Mr. Amory E. Quinn, President  
Cotter Corporation  
7800 East Dorado Place, Suite 210  
Englewood, CO 80111

Subject: Approval of Exploration Plan Submitted for DOE Lease Tract C-CM-25

Dear Mr. Quinn:

The Prospecting Notice of Intent (NOI) for U.S. Department of Energy (DOE) Lease Tract C-CM-25 (proposing 1 hole), submitted by Cotter Corporation (Cotter) on June 23, 2009, has been reviewed by DOE and its contractor in accordance with the Uranium Leasing Program Final Programmatic Environmental Assessment, the Lease Agreement, and the National Environmental Policy Act. The NOI is hereby approved as submitted, subject to the following stipulations:

1) No new roads shall be constructed. Existing roads shall be improved only to the extent necessary to allow proper access of the required equipment.

2) If subsurface cultural or paleontological resources are unearthed during operations, activity in the vicinity of the cultural/paleontological resource shall cease and DOE and the U.S. Bureau of Land management (BLM) shall be notified immediately. Pursuant to 43 CFR 10.4, Cotter must notify the authorized officer, by telephone, with written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects of cultural patrimony. Further, Cotter must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by DOE. Additionally, Cotter is responsible for informing all persons associated with this project that they will be subject to prosecution for knowingly disturbing Native American Indian shrines, historic and prehistoric archaeology sites, or for collecting artifacts of any kind, including historic items and/or arrowheads and pottery fragments from Federal lands.

3) The drainage adjacent to the drill site shall be avoided and no materials shall be allowed to enter the drainage.

4) Bulk drill cuttings shall be backfilled into the drill hole, ensuring that all cuttings exhibiting elevated radiological readings are placed back in the drill hole at depth. Residual drill cuttings shall be scattered and blended with existing surface soil materials. Polyurethane foam shall be used to permanently plug the hole.

October 27, 2009

OLM-SRS-2009-149
URANIUM LEASING SITES

Reseeding Specifications

The following seed mixture was developed, in consultation with U.S. Bureau of Land Management, and is generally approved for use within the Slick Rock, Naturita, Uravan, and Gateway, Colorado, areas. Seed selection criteria were based on climate and elevation ranges within these areas. Recognizing that surface soil conditions, nutrients, and available moisture can vary within these areas, successful establishment of six or more of the twelve species is considered adequate. If the total number of species seeded is less than that specified below, the seeding rates for the individual species must be adjusted accordingly. All seed tags must be submitted to DOE for verification prior to the seeding application.

<table>
<thead>
<tr>
<th>Species Broadcast Application</th>
<th>Scientific Name</th>
<th>Common Name</th>
<th>Rate (lbs. PLS/acre)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientific Name</td>
<td>Common Name</td>
<td>Rate</td>
<td></td>
</tr>
<tr>
<td>Pascopyrum smithii</td>
<td>Arriba western wheatgrass</td>
<td>4.0</td>
<td></td>
</tr>
<tr>
<td>Elymus trachycaulus ssp.</td>
<td>Slender wheatgrass</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>trachycaulus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oryzopsis hymenoides</td>
<td>Paloma Indian ricegrass</td>
<td>4.0</td>
<td></td>
</tr>
<tr>
<td>Bouteloua gracilis</td>
<td>Hachita blue grama</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Hilaria jamesii (florets)</td>
<td>Galleta grass</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Stipa comata</td>
<td>Needleandthread grass</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>Stipa viridula</td>
<td>Lodorm green needlegrass</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Linum lewisii</td>
<td>Lewis flax</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>Penstemon palmeri</td>
<td>Cedar Palmer penstemon</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Sphaeralcea coccinea or</td>
<td>Scarlet or Parvifolia globemallow</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Sphaeralcea parvifolia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atriplex canescens</td>
<td>Rincon fourwing saltbush</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>Ceratoides lanata</td>
<td>Winterfat</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td><strong>Total pounds per acre</strong></td>
<td><strong>22.8</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Seed shall be broadcast at the specified application rate and covered (except “pocked” surfaces) using a drag bar, chain link, or packer wheels. If seed is drilled, use one-half (½) the broadcast rate.

