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JUN 30 2016
Div. of Oil, Gas & Mining

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Mr. David Mc Mullen, President/CEO
CS Mining LLC
1208 South 200 West
Milford, Utah 84751

Dear Mr. McMullin:

Subject: CS Mining Summary Response (SR) Letter to DWQ June 27, 2016 and Compliance Status of CS Mining's Intermediate Tailings Disposal Facility (ITDF) and Ground Water Discharge Permit (GWDP) UGW010014

On June 13, 2016 DWQ sent a Letter of Violation (LOV) regarding the discharge of tailings to the ITDF. In response to the LOV, DWQ held a conference call on June 16, 2013 with CS mining to discuss the operation and compliance status of the facility. CS Mining then followed up the conference call with the subject SR letter to DWQ dated June 27th, 2016. In addition, as requested in the LOV, DWQ and CS mining have agreed to a site visit scheduled on July 20th, 2016. DWQ appreciates the prompt response by CS mining.

After reviewing the SR, DWQ provides the following clarification on the GWDP, LOV and compliance status at CS Mining.

- UGW 010014 remains in effect. DWQ has no plans, nor sees any grounds to terminate the GWDP.
- DWQ agrees that as described in the SR, the current liner system is being regularly inspected and that the quality of the discharge water will not affect the integrity of the liner. Therefore the current liner is adequate to prevent discharges with the existing quantity of tailings and process water in the ITDF.
- The statement "CS mining shall cease discharge of tailings and process water to the ITDF..." is not in conflict with circulation of tailings solution for copper recovery and the return of that solution to the ITDF. Upon review, DWQ intended the quoted statement to pertain to *additional* process water; CS Mining has already ceased discharges of *additional* tailings to the ITDF.
- DWQ intends to remove the prohibition on additional discharges to the ITDF when CS Mining has provided an adequate response to the concerns raised in the LOV.

- DWQ agrees that the contingency plan contained in the GWDP and referenced in the SR is appropriate at present.

Further, the intent of the LOV was to give notice to CS Mining of potential problems at the site and engage the company in discussions as operations changed in response to the possible pending bankruptcy. The prompt response and ongoing discussions have allayed a significant portion of DWQ's concerns. The Division appreciates CS Mining's commitment to remain engaged and address the other issues in the LOV within the 45 day timeframe and as needed going forward.

If you have any additional questions, please contact Mark Novak at (801) 536-4358 or mnovak@utah.gov. Thank you for your cooperation.

Sincerely,

Dan Hall

Dan Hall, P.G., Manager
Ground Water Section

Cc: Southwest Utah Health Department (via e-mail)
Paul Wright, District Engineer (via e-mail)
Peter Brinton, DOGM (via e-mail)
Robert Bayer, P.G., Professional Geologist, LC (via e-mail)

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