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From: Kaldenbach, Tom

Sent: Fri 7/6/2012 12:34 PM

To: [John.Hamrick@cotterusa.com](mailto:John.Hamrick@cotterusa.com)

Cc: Waldron, Tony; Pineda, Loretta; [Steve.Nagy@State.co.us](mailto:Steve.Nagy@State.co.us); [Jeff.Fugate@state.co.us](mailto:Jeff.Fugate@state.co.us)

Subject: Schwartzwalder Mine (M-1977-300), TR-20 Follow-up adequacy letter

John,

Attached is DRMS's follow-up adequacy letter for TR-20.

Tom Kaldenbach

Senior Environmental Protection Specialist Colorado Division of Reclamation, Mining and Safety

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# STATE OF COLORADO

## DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215  
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July 5, 2012

Mr. John Hamrick  
Cotter Corporation  
P.O. Box 1750  
Canon City, CO 81215

John W. Hickenlooper  
Governor

Mike King  
Executive Director

Loretta E. Pineda  
Director

**Re: Schwartzwalder Mine, Permit No. M-1977-300  
Technical Revision (TR-20)**

Dear Mr. Hamrick:

This letter is in regard to Cotter's pending Technical Revision 20 (TR-20), which includes plans to install a "grout curtain" in the vicinity of Sump 10. Cotter submitted TR-20 on June 18, 2012 and paid the required fee on June 22, 2012. The Division sent a preliminary adequacy review letter to Cotter on June 25, 2012. Cotter responded on the same day. After further review, the Division has determined that the grout curtain must be considered an Environmental Protection Facility ("EPF"). Accordingly, TR-20 must be incorporated into Cotter's pending Environmental Protection Plan ("EPP"), by revision to pending Amendment 4.

An EPF is a structure which is designed, constructed and operated for control or containment of designated chemicals, uranium, uranium by-products or other radionuclides, acid mine drainage, or toxic or acid-forming materials that will be exposed or disturbed as a result of mining or reclamation operations. Mineral Rule 1.1(15). TR-20 states that "[t]he intent of the grout program is to reduce the flow of groundwater through this core hole and fractured rock strata." It is apparent that Cotter intends to design, construct, and operate the grout curtain for control and containment of contaminated groundwater leaking from the mine pool, which contains uranium, uranium by-products and other radionuclides exposed as a result of Cotter's mining and reclamation operations. Cotter's proposed grout curtain is an EPF.

EPPs must provide an evaluation of the expected effectiveness of each proposed and existing Environmental Protection Plan facility (Rule 6.4.21(1)). In order to ensure that the expected effectiveness of the grout curtain is properly evaluated, both by the Division and through public notice and comment, Cotter must re-submit TR-20 as a revision to its pending AM-04 application. The grout curtain will have more than a minor effect on the proposed EPP, and cannot be approved as a Technical Revision (see Rule 1.1(52)). If Cotter fails to withdraw TR-20 and re-submit as instructed, the Division will deny TR-20. Cotter is not authorized to perform any work in any way associated with TR-20 until it receives the Division's prior express written approval.

Sincerely,

A handwritten signature in black ink that reads "Tom Kaldenbach".

Tom Kaldenbach

cc: Tony Waldron, DRMS