Seeding shall be performed during one of the following time periods:
§ For best results, between October 15 and consistent ground freeze; or
§ Between August 1 and August 31.

Revegetation efforts on the disturbed areas will be considered satisfactory when:
§ Soil erosion resulting from the operation has been stabilized; and
§ A vegetative cover at least equal to that present prior to the disturbance and a plant species composition at least as desirable as that present prior to the disturbance has been established.
October 15, 2009

Mr. Steven Schiesswohl  
US Department of Energy  
11025 Dover St.  
Suite 1000  
Westminster, CO. 80021  

Re: Bond Increase  
C-CM-25  

Dear Mr. Schiesswohl:

As per your instructions on attached letter dated August 11, 2009. I am enclosing a rider  
to our reclamation performance bond increasing the amount from $4,000 to $5,000.  

If you have any questions please feel free to contact me.  

Sincerely,

Gus M. Gaviotis  
V.P. Accounting & Finance  

Encl
August 11, 2009

Mr. Amory E. Quinn, President
Cotter Corporation
7800 East Dorado Place, Suite 210
Englewood, CO 80111

Subject: Reclamation Bonds for DOE Lease Tracts C-SR-13A, C-LP-21, and C-CM-25

Dear Mr. Quinn:

The U.S. Department of Energy (DOE) is currently reviewing Cotter Corporation's proposed exploration plans for DOE Lease Tracts C-SR-13A, C-LP-21, and C-CM-25. As part of that process, DOE has reviewed the reclamation performance bonds currently held for the respective properties. In 2008, as the Uranium Leasing Program was extended for an additional ten years, DOE decided that the minimum bond required for any lease activities would be $5,000. DOE's review of its lease files has shown that the current bonds in place for Lease Tracts C-SR-13A ($6,000), and C-LP-21 ($48,000) are sufficient to cover full reclamation of the proposed exploratory activities. However, for Lease Tract C-CM-25, the current bond of $4,000 falls below the minimum bond requirement as established by DOE. Accordingly, Cotter Corporation shall increase the bond amount for Lease Tract C-CM-25 to at least the minimum amount required ($5,000). The approval of the exploration plan for Lease Tract C-CM-25 shall be contingent on DOE receiving formal documentation of this increase.

If you have questions concerning this matter, please contact me at (720) 377-9683.

Sincerely,

Steven R. Schiesswohl
Realty Officer

cc: G. Williams, Cotter Corporation
L. Kilpatrick, DOE (c)
E. Cotter, Stoller (e)
Project File ULSCF 2.0 (E. Cotter)
GENERAL RIDER

Rider to be attached to and form part of Bond Number K06903708 on behalf of Cotter Corporation, (Principal), and in favor of United States Department of Energy, (Obligee), executed by the Company indicated above (Surety) in the amount of Four Thousand and No/100 Dollars ($4,000.00) effective August 2, 2004.

The Principal and the Surety hereby consent to changing the said bond as follows:

Bond Amount is hereby increased:

From: Four Thousand and No/100 Dollars ($4,000.00)
To: Five Thousand and No/100 Dollars ($5,000.00)

This change is effective September 11, 2009. Nothing herein contained shall vary, alter or extend any provision or condition of the bond other than as above stated.

Signed, Sealed and dated this 11th day of September, 2009.

Cotter Corporation

By: 

Westchester Fire Insurance Company

By: Irene Latu, Attorney-in-Fact

Please mail inquiries to:
ACE Surety Underwriting Services
436 Walnut Street, WA10H
Philadelphia, PA 19106-3703
Phone 1-800-392-3770
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Orange

On SEP 11 2009 before me, Kathy R. Mair, Notary Public, personally appeared Irene Lau, who proved to me on the basis of satisfactory evidence to be the person whose name is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Kathy R. Mair)
Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: 

Document Date: Number of Pages: 

Signer(s) Other Than Named Above: 

