over the objection from INFORM, with an effective date of December 15, 2013.

2. ***"...deficiencies in planning for offsite impacts of standby mining".***

Division Response

During any periods of Temporary Cessation, the Operator has committed to inspecting the site one to two times per week and to take necessary steps to mitigate any off-site impacts noted. Additionally, the Division will continue to monitor the site through routine inspections.

3. ***"...potential impacts to the nearby Horsethief Spring".***

Division Response

The intermittent Horsethief Spring is located approximately 1.6 miles east of the C-LP-21 Mine, and is not geologically/hydrologically connected to the mine. Any potential surface runoff from the mine area will flow to the south. The spring is located in the Burro Canyon Formation, which overlies the Brushy Basin and Saltwash members of the Morrison Formation. Surface operations at the mine will be located within the Brushy Basin member. Mining targets ore located in the upper part of the Saltwash member. Several canyons, eroded through the Burro Canyon formation down to the Brushy Basin member, lie between the mine site and spring locations, thus eliminating any potential for a continuous groundwater pathway from the mine to the spring. Furthermore, any potential surface drainage from the spring will flow east away from the mine site.

4. ***“...lack of complete information in the geotechnical stability analysis”.***

Division Response

The Operator adequately addressed this issue in their *Response to Adequacy Review 1* which was received by the Division on December 7, 2012. The Operator provided information regarding construction of the waste rock pile, including construction method, maximum thickness and slope configuration. The existing waste rock pile is graded at 4H:1V. The proposed maximum slope of the expanded waste rock pile is 3H:1V, which is consistent with the requirements of Rules 3.1.5 (7) and 6.5.

5. ***“...proposed water quality monitoring plan is also insufficient. Monitoring wells should be installed at the site now in order to establish adequate baseline data, not when water is produced by mining and installation is dependent on testing results.”***

Division Response

Evidence suggests that water is not available to sample. The mine has historically been dry. As part of the AM-1 application package, Cotter submitted data from 801 bore holes. Moisture was noted in just 12% of the holes at random elevations and locations. The moist zones, many of which are located above the ore zone, do not demonstrate continuity. Moist zones above the ore zone are located within the Brushy Basin member of the Morrison Formation, which is considered an aquitard. Water found in this formation appears to be limited to isolated lenses of sandstone and conglomerate. Evidence suggests that this water is connate. Continuous sandstone beds located below the ore zone did show several moist zones. The zones of moisture are not continuous, which indicates that saturated conditions in this layer do not exist. Based on the available data, there is no indication that a continuous groundwater pathway exists in this area. However, the Division recognizes the potential to encounter unanticipated ground water. In the event that water is encountered by the operation, the Operator has committed to installing a monitoring well and establishing a water quality monitoring program.

6. ***“If future mining activities are approved, the ore storage area should be lined with a synthetic liner and ore should be fully contained; the proposed compacted clay base is not sufficient to guarantee that the river will be protected.”***

Division Response

In their *Response to Adequacy Review 2*, which was received by the Division on April 1, 2013, the Operator committed to installing a synthetic liner beneath the ore pad. Pursuant to Rule 7.3.1 the Operator will be required to provide “as-built” certification of the ore pad. Construction of the ore pad will be monitored by the Division as well.

7. ***“Previous SPLP testing indicates that aluminum is a constituent of concern and the ore has a high likelihood of creating acid leaching.”***

Division Response

Synthetic Precipitation Leaching Procedure (SPLP) tests were not conducted on the ore. The Operator has committed to submitting a geochemical evaluation of the ore to the Division for review and approval prior to any stockpiling on the surface. Due to the current “reclaimed” state of the mine site, it was determined, by the Operator and the Division, to be impractical to collect ore samples at this time.

Although aluminum is a major component of the clay and shale of the Brushy Basin member of the Morrison Formation, waste rock SPLP test results indicate that aluminum levels are below applicable state and federal regulatory levels. The SPLP test results do indicate that aluminum is above federal secondary drinking water regulations. These are non-enforceable water quality standards which include contaminants that are not considered to present risk to human health. They were established by the U.S. Environmental Protection Agency (EPA) as guidelines to assist public water systems in managing their drinking water for aesthetic considerations.

Waste rock SPLP test results do not indicate potential for acid generation, they demonstrate neutralizing potential. The results indicated a basic pH of 9.92. The basic pH and lack of precipitation create an environment that is not conducive to the creation of acid forming or any other leachate.

8. ***“Ore storage should be strictly limited to 30 days total after ore is removed from the mine, not just 30 days after mining has ended.”***

Division Response

Cotter has committed to storage of ore on the ore pad for no more than 180 days during mining. They have also committed to removing all ore from the site within 30 days of the date that mining ceases. The Division considers this to be adequate.

9. ***“SPLP tests should be conducted on both ore and waste rock at regular intervals when the mine is operating.”***

Division Response

The Division agrees with this comment. The intervals at which the rock will need to be tested will be determined after the Division has reviewed a geochemical analysis of the ore, which the Operator has committed to submitting to the Division prior to any stockpiling of ore on the surface.

