

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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January 10, 2013

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

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta Piñeda
Director

RE: SM-18 Mine, File No. M-1978-116, Amendment (AM2) Preliminary Adequacy Review

Dear Mr. Williams:

The Division of Reclamation, Mining and Safety (Division) is in the process of reviewing the above referenced application in order to ensure that it satisfies the requirements of the *Colorado Mined Land Reclamation Act* (Act) and the associated *Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for Hard Rock, Metal, and Designated Mining Operations* (Rules). During review of the material submitted, the Division determined that the following issue(s) shall be adequately addressed before the application can be considered for approval.

Exhibit A

1. The application form, introduction of the application and Exhibit A state that a reduction of 7.79 acres located in Section 22 will be released as part of this amendment. Per Rule 4.17(3), The written notice requesting release shall be sent by certified mail and be separate from other types of communication. Therefore the release request cannot be considered at this time and the proposed permit acreage is 15.04 acres.

Exhibit C

2. Due to the acreage release not being associated with this amendment please provide a revised Figure C4 that shows the entire permit area.
3. Please address the requirements of Rule 6.4.3(c) for the revised Figure C4.

Exhibit D

4. Addressing Rule 6.4.4(e)(ii), on page D-4 under item a., the exhibit states that waste rock will be stacked to a height that will not impede grading to 3H:1V during reclamation. Please provide the Division with the maximum anticipated thickness that waste rock will be placed.
5. Addressing Rule 6.4.4(e)(ii), on page D-5 under item b., the exhibit states that ore will be piled up to a workable stockpile. Please provide the Division with a maximum anticipated amount of ore to be stockpiled at any given time.
6. On Page D-5 under Item b, it is stated that the ore is not expected to have any adverse leaching effect due to the limited time the ore is left on the pad. What is the basis for this statement regarding leachability and how will the operator ensure that the 30 day maximum time for ore staging will be upheld during operation.

7. On Page D-5 under Item b, it is stated that the soils underlying the ore storage pad have a high clay content, low permeability and limited downward mobility. Please disclose the actual thickness / clay content underlying the ore storage pad. Also, have any boreholes or test pits to determine the thickness of the high clay soil been completed to support the claims stated above?
8. On Page D-5 under Item b, the applicant states that "A contractor will be used to haul the ore from the surface ore stockpile area to the mill. The ore haulage contractor will be responsible for a spill control plan." Per the requirements of Rule 3.1.13 the mine operator shall notify the Division of any toxic or hazardous substance, including spills of petroleum products that occurs within the permit area. Please commit to the requirements of Rule 3.1.13.
9. On Page D-6 under Item g, it is stated that additional roads will be built to access ventilation shafts as needed. Are all proposed "as needed" roads located within the proposed permit area and are they accounted for in the reclamation plan?

Exhibit E

10. Per Rule 3.1.10(6) methods of weed control shall be employed for all prohibited noxious weed species. In the event that noxious weeds become present on the site what methods of weed control will be implemented? Please submit a weed control plan for the site.

Exhibit F

11. Addressing Rule 6.4.6(a), there is a topsoil stockpile shown on the reclamation plan map 1 of 2 located adjacent to the northwest permit boundary. If this material is intended to be fully utilized during reclamation, please remove this feature from the map.
12. Per Rule 6.4.6 (a), the reclamation map must show the proposed topography of the area with contour lines of sufficient detail to portray the direction and rate of slope of all reclaimed lands. The reclamation maps provided do not display the required contour lines. Please provide revised reclamation maps that are compliant with all the requirements of Rule 6.4.6.

Environmental Protection Plan

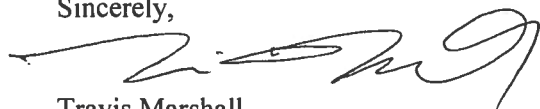
13. Addressing Rule 6.4.21(6)(b)(iii), please describe how Cotter Corp. will prevent adverse off-site impacts during periods of Temporary Cessation.
14. Addressing Rule 6.4.21(7), the EPP states that a radiometric survey will be completed prior to mining in order to document baseline conditions at the site. Baseline conditions shall be established as part of this amendment process. Please conduct a radiometric survey of the affected area and submit the results to the Division along with an evaluation of the expected effectiveness of the proposed EPP, which specifically addresses the risks, from uranium, uranium byproducts, and any other radionuclides expected to be encountered during this operation, to human health, property and the environment.
15. Addressing Rule 6.4.21(11)(a), please address this rule. The Division considers the San Miguel River to be a receiving stream within two miles and down gradient from the affected land.
16. Addressing Rule 6.4.21(12), on page U-16, the EPP states that "Water encountered during mining will be sampled and sent for chemical analysis. If levels of uranium-related constituents are above regulatory guidelines, Cotter will initiate monitoring according to DRMS regulation. A well will be placed down gradient of the mining area." If groundwater is encountered during mining, a minimum of three monitoring wells shall be installed an up gradient well, a down gradient well and a point of compliance well. The location of the point of compliance must be approved by the Division prior to installation. Also, subject to Division approval, a sampling and analysis plan shall be implemented in accordance with Rule 6.4.21(12) and Rule 3.1.7, regardless of the results of the chemical analysis.

17. Addressing Rule 6.4.21(14), SPLP tests were conducted in order to characterize the waste rock generated at this site. According to this rule, the ore must also be characterized. Please submit to the Division, a geochemical evaluation of the ore to be mined. Alternatively, if ore samples are not available at this time, commit to submitting this information to the Division, for review and approval, prior to any stockpiling on the surface.
18. Addressing Rule 6.4.21(16), on page U-20, the EPP states that design and implementation of the Drainage Design Plan will be overseen by a registered professional engineer. Please commit to submitting an "As-Built Certification" to the Division following construction.
19. Addressing Rule 6.4.21(16), on page U-20, the EPP states that Cotter Corp. will conduct regular inspections of all structures. Please inform the Division of the anticipated minimum inspection frequency interval.
20. Addressing Rule 6.4.21(18)(b), please describe the measures Cotter Corp. intends to take to prevent wildlife from coming into contact with uranium, uranium by-products or any other radionuclides.
21. Figures U1 and U2 have no reference points identified that indicate where the mine portal and mine workings are located. Please provide revised figures that include the mentioned reference points.

Please submit your response(s) to the above listed issue(s) by February 11, 2013, in order to allow the Division sufficient time for review prior to the March 11, 2013 decision date. If additional time is required to respond to the issues a request to extend the decision date must be submitted no later than February 11, 2013 or the application may be denied. The Division will continue to review your application and will contact you if additional information is needed.

If you require additional information or have questions or concerns, please contact me at the DRMS Grand Junction Field Office at phone no. (970) 241-2042.

Sincerely,



Travis Marshall
Environmental Protection Specialist

cc: Ed Cotter
U.S. Department of Energy
2597 Legacy Way
Grand Junction, CO 81503

Russ Means, DRMS