Capacity(ies) Claimed by Signer

Signer's Name: Irene Lau

- Individual
- Corporate Officer - Title(s): 
- Partner - Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: 

Signer Is Representing: 

(Seal)
Know all men by these presents: That WESTCHESTER FIRE INSURANCE COMPANY, a corporation of the State of New York; having its principal office in the City of Atlanta, Georgia, pursuant to the following Resolution, adopted by the Board of Directors of the said Company on December 11, 2006, to wit:

"RESOLVED, that the following authorities relate to the execution, for and on behalf of the Company, of bonds, undertakings, recognizances, contracts and other written commitments of the Company entered into the ordinary course of business [sic] ("Written Commitments"):"

(1) Each of the Chairman, the President and the Vice President of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise.

(2) Each duly authorized officer in fact of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise, to the extent that such action is authorized by the grant of powers provided for in such written powers of attorney or organization or by such written delegation.

(3) Each of the Chairman, the President and the Vice President of the Company is hereby authorized, for and on behalf of the Company, to appear in writing any person the attorney-in-fact of the Company with full power and authority to execute, for and on behalf of the Company, under the seal of the Company or otherwise, such Written Commitments of the Company as may be specified in such written appointment, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.

(4) Each of the Chairman, the President and Vice President of the Company is hereby authorized, for and on behalf of the Company, to execute, for and on behalf of the Company, under the seal of the Company or otherwise, such Written Commitments or Written Commitments of the Company as are specified in such written delegation, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.

(5) The signature of any officer or other person executing any Written Commitment or appointment or delegation pursuant to this Resolution, and the seal of the Company, may be affixed by facsimile or such Written Commitments or written appointment or delegation.

FURTHER RESOLVED, that the foregoing Resolutions shall not be deemed to be an exclusive statement of the powers and authority of officers, employees and other persons to act for and on behalf of the Company, and such Resolution shall not limit or otherwise affect the exercise of any such power or authority otherwise validly granted or vested.

FURTHER RESOLVED, that the resolutions of the Board of Directors of the Company adopted at the meeting held on November 2, 1999 relating to the substitution of certain persons to execute, for and on behalf of the Company, Written Commitments and appointments and delegations, is hereby rescinded.

Does hereby nominate, constitute and appoint IRENE LAU and KATHY R. MAIR both of the City of Newport Beach, State of California, each individually if there be more than one named, its true and lawful attorneys-in-fact, to make, execute, seal and deliver on its behalf, and as its act and deed any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof in penalties not exceeding Twenty Five Million Dollars ($25,000,000) and the execution of each of such writings in pursuance of these presents shall be as binding upon said Company, as fully and amply as if they had been duly executed and acknowledged by the regular elected officers of the Company at its principal office.

IN WITNESS WHEREOF, the said Stephen M. Haney, Vice-President, has hereunto subscribed his name and affixed the corporate seal of the said WESTCHESTER FIRE INSURANCE COMPANY this 21st day of October 2008.

WESTCHESTER FIRE INSURANCE COMPANY

[Signature]

Stephen M. Haney, Vice President

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF PHILADELPHIA

On this 21st day of October, A.D. 2008, before me, a Notary Public of the Commonwealth of Pennsylvania in and for the County of Philadelphia came Stephen M. Haney, Vice-President of the WESTCHESTER FIRE INSURANCE COMPANY to me personally known to be the individual and officer who executed the preceding instrument, and he acknowledged that he executed the same, and that the seal affixed to the preceding instrument is the corporate seal of said Company; that the said corporate seal and his signature were duly affixed by the authority and direction of the said corporation, and that Resolution, adopted by the Board of Directors of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Philadelphia the day and year first above written.

[Signature]

Karen E. Brandt, Notary Public

NOTARIAL SEAL

COMMONWEALTH OF PENNSYLVANIA

[Seal]

IN WITNESS WHEREOF, I, the undersigned Assistant Secretary of WESTCHESTER FIRE INSURANCE COMPANY, do hereby certify that the original POWER OF ATTORNEY, of which the foregoing is a substantially true and correct copy, is in full force and effect.

