cotter

Via Email

February 1, 2011

Mr. Steve Tarlton
Manager, Radiation Program
Colorado Department of Public Health and Environment
4300 Cherry Creek Drive South
Denver, CO 80246-1530

Re: RML 369-01
2010 and 2011 Projects

Dear Mr. Tarlton:

Per your January 18, 2011 letter, I would like to offer further clarification with regard to the demolition of structures and excavation of soils, and how that effort pertains to the four projects (ore pads, CCD tanks and soils, and SI interim cover) that were to be completed for credit toward surety before the end of the December 2010. For the moment, Cotter Corporation (N.S.L.) ("Cotter") is withdrawing the request for partial payment for CCD soil excavation and will seek CDPHE's approval for a methodology for partial payment based on a measurable interim condition. Partial payment for the CCD soils will be pursued again in July 2011.

Cotter made and will continue making logical choices concerning the scheduling and sequencing of remedial projects based on safety, equipment efficiency and utilization of its resources. As you have requested, Cotter will endeavor to better communicate the status of its efforts for each project and will provide CDPHE with a completion report for each such project.

Although remediation of conveyors, a bag house, old shops and an ore bin were not part of our proposed list of items for completion by July 2011, the remedial work was part of Cotter's approved 2005 update of the Mill Decommissioning and Tailings Reclamation Plan. In the future, Cotter will inform CDPHE in advance of all schedule changes as they relate to mill demolition and reclamation surety and will adhere to any comments and direction which CDPHE may provide.

Please find enclosed a table entitled "Mill Facilities Removal" that can be directly tied to the Financial Assurance Plan that Cotter submitted on January 4, 2010. Although the amount calculated for a particular line item may differ from CDPHE's estimate, the total amount estimated for mill demolition is virtually the same. Cotter respectfully requests that CDPHE allow for credit as previously submitted, less soils as noted above, offsetting the proposed December 2010 surety amount. If CDPHE wishes to use its estimates instead of Cotter's as a

Cotter Corporation
Cañon City Mill, P.O. Box 1750, Cañon City, CO 81215-1750 USA
Telephone (719) 275-7413
Fax (719) 275-1669

basis to offset surety, please provide Cotter with enough detail so that it can make the proper adjustments.

Phil Egidi will be at the mill today to discuss documentation needs for surety offset. Cotter will provide completion reports requested in the January 18, 2011 letter by February 14, 2011.

Please call if you have any questions.

Sincerely,

John S. Hamrick
Vice President Mill Operations

Enclosure

Mill Facilities Removal

Mill Facility Removal	3rd Party Bid	
Product Bldg	$ 269,075	
Deck	$ 3,202	
Ramp	$ 494	
Stem wall	$ 1,067	
Secondary Crusher Building	$ 14,617	1
Conveyor	$ 5,007	
MCC#1	$ 1,125	1
Feed Building	$ 1,758	1
Control Building in Secondary Crusher	$ 18,015	1
Storage Building South of Secondary Crusher	$ 4,238	1
Bag house	$ 11,437	
Rail Dump Pocket	$ 25,318	
Bridge Support	$ 6,074	
Grind / Leach Bldg	$ 319,837	1
Pump House W of Grind-Leach	$ 27,696	1
Air Comp Bldg W of Grind/Leach	$ 4,016	1
Conveyor	$ 72,111	
Maintenance Building	$ 36,547	
Catalyst Bldg	$ 138,413	1
Unloading Bin	$ 8,948	1
Unloading Dock	$ 2,722	1
Unloading Dock Stem wall	$ 944	1
To the West	$ 5,769	1
Pipe Rack	$ 1,474	1
Laboratory Building	$ 37,500	
Outside	$ 1,042	
SX Building	$ 317,096	1
Miscellaneous Buildings		
Boiler Building	$ 21,737	1
Lime Building	$ 12,823	
Fine Ore Building	$ 218,745	1
Rubber Bldg	$ 4,829	
Warehouse (Quonset)	$ 13,191	
Warehouse (Main)	$ 19,509	
Moly SX Warehouse	$ 42,421	
Primary Crusher-Day Ore Bin	$ 14,614	
Old Mill Electric Shop	$ 11,689	
Old Mill Substation	$ 489	
Old Mill Storage Bldgs	$ 5,142	
Old Mill Office/Shop	$ 14,896	
Change House (Dry House)	$ 9,423	
Office Bldg	$ 7,262	
Training Room	$ 14,890	
Guard Shack	$ 579	
Product Barrel Storage Bldg	$ 12,040	
Schwartz Ore Crusher Area	$ 6,772	
Old Mill	$ 4,230	
Fuel Bay	$ 448	
Water Pump House	$ 2,349	
NaOH Mix - Outside	$ 8,305	
Rail Acid Bay	$ 11,997	
H2O2 Tanks	$ 9,306	
East of Product Bldg	$ 1,442	
NaCl Storage	$ 2,087	
Office Trailer	$ 1,118	
MCC#3	$ 2,234	
Parking Lot	$ 565	
Pipe Rack	$ 144,809	
Rails	$ 1,045	
Bone yard Material Volume	$ 17,255	
Zirconium Building	$ 77,435	1
Silica Building	$ 41,326	1
Kiln Building	$ 29,748	
Bearing End #1	$ 4,486	
Bearing End #2	$ 10,317	
Feed End	$ 11,519	
Discharge End	$ 4,686	
Mill Facility (Bldg, Equip, Conc. Fnd, Piping, Electrical)	$ 2,153,300	
1-Total of items to be completed by July 2011	$ 1,225,910	
Planning, Radiation Protection, Contractor Overhead, Administration fee, and Contingency	$ 891,849	
Total of reclamation work to be completed in 2011	**$ 2,117,759**	