

SUSANA MARTINEZ
Governor

JOHN SANCHEZ
Lieutenant Governor

State of New Mexico
ENVIRONMENT DEPARTMENT
Ground Water Quality Bureau
Harold Runnels Building
1190 St. Francis Drive, P.O. Box 5469
Santa Fe, New Mexico 87502-5469

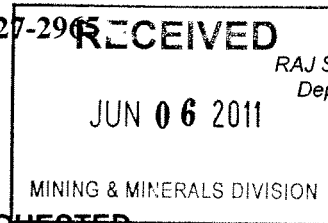
Telephone (505) 827-2918 Fax (505) 827-2906

www.nmenv.state.nm.us



DAVID MARTIN
Secretary

RAJ SOLOMON, P.E.
Deputy Secretary



CERTIFIED MAIL – RETURN RECEIPT REQUESTED

May 27, 2011

Joe Lister, Mine Manager
Rio Grande Resources Corporation
P. O. Box 1150
Grants, New Mexico 87020

RE: NMED Determination for Mt. Taylor Standby Request

Dear Mr. Lister:

The New Mexico Environment Department received correspondence from the Mining and Minerals Division (MMD) dated July 22, 2010, regarding Rio Grande Resources Corporation's (RGRC) request for Standby Status for the Mt. Taylor Mine. MMD requested that NMED either provide the written determination that environmental standards will be achieved during the standby period, or provide MMD with further information needed by the operator to address the NMED determination.

NMED responded to MMD's request in a letter dated September 1, 2010 in which NMED stated "Additional information has been obtained through the Water Quality Control Commission Abatement regulations over the last few years related to contamination in the alluvium. RGRC has not ruled out the potential contribution from the un-reclaimed waste rock pile at the site. Therefore, NMED cannot provide a written determination that environmental standards will be met over the 5-year period proposed for standby."

Following NMED's comment letter to MMD, RGRC submitted supplemental Stage 1 and revised Stage 2 Abatement Plans which NMED recently approved to address characterization of the retention pond and un-reclaimed waste rock pile and implementation of the selected remedial alternative to address alluvial groundwater contamination associated with RGRC's former sewage lagoon. NMED therefore is in agreement with granting the Standby request for a period of 5 years while abatement activities proceed and has provided a written determination.



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ENVIRONMENT DEPARTMENT
Office of the Secretary
Harold Runnels Building
1190 St. Francis Drive, P.O. Box 5469
Santa Fe, New Mexico 87502-5469
Telephone (505) 827-2855
www.nmenv.state.nm.us



DAVE MARTIN
Secretary

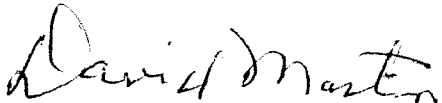
RAJ SOLOMON, P.E.
Deputy Secretary

DETERMINATION PURSUANT TO
THE NEW MEXICO MINING ACT,
NMSA 1978, §69-36-7 (E)(3), AND
NEW MEXICO MINING ACT RULE 701.B.3
FOR STANDBY STATUS

Determination is hereby provided that Rio Grande Resources, the applicant for the Mt. Taylor Mine, Permit No. C1002RE, submitted pursuant to the New Mexico Mining Act NMSA 1978, §69-36-1 through 20 (Repl. Pamp. 1977) (NMMA), has demonstrated that during standby status the operation will be expected to achieve compliance with all applicable air, water quality and other environmental standards if carried out as described in the NMMA permit application for standby status and all applicable state and federal air, water quality and other environmental permits.

Applicant: Rio Grande Resources Corporation
Operation: Mt. Taylor Mine
Permit No.: C1002RE

Determination by:


David Martin, Secretary
New Mexico Environment Department

Date: May 27, 2011