

**PERMIT REVISION 10-1 TO PERMIT NO. CI002RE  
MOUNT TAYLOR MINE  
EXISTING MINING OPERATION**

**MINING AND MINERALS DIVISION  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

Permit Revision 10-1 to Permit No. CI002RE is issued by the Director of the Mining and Minerals Division ("MMD") of the New Mexico Energy, Minerals and Natural Resources Department to:

Rio Grande Resources Corp. ("RGR" or "Permittee")

Whose correct address is:                   P.O. Box 1150  
  Grants, NM 87020

for the Mount Taylor Mine located in Cibola County, New Mexico.

This permit revision approves a continuation of standby status for the Mount Taylor Mine, Permit No. CI002RE. The following sections of Permit No. CI002RE, as revised by Permit Revision 10-1, (collectively, the "Permit") are added or revised to read as follows:

**Section 1.**                   **PERMIT REVISION APPLICATION PACKAGE**

D.     The Permit Revision Package submitted in connection with this revision ("2010 PRP") is comprised of the following documents:

- 1)     RGR Renewal Application for Mine Standby Status, dated June 16, 2010;
- 2)     Supplemental Materials for the Renewal Application for Mine Standby Status letter to MMD, dated June 30, 2010;
- 3)     Supplemental Maps for the Final Renewal Application for Mine Standby Status for the Mount Taylor Mine letter to MMD, dated July 21, 2010;
- 4)     Electronic mail titled, "Request for Extension", dated October 2, 2010;
- 5)     Response to Agency Comments to RGR's Application for Mine Standby Status letter, dated October 28, 2010;

- 6) Work Plan for the Waste Pile Characterization Mount Taylor Mine San Mateo New Mexico letter, dated December 22, 2010.

**Section 3.**                      **FINDINGS OF FACT**

- X. The 2010 PRP for standby status for the Mount Taylor Mine, is complete.
- Y. The Permittee has paid the permit revision application fee of \$5000.00 as required by 19.10.2.201.J NMAC and 19.10.7.701.F NMAC.
- Z. The Permittee agrees while in standby status to take measures to reduce, to the extent practicable, the formation of acid and other toxic drainage and to prevent releases that cause federal or state environmental standards to be exceeded during the period of the standby status, as required by 19.10.7.701.F.1 NMAC.
- AA. The Permittee agrees to meet applicable federal and state environmental standards and regulations during the period of standby status, and the Secretary of the Environment Department has indicated environmental standards of the Department are expected to be met during the term of standby status, as required by 19.10.7.701.F.2 NMAC.
- BB. The Permittee agrees to stabilize all facilities during the period of standby status, as required by 19.10.7.701.F.3 NMAC.
- CC. The Permittee agrees to comply with the applicable requirements of the New Mexico Mining Act ("Act"), the New Mexico Mining Act Rules and the Permit during the period of standby status, as required by 19.10.7.701.F.4 NMAC.
- DD. The Permittee has provided an analysis of the economic viability of the Mount Taylor Mine, as required by 19.10.7.701.F.5 NMAC.
- EE. The Permittee has fulfilled the public notice requirements of Subpart 9 of the Act for standby status, as required by 19.10.7.701.G NMAC.
- FF. Pursuant to 19.10.7.701.B.3 NMAC, The Secretary of the Environment Department provided a written determination on May 27, 2011 stating that the permit applicant has demonstrated that the activities to be permitted or authorized will be expected to achieve compliance with all applicable air, water quality, and other environmental standards if carried out as described in the standby status plan. The Permittee is engaged in an NMED approved Stage 2 Abatement Plan, following the NMED approval of a Stage 1 Abatement Plan for the Mount Taylor Mine.

- GG. In accordance with New Mexico Water Quality Control Commission ("WQCC") Regulations 20.6.2.4106.E.(7) NMAC, on September 10, 2010, RGR published public notice of the Stage 2 Abatement Plan; and NMED provided an opportunity for statements, comments, and a public hearing on the Stage 2 Abatement Plan.
- HH. Public notice of the permit revision application was published by RGR on June 22, 2010, as required by 19.10.9 NMAC and 19.10.5.503.F(5) NMAC.
- II. Public notice of the public hearing was published by MMD on July 15, 2011, as required by 19.10.9.904.B NMAC.
- JJ. A public hearing was held on August 17, 2011, in Grants, NM. The public hearing record was open through September 1, 2011. MMD received written testimony from RGR; the New Mexico Environmental Law Center; Amigos Bravos; Environment New Mexico; the Pueblo of Acoma; Laura Watchempino; and Larry Ausherman and Stuart Butzier, Attorneys for RGR.
- KK. The public participation requirements of 19.10.9 NMAC have been met.
- LL. A closeout plan for the Mt. Taylor Mine was approved on December 18, 1998.
- MM. Financial assurance for the Mt. Taylor Mine was approved on December 18, 1998.
- NN. The permit was approved by MMD on July 28, 1995. The closeout plan was approved by MMD on December 18, 1998, under permit revision 98-1. The Permittee applied for standby status on March 25, 1999. MMD approved standby status on October 12, 1999 under permit revision 99-1, for a term that ended on October 7, 2004. The Permittee applied for a first renewal of standby status on September 24, 2004. MMD approved the first renewal of standby status on July 27, 2005, under permit revision 04-1, for a term that ended on July 5, 2010.

