STATE OF COLORADO

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Dedicated to protecting and improving the health and environment of the people of Colorado

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Mr. Gus M. Gaviotis, Registered Agent
Cotter Corporation (Schwartzwalder Mine)
7800 E. Dorado Place, Suite 210
Greenwood Village, Colorado 80111

August 27, 2010

RE: AMENDMENT NUMBER TWO - Notice of Violation/Cease and Desist Order, Number: IO-100601-1

Dear Mr. Hamrick:

The Colorado Department of Public Health and Environment's Water Quality Control Division (the "Division") issued Notice of Violation/Cease and Desist Order, Number: IO-100601-1 (the "NOV/CDO"), to Cotter Corporation on June 1, 2010. Paragraph 28.b. of the NOV/CDO required Cotter Corporation to reinitiate mine dewatering and water discharge treatment sufficient to bring the mine water table to a level at least 500 feet below the Steve Level. On July 30, 2010, the Division received a letter from Cotter Corporation requesting that paragraph 28.b. be deleted from the NOV/CDO. On August 11, 2010, the Colorado Mined Land Reclamation Board ("MLRB") issued Notice of Violation No. MV-2010-018 to Cotter Corporation, which included a requirement for Cotter Corporation to reinitiate mine dewatering and water discharge treatment sufficient to bring the mine water table to a level at least 500 feet below the Steve Level.

Due to the MLRB's parallel requirement, the State's desire to utilize limited government resources efficiently and to limit or minimize duplicative effort upon Cotter Corporation, the Division hereby amends the NOV/CDO to remove paragraph 28.b. However, nothing in this Amendment Number Two shall preclude the Division from re-imposing this requirement or imposing additional requirements in the event that new information is discovered that indicates such requirements are necessary to protect human health or the environment.

The scope of this Amendment Number Two to the NOV/CDO is limited to the provisions and/or conditions outlined above. All other terms, conditions, and requirements of the NOV/CDO remain unchanged and in effect. If you have any questions, please contact Michael Harris at (303) 692-3598 or by electronic mail at michael.harris@state.co.us.

Sincerely,

Lori M. Gerzina

Lori M. Gerzina, Manager
Compliance Assurance Section
WATER QUALITY CONTROL DIVISION

ec: Jerry Goad, Colorado Attorney General's Office
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