In witness whereof, I have hereunto subscribed my name as Assistant Secretary, and affixed the corporate seal of the Corporation, this ___ day of ___ SEP 1 2009___

[Signature]

William L. Kelly, Assistant Secretary

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCEPTION DATE AFTER OCTOBER 21, 2010.
IN REPLY REFER TO: 3809(CO-S05)

OCT 6 2009

Mr. Steve Schiesswohl
Department of Energy
Office of Legacy Management
11025 Dover St., Suite 1000
Westminster, CO 80021

Dear Mr. Schiesswohl:

Thank you for your response and questions for Cotter Corporation’s Exploration Plans for U. S. Department of Energy Lease Tracts C-LP-21 and C-CM-25. Your concern about the critical deer and elk wintering area restrictions is understood.

A map showing the deer and elk winter wintering area restrictions is included. The Colorado Division of Wildlife recommends the areas and length of time that the restrictions apply. BLM makes the determination in the resource management plan for the area. The San Juan/San Miguel Resource Management Plan, Record of Decision, pg 12 documents the decision. The purpose of the seasonal restrictions is "to mitigate the impacts of human activities on important seasonal wildlife habitat". Drilling activities would fall into the category of disturbing the soil surface and creating noise/activity that could be stressful for wintering big game populations.

If you have any other questions or concerns please feel free to contact Barney Buria at (970) 240-5333.

Sincerely,

Barbara L. Sharrow
Field Office Manager

cc: Ed Cotter
Ms. Barb Sharrow, Manager  
U.S. Bureau of Land Management  
Uncompahgre Field Office  
2505 South Townsend Avenue  
Montrose, CO 81401

Subject: Exploration Plans for DOE Lease Tracts C-LP-21 and C-CM-25

Dear Ms. Sharrow:

Thank you for your response to Cotter Corporation’s Exploration Plans for U.S. Department of Energy (DOE) Lease Tracts C-LP-21 and C-CM-25. Please be assured that the conditions outlined in your letter dated August 18, 2009, are either covered in the environmental provisions set forth in the respective DOE lease agreements or will be included in the stipulations outlined in DOE’s letter approving the plans. The stipulation concerning the “Deer and Elk Winter Range timing limitation” could severely restrict our lessee's ability to perform work during the specified 4½-month period. To that end, would you please provide DOE with a map showing the critical deer and elk habitat to which that restriction applies, together with all supporting documentation. Additionally, would you please clarify the phrase “no surface disturbing activities,” i.e., if the drill sites have already been constructed, does the actual drilling of the holes constitute a surface disturbing activity.

Furthermore, from an administrative point of view, please be advised that the DOE leaseholders must submit all plan-related documentation to DOE for inclusion in the lease tract record files. This requirement includes the seed tickets referenced in your letter as the seventh bullet. Additionally, DOE has calculated the reclamation performance bond requirements for these exploration activities and has compared those amounts with the bonds currently held by DOE. The bond for Lease Tract C-LP-21 was determined to be adequate for the activities proposed there. DOE has directed Cotter Corporation to increase the amount of its bond for Lease Tract C-CM-25 to the minimum $5,000 required for all leases. Based on the documentation received from the Colorado Division of Reclamation, Mining, and Safety, they have accepted the bonds required by DOE and have directed Cotter Corporation to submit a minimum $100 bond to the State for each plan.
August 19, 2009

U.S. Department of Energy
Office of Legacy Management
ATTN: Steven Schiesswohl
11025 Dover Street, Suite 1000
Westminster, CO 80021-5573

SUBJECT: Contract No. DE-AM01-07LM00060, Stoller National Environmental Policy Act (NEPA)—Environmental Checklist on Cotter Corporation Exploratory Drilling, Lease Tracts C-CM-25 and C-LP-21

REFERENCE: Task Order LM-505-07, Uranium Leasing Program

Dear Mr. Schiesswohl:

Enclosed is an Environmental Checklist that evaluates potential impacts related to exploratory drilling of three drill holes on Cotter Corporation lease tracts C-CM-25 and C-LP-21, in Montrose County in western Colorado. The drill holes would be either on or near an existing dirt road. Disturbed areas would be reclaimed immediately following drilling and probing activities.