## **Section 8.**

## **GENERAL OBLIGATIONS AND CONDITIONS**

Standby status and approval of this revision by the Director for the Mount Taylor Mine are subject to the following conditions:

- X. During the period of standby status the Permittee shall annually inspect all waste piles for excessive erosion (i.e., gullyng or extensive rilling) and structural failures, and significant erosion features will be mitigated to prevent future instability of the site. Drainage channels, diversion structures, and auxiliary erosion control features will be inspected in accordance with professionally recognized standards (e.g., Natural Resources Conservation Service or Forest

Service). RGR will report evidence of excessive erosion, significant erosion features, and/or structural failures to MMD and other appropriate agencies in a timely manner. A written report detailing the nature and extent of such erosion features and failures and a corrective action plan shall be submitted to MMD within 45 days after the inspection of the waste piles, channels, structures and erosion control features, which identify such deficiencies.

- Y. The second renewal of standby status is granted for a term beginning July 5, 2010 and ending October 12, 2014. The Director may renew the standby status for no more than one additional term, not to exceed five years.
- Z. If the Permittee applies for a renewal of standby status, the Permittee shall submit an application to renew standby status at least 180 calendar days prior to October 12, 2014.
- AA. The Permittee shall perform environmental remediation as required by NMED based on the results of the Stage One and Stage Two Abatement Plans for the Mount Taylor Mine site. The Permittee shall propose a corrective action plan for the waste rock pile at the Mount Taylor Mine, if NMED determines that remedial action is required, based on the Stage 1 and Stage 2 Abatement process, related to the mine's waste rock piles.
- BB. Pursuant to 19.10.12.1206.A NMAC, within 180 calendar days of this revision approval, the Permittee shall submit to MMD, for MMD approval, (i) an updated reclamation cost estimate for the Mount Taylor Mine for the purpose of updating financial assurance and (ii) an updated closeout plan, upon which the reclamation cost estimate shall be based.

All other provisions, modifications, and revisions for mining and reclamation contained in the Mount Taylor Mine Permit No. CI002RE, remain unchanged.

## **Section 9.**                      **CONCLUSIONS OF LAW**

- A. The Director has jurisdiction over the Permittee and the subject matter of this proceeding.
- B. The 2010 PRP is complete, accurate, and complies with requirements of the Act and 19.10.5.502 and 19.10.5.503 NMAC with conditions described in this Permit Revision.
- C. The 2010 PRP is complete, accurate, and complies with the requirements of the Mining Act and 19.10.5.505 NMAC. The Permittee, Rio Grande Resources Corp. is permitted, pursuant to the New Mexico Mining Act to conduct mining and reclamation operations at the Mount Taylor Mine, Cibola County, New Mexico,

upon the condition that the Permittee complies with the requirement of the Order, the Act, the Rules, and the Permit, as revised and modified, and this Revision.

- D. The NMED environmental determination states that during the standby status period, compliance with all applicable air, water quality and other environmental standards will be achieved, in compliance with 69-36-7 P(2) of the Act.
- E. The Permittee meets the requirement for standby status.
- F. The application meets the requirements of 19.10.7.701.B and C NMAC.
- G. Standby status shall be granted for a maximum term of five years.

**CERTIFICATION**

I certify that I have personally examined and am familiar with the information submitted herein, and based on my inquiry of those individuals responsible for obtaining the information; I believe the submitted information is true, accurate, and complete. I certify that I have read, understand and will comply with the requirements of this Permit Revision. Permittee agrees to comply with the performance and reclamation standards and requirements of the Permit, the Rules, and the Act, and allow the Director to enter the Permit Area without delay for the purpose of conducting inspections during standby, mining and reclamation.

The Permittee also agrees (i) that while in standby status it will take measures to reduce, to the extent practicable, the formation of acid and other toxic drainage and to prevent releases that cause federal or state environmental standards to be exceeded during the period of the standby status, as required by 19.10.7.701.F.1 NMAC, (ii) to meet applicable federal and state environmental standards and regulations during the period of standby status as required by 19.10.7.701.F.2 NMAC, (iii) to stabilize all facilities during the period of standby status, as required by 19.10.7.701.F.3 NMAC, and (iv) to comply with the applicable requirements of the New Mexico Mining Act, the New Mexico Mining Act Rules and the Permit during the period of standby status, as required by 19.10.7.701.F.4 NMAC.

J. C. Lister  
Authorized Representative of the Permittee

Mine Manager  
Title

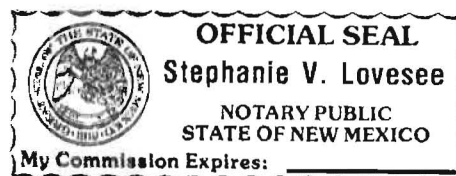
Rio Grande Resources  
Company

Subscribed and sworn to before me this 26 day of Jan., 2012

Stephanie V. Lovesee  
Notary Public

My Commission Expires

8/22/15  
(date)



**ORDER**

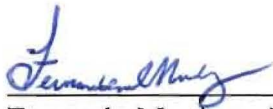
NOW THEREFORE, IT IS HEREBY ