

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

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John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Pineda
Director

April 12, 2013

Mr. Ken Mushinski
Cotter Corporation
7800 E. Dorado Place, Suite 210
Greenwood Village, CO 80111

**Re: Schwartzwalder Mine, Permit No. M-1977-300
Amendment AM-04, Partial Approval**

Mr. Mushinski:

On April 12, 2013 the Division of Reclamation, Mining and Safety granted limited (partial) approval of Amendment AM-04. Attachment A to this letter identifies the documents that were approved in the partial approval. As specified in those documents, the partial approval permits pumping of water from the underground workings, treatment of the pumped water using ex-situ and in-situ methods, and disposal of backfill slurry into the mine workings. Cotter Corporation consented to the limited approval in their letter to the Division dated April 12, 2013.

The materials approved in the partial approval are hereby incorporated into Permit No. M-1977-300. All other conditions and requirements of Permit No. M-1977-300 remain in full force and effect.

The required additional financial warranty associated with the partial approval of AM-04 has been determined to be \$1,417,309. **Please be advised that you may not commence operations covered by the partial approval of AM-04 until the additional financial warranty has been submitted and accepted by our office. You will be notified in writing when it is accepted.**

The Division continues to review AM-04 materials that were submitted but were not approved in the partial approval. The Division anticipates issuing a decision regarding those materials by May 1, 2013.

If you have any questions, please contact me.

Sincerely,

Tom Kaldenbach
Senior Environmental Protection Specialist

cc (via email):

Tony Waldron, DRMS
Jeff Fugate, AGO
Tom Mountfort, Denver Water
Dan Arnold, Denver Water

Attachment A
Attached to the letter dated April 12, 2013
from the Division of Reclamation, Mining and Safety to Cotter Corporation

Items approved in Partial Approval of Permit Amendment AM-04
Schwartzwalder Mine, Permit M-1977-300

The following parts of the submittal dated 5/1/12 are approved:

- Application form
- Title Page
- Exhibits A, B, C, and D
- Section E-2 (Interception and Treatment of Alluvial Groundwater)
- Section E-3 (Isolation of Ralston Creek from Sources of Impacts)
- Section E-4.2 and subsections (Mitigation of Waste Rock Piles)
- Section E-5 (Mine Pool Mitigation)
- Section E-5.1 (Mine Water Migration Potential)
- Sections E-5.2 (Mine Pool Mitigation Plan) and its subsections as modified and amended by submittals dated 9/21/12 and 3/8/13, and Figures 18 and updated Figures 18 and 21 provided in submittal dated 4/5/13
- Section E-5.3 (Mine Pool Mitigation Measures: Sequence of Implementation) as modified and amended by submittals dated 9/21/12 and 3/8/13
- Section E-6 (Water Quality Monitoring Plan) as amended with attached "Supplemental Mine Pool Monitoring Plan"
- Section E-7 References

The following parts of the submittal dated 5/1/12 are excluded from this approval:

- Section E-0 (Preface to Reclamation Plan)
- Section E-1 (Conceptual Considerations)
- Section E-4 (Mitigation Plan for Solid Source Term Materials)
- Section E-4.1 and its subsections (Remediation of Alluvial Fill)

Supplemental Mine Pool Monitoring Plan

This monitoring plan supplements Cotter's existing quarterly full-suite sampling of the mine pool.

Commencement of supplemental plan: Upon commencement of mine pool pumping.

Sampling frequency: Bi-weekly (once every two weeks) for first 6 months, then monthly for 18 months or longer if required by DRMS.

Reporting of analytical results to DRMS: Within 30 days of the day a sample is collected.

Analytes

pH

Temperature

Conductance

Oxidation/Reduction Potential

TDS

SO₄

Total carbon

Total concentrations of:

As

Ba

Cl

Fe

Mn

Mo

Ra-226 + Ra-228

U