Stoller is recommending categorical exclusion as the appropriate level of NEPA documentation. If you concur in the results of the Environmental Checklist, please sign and forward the checklist to Brandy Barker, Administrative Services, who will send the checklist to Rich Bush, LM NEPA Compliance Officer, for a final determination.

If you have questions or concerns, please contact me at (970) 248-6056, or Sandy Beranich at (970) 248-6115.

Sincerely,

Ed Cotter, Program Lead
Uranium Leasing Program

SJB/bjg
Enclosure

cc w/enclosure:
Sandy Beranich, Stoller (e)
Scott Osborn, Stoller (e)
Project File (E. Cotter)
**U.S. Department of Energy**  
**Office of Legacy Management**  
**National Environmental Policy Act – Environmental Checklist**

<table>
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<tr>
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<th>NEPA ID Number</th>
<th>Date</th>
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<td>Cotter Corporation Exploratory Work on C-LP-21 and C-CM-25</td>
<td>LM 20-09</td>
<td>August 19, 2009</td>
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<tr>
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<th>LM Site Program</th>
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<tr>
<td>Uranium Leasing Program, CO</td>
<td>Reuse and Property Management</td>
<td>Sandra Beranich, 8/19/09</td>
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<tr>
<th>Contractor NEPA Coordinator</th>
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<tbody>
<tr>
<td>Sandra Beranich</td>
<td>8/19/09</td>
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<table>
<thead>
<tr>
<th>Contractor Task Manager</th>
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<tr>
<td>Ed Cotter</td>
<td>8/19/09</td>
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</table>

<table>
<thead>
<tr>
<th>DOE Project Manager</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steven Schiesswohl</td>
<td>8/19/09</td>
</tr>
</tbody>
</table>

A. **Brief Project/Activity Description:**
Cotter Corporation proposes to conduct exploratory drilling on lease tracts C-LP-21 and C-CM-25 in Montrose County in western Colorado. A truck-mounted rotary drill would be used to drill three 6-inch-diameter holes on drill pads that measure 20 ft by 50 ft. All drill holes are planned to reach 225 ft below ground surface. Mud pits to contain drill cuttings would measure approximately 10 ft by 10 ft. Topsoil materials and mineralized cuttings would be segregated from the non-mineralized drill cuttings. The mineralized cuttings would be returned to the drill hole first and would be followed by the remaining cuttings to within 5 ft of the surface, after which a 3-ft polyurethane foam plug would be installed. The remaining 2 ft of drill hole would be filled with topsoil and any remaining cuttings. All disturbed areas would be graded and reseeded with an approved seed mixture appropriate to the area. Each drill hole would require an estimated 2 to 4 days to drill, probe, and reclaim.

The proposed drill hole on C-CM-25 would be within an existing dirt road. No off-site areas would be disturbed. On C-LP-21, two drill holes would be adjacent to an existing county road (BB22). The drill holes would require overland travel of 100 ft between the county road and the proposed drill hole site. The existing surface is a mixture of shrubs and grasses. No cultural resources or protected species were identified in any of the potentially disturbed areas on these lease tracts.

B. **Environmental Concerns:**
If the proposed action could affect human health and the environment, the "yes" column is checked, and an explanation of the degree, type, and magnitude of the physical, chemical, and radiological sources of impacts is given below. Additional description or explanation is provided on attached sheets as necessary.