10. ***“...the (radiometric) survey must be conducted as soon as possible so that it may be considered in context of the Environmental Protection Plan and address how the public, wildlife, ground water and surface waters will be impacted.”***

Division Response

The Operator submitted the radiometric survey to the Division on May 3, 2013. The purpose of the survey is to establish a baseline for future monitoring and to identify any current concerns. No anomalies above off-site readings on undisturbed areas were identified.

11. ***“Stormwater management features should be implemented at the LP-21 regardless of its permitting status or the commencement date of future authorized mining. Stormwater management features should be implemented in order to protect surface and ground water from the possibility of contamination from the reclaimed waste rock and ore pad areas.”***

Division Response

A Drainage Design Plan has been incorporated into the EPP through this AM-1 application. The Operator has committed to implementing the plan upon re-opening of the mine. The most recent Division inspections of the site, which occurred in 2005, 2006, 2008, 2010, 2011 and 2012, have

not noted any concerns related to stormwater management, erosion or sedimentation that would warrant installation of stormwater management features at this time. These commitments meet the requirements of CRS 34-32-116 (7) (g) and Rules 3.1.6 and 6.4.21 (10).

12. ***“Because the mine is located in both winter range and severe winter range for mule deer and elk, it should be restricted from operating between December and April, and prohibit any road extensions or new road construction in order to reduce habitat fragmentation. The Environmental Protection Plan should include specific provisions for how wildlife and habitat will be protected during these periods. Water features at the mine site and ore stockpile areas should be controlled so that wildlife can’t access them. Final reclamation plans should include the use of bat gates on closed portals in order to accommodate bats in the future.”***

Division Response

In matters regarding wildlife, the Division defers to Colorado Parks and Wildlife (CPW) as the experts in addressing impacts to wildlife from mining operations. The Operator submitted CPW comments, dated June 18, 2012, with the AM-1 application.

- As suggested by CPW, the Operator has proposed to limit transportation of ore from the site to hours between 10:00 a.m. and 3:00 p.m. during December through April, and to limit the number of personnel vehicles to two, outside the hours of 10:00 a.m to 3:00 p.m., during these months. Underground operations would occur as normal. The operator has proposed to seek additional concurrence from CPW prior to commencing mining operations.
- CPW recommended that the Operator use existing roads to access the mine. The Operator has committed to this.
- CPW did not express any concerns regarding the ore stockpile.
- There are no water features at the site.
- CPW made no recommendation to install bat gates at the site. However, the Operator has committed to contacting CPW for recommendations regarding preferred mine opening closure methods prior to final reclamation.

These commitments meet the requirements of CRS 34-32-102, CRS 34-32-116(7)(j) and Rules 3.1.8, 6.4.8, and 6.4.21(18).

B. ISSUES NOT WITHIN THE JURISDICTION OF THE BOARD

1. ***“Cotter should also be required to demonstrate that it has adequate water available for mining. In the application, Cotter says it plans to purchase water from the town of Naturita and a commercial hauler will deliver it to the mine... The Division should require Cotter to provide proof regarding the Town of Naturita’s right and ability to provide water to multiple operations and companies.”***

Division Response

Colorado Division of Water Resources (DWR) is the regulatory authority regarding the Town of Naturita water rights. Notice of the AM-1 application was sent to DWR by the Division on October 12, 2012. DWR has not submitted comments regarding the AM-1 application.

DIVISION RECOMMENDATION

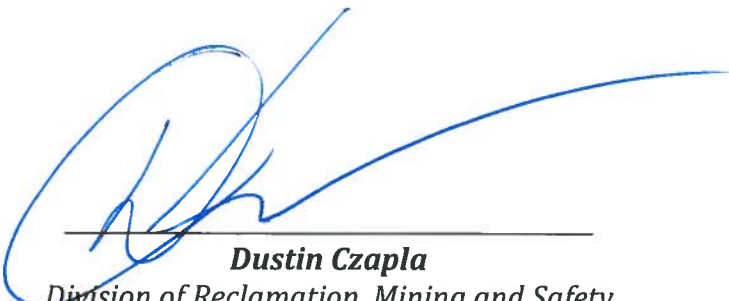
The Division determined that the 112(d) Amendment Application (AM-1) submitted by Cotter Corporation for the C-LP-21 Mine, Permit No. M-1977-305, minimally meets the requirements of the Act and Rules. Therefore, it is the recommendation of the Division that the Board approve AM-1.

CERTIFICATE OF SERVICE

I, Dustin Czapla, hereby certify that on Monday, September 16, 2013 I deposited a true copy of the foregoing *Notice of Board Hearing and Rationale for Recommending Approval of AM-1* in the United States Mail, postage paid, addressed to the following:

Glen Williams
Cotter Corp.
P.O. Box 700
Nucla, CO
81424

Jennifer Thurston
INFORM
P.O. Box 746
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81435-0746



Dustin Czapla
Division of Reclamation, Mining and Safety
Environmental Protection Specialist