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DIVISION OF RECLAMATION
MINING AND SAFETY

UTILITIES DEPARTMENT

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Ms. Virginia Brannon
Division Director
Division of Reclamation, Mining & Safety
1313 Sherman Street, Room 215
Denver, CO 80203

January 25, 2018

Re: Succession of Operators – Schwartzwalder Mine (M-1977-300) Jefferson County,
Colorado

Dear Ms. Brannon:

The City of Arvada remains highly concerned about the proposed application submitted by Cotter to transfer the Permit to Colorado Legacy Land, LLC for the purpose of managing the long-term operations of the Schwartzwalder Mine.

Denver Water has shared with Arvada a Technical Memorandum titled 'Schwartzwalder Mine Water Treatment Estimate' it commissioned from Arcadis, Inc. After reviewing the memo, it is Arvada's opinion that the most recent reclamation efforts at the mine have resulted in unanticipated and unexpected changes in the water chemistry, which demonstrates that the complex interplay of water, air, and the ore body constituents is not yet understood. It appears that many more years of experimentation will be needed to develop an effective, consistent, and permanent reclamation system for the mine. Until a viable reclamation system is developed, the water treatment system required to meet stream standards will need to continue to function.

Arvada does not know what all of this will cost, but it does expect that the mine owner will cover all of the necessary expenses to prevent pollution of Ralston Creek. Arvada believes that the Cotter Corporation, as an active business with annual income streams, has the financial capability of meeting these expenses. Colorado Legacy Lands, which will receive a one-time payment from Cotter Corporation to take over ownership of the mine and the Canon City mill site, will not have an annual income stream; when the money runs out, so will the reclamation efforts. Based on the information provided by Colorado Legacy Lands, the proposed surety funding is inadequate to address the ongoing and developing reclamation issues identified by Aracadis, to say nothing of capital reinvestment as the treatment system ages. Arvada recommends to the Board that the transfer in ownership not be granted until a sustainable reclamation system can be developed and the future operational costs can be confidently projected into a financial warranty.

Sincerely,

James M. Sullivan
Director of Utilities
720.898.7760