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<tr>
<th>Element</th>
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<th>No</th>
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</thead>
<tbody>
<tr>
<td>Air emissions/air quality</td>
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</tr>
<tr>
<td>Noise</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Solid waste generation</td>
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<td>Mixed waste management</td>
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<td>Chemical storage on site</td>
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<tr>
<td>Pesticide/nitricide use</td>
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<tr>
<td>Toxic substances management</td>
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<tr>
<td>Regulated quantities of petroleum used or stored on site</td>
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<tr>
<td>Exposure/impacts to public or workers</td>
<td>X</td>
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<td>Need for public awareness/involvement</td>
<td>X</td>
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<tr>
<td>Transportation/traffic control required</td>
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<tr>
<td>Access to use of DOE property</td>
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<td></td>
</tr>
<tr>
<td>Visual resources impacted</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Cultural/arch resources present</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Wastelands/soil impacted</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Protected species present: Federal, state, or Tribe listed</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
Dear Mr. Schiesswohl:

Thank you for the notification that Cotter Corp. wishes to conduct uranium exploration drilling on two DOE Lease Tracts (C-LP-21 and C-CM-25, Long Park and Club Mesa, respectively) located in portions of T.47N., R.17W., Section 5 and 27. We conducted a site visit with DOE and CDRMS on July 16, 2009 to review your proposal.

This correspondence shall serve as notification to DOE for the purpose of their lease authorization stipulations. These stipulations described below are also required conditions upon your DOE lease approval.

The notice is accepted and you may begin operations with the following conditions:

- The plans for Cotter Corporation for DOE Lease Tracts C-LP-21 (2 holes), and C-CM-25 (1 hole) are concurred with the following contingencies:
  - **C-CM-25**: Disturbance should be kept within the disturbed roadway. Keep any disturbance away from the small drainage adjacent to the roadway.
  - **C-LP-21**: Keep disturbance to a minimum. Remove brush only by cutting. Keep activities from local drainages.

  For both holes: All ground disturbing activities are to be completed by November 30, 2009. Please follow procedures set forth in Appendix A of the Notice of Intent to Conduct Prospecting Operations for Hard Rock/Metal Mines. Reclaim and reseed late this fall following disturbance to take advantage of winter moisture.

- Approval is given for the drill site locations inspected on 7/16/09. If other locations in
whether reclamation has been completed before recommending bond release to the Colorado Division Reclamation Mining and Safety (CDRMS). The Notice will expire on June 9, 2011. On or before the expiration date, the Field Manager must be given written notice if you intend to continue operations under the terms of the existing Notice for an additional two (2) years.

Please call Robert Ernst at (970) 240-5305 if you have questions. Thank you for your cooperation.

Sincerely,

[Signature]

Barbara Sharrow
Manager, Uncompahgre Field Office

cc: Russ Means, CDRMS
    Ed Cotter, Stoller-DOE
Ms. Barb Sharrow, Manager  
U.S. Bureau of Land Management  
Uncompahgre Field Office  
2505 South Townsend Avenue  
Montrose, CO 81401

Subject: Exploration Plans for DOE Lease Tracts C-LP-21 and C-CM-25

Dear Ms. Sharrow:

The U.S. Department of Energy (DOE) recently received two Exploration Plans from Cotter Corporation for DOE Lease Tracts C-LP-21 (2 holes), and C-CM-25 (1 hole). Copies of the respective plans are enclosed for your review. We are currently in the process of scheduling the field visit in mid-July and you will be notified (via phone) of the exact time, date, and place of the meeting.

If you have questions or concerns, please contact me at (720) 377-9683, or Ed Cotter at (970) 248-6056.

Sincerely,

Steven R. Schiesswohl  
Realty Officer

Enclosures

cc w/enclosures:
L. Kilpatrick, DOE  
E. Cotter, Stoller  
Project File ULSCF 2.0 (E. Cotter)

cc w/o enclosures:  
G. Williams, Cotter Corporation
July 6, 2009

Mr. Glen Williams, Manager
Cotter Corporation
Western Slope Operations
P.O. Box 700
Nucla, CO 81424

Subject: Comments on Exploration Plans for DOE Lease Tracts C-CM-25, C-LP-21, and C-SR-13A

Dear Mr. Williams:

I have reviewed your Notices of Intent (NOI) for proposed exploratory work on the following U.S. Department of Energy (DOE) lease tracts: C-CM-25, C-LP-21, and C-SR-13A. In Appendix A of each of the NOIs, there is a statement indicating that you do not believe that pre-drilling surveys would be needed for cultural or other natural resources. In accordance with the National Historic Preservation Act, you may be required to conduct a cultural resource survey, depending upon the Bureau of Land Management’s (BLM) assessment of the pre-existing disturbance on your proposed drill sites. On lease tract lands, BLM has the authority to determine if cultural resource surveys are required. Other resource survey needs or stipulations will be determined by the DOE in conjunction with the BLM.

If you have questions concerning this matter, please contact me at (720) 377–9683.

Sincerely,

Steven R. Schiesswohl
Realty Officer

cc: L. Kilpatrick, DOE (e)
E. Cotter, Stoller (e)
Project File ULSCF 2.0 (E. Cotter)
DOE Uranium Leasing Program Field Examination Notes

DOE Lease Tract: C-CP-25  Lessee: Cotter Corp.  Date: 7/18/09
Proposed Activity: Exploration Plan  Proposed By: Cotter Corp.

Examining Team:

Name                Organization                Home Office                Telephone
ECotter/D.Burns/KTurley DOE/StellerGrandJct (970) 248-60556
Glen Williams        Cotter Corp                Nucla                864-7347
Tony Atkins          Consultant                  Nucla                864-7285
Barney Buria         BLM                        Montrose                240-5333

Description of Surface Area Affected: In/Adjacent to Two track road in anon/jumper area

Photos Taken:                             GPS Data Collected:
Surveys Conducted:  □ Cultural/Historical  □ T&E  □ Other:

Changes to Plan:

Concerns Voiced and or Special Conditions to be Addressed in the Approval of this Plan:

This plan appears technically feasible and practicable with the changes and special conditions (if any) set forth above. The DOE Realty Officer, who has jurisdictional control of the Uranium Leasing Program, will use this information as the basis for his approval/disapproval of this plan. Note: A sketch may be added to the back of this form if required to clarify the situation.
July 28, 2009

Glenn Williams
Cotter Corporation
P.O. Box 700
Nucla, CO 81424

Re: Notice of Intent Application, CM-25, P-2009-021, Notice Approval

Dear Mr. Williams,

The Division of Reclamation Mining and Safety has finished the review of the above referenced Notice of Intent. It appears the notice meets the minimum requirements of Rule 5. Therefore staff is please to inform Cotter that notice is complete and approved.

Due to the small size and limited disturbance, staff elected not to calculate a reclamation bond but will use Rule 5.3.3(1) and require the minimum $2,000.00. This is below the $5000.00 warranty to be held by the Department of Energy (DOE). Per Rule 4.2.1(6) when mining on federal land and the land management agency requires a financial warranty be posted the amount posted to the state shall be the difference between the amount required by the agency and the state or a minimum of $100.00.

Per Rule 5.1.3(b), Cotter has 60 (sixty) days from the date of this letter to submit the $100.00 bond otherwise the notice may be denied for failure to correct all deficiencies which includes the bond. Please submit a Financial Warranty and proof of DOE bond to the Division’s Administrative Assistant Elizabeth Taliaferro in the Denver Office. Any questions regarding the warranty should be directed to Elizabeth at 303-866-3567, Ext. 8148.

If you need additional information please contact me at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 S. 3rd St., Suite 301, Grand Junction, Colorado 81501, or by telephone no. 970.241.1117.

Sincerely,

G. Russell Means
Environmental Protection Specialist II

Cc: Elizabeth Taliaferro, DRMS Administrative Assistant (e-mail)
   Ed Cotter, Department of Energy
Mr. Cotter,

Glade Hadden our archeologist checked the areas on Wednesday July 29th for Cotter Corp.'s drilling and has OK'ed each site. The Threatened & Endangered clearance has not been done yet. I was told this morning that it will be completed next week. As soon as I know I will let you know the outcome of the T & E clearance. Thank you for your cooperation with this and about the oil drums near SM-18. I did get Kyle's emailed pictures and map. I will let you know when I hear from our hazmat person in Junction. We will get something set up at that time.

Thanks again,
Barney

Bernard (Barney) Buria
Environmental Protection Specialist
Uncompahgre Field Office
2465 S. Townsend Ave.
Montrose, CO 81401
(970) 240-5333 Phone
(970) 596-4617 Cell Phone
(970) 240-5367 Fax
Ed,

I just received the T&E clearance. Everything is fine except for deer and elk winter range. The cutoff is Dec. 1st and they should be done by then.

Thanks,

Barney

Bernard (Barney) Buria
Environmental Protection Specialist
Uncompahgre Field Office
2465 S. Townsend Ave.
Montrose, CO 81401
(970) 240-5333 Phone
(970) 596-4617 Cell Phone
(970) 240-5367 Fax
August 11, 2009

Mr. Amory E. Quinn, President
Cotter Corporation
7800 East Dorado Place, Suite 210
Englewood, CO 80111

Subject: Reclamation Bonds for DOE Lease Tracts C-SR-13A, C-LP-21, and C-CM-25

Dear Mr. Quinn:

The U.S. Department of Energy (DOE) is currently reviewing Cotter Corporation’s proposed exploration plans for DOE Lease Tracts C-SR-13A, C-LP-21, and C-CM-25. As part of that process, DOE has reviewed the reclamation performance bonds currently held for the respective properties. In 2008, as the Uranium Leasing Program was extended for an additional ten years, DOE decided that the minimum bond required for any lease activities would be $5,000. DOE’s review of its lease files has shown that the current bonds in place for Lease Tracts C-SR-13A ($6,000), and C-LP-21 ($48,000) are sufficient to cover full reclamation of the proposed exploratory activities. However, for Lease Tract C-CM-25, the current bond of $4,000 falls below the minimum bond requirement as established by DOE. Accordingly, Cotter Corporation shall increase the bond amount for Lease Tract C-CM-25 to at least the minimum amount required ($5,000). The approval of the exploration plan for Lease Tract C-CM-25 shall be contingent on DOE receiving formal documentation of this increase.

If you have questions concerning this matter, please contact me at (720) 377-9683.

Sincerely,

Steven R. Schiesswohl
Realty Officer

cc: G. Williams, Cotter Corporation
    L. Kilpatrick, DOE (e)
    E. Cotter, Stoller (e)
    Project File ULSCF 2.0 (E. Cotter)
June 23, 2009

Steve Schiesswohl  
Senior Realty Officer  
U.S. Department of Energy  
11025 Dover Street, Suite 1000  
Westminster, CO 80021

Subject: Prospecting Notices of Intent for Cotter Corporation Leases SR-13A, LP-21, and CM-25

Dear Mr. Schiesswohl:

Enclosed is one copy of the Notices of Intent (NOIs) for the above referenced properties. Cotter Corporation is planning to do the drilling on these properties in the second half of this year. Following is a brief description of the planned drill sites.

The SR-13A drill site will be accessed from an existing drill road. The drill site is located on top of the mesa south of the #1 vent hole, approximately 75 feet off an existing drill road on relatively flat terrain. Due to the topography no additional drill road construction is anticipated. The only surface disturbance anticipated will be for the drill hole cuttings containment pit.

The two LP-21 drill sites are located in the flat area just west of the south edge of the LP-21 mine waste dump. Access to the drill sites will be off an existing road. No surface disturbance is anticipated for either the drill pads or the access. The only surface disturbance anticipated will be for the drill hole cuttings containment pit.

The CM-25 drill site is located approximately 700 feet west of County Road EE22, just northwest of the western extent of the CM-25 underground workings. The drill site is located on an existing drill road. No surface disturbance is anticipated for either the drill pads or the access. The only surface disturbance anticipated will be for the drill hole cuttings containment pit.

Prior site visits do not indicate any cultural resource or Threatened and Endangered species concerns exist. If there
are concerns regarding these issues following DOE's site visit, Cotter Corporation will have the sites of concern inspected for the appropriate issues by a qualified contractor.

If you have any questions regarding this information, please contact me at 970-864-7347

Sincerely,
COTTER CORPORATION

Glen Williams
Manager of Mining

cc: Ed Cotter, S.M. Stoller Corp.
    (w/ 3 copies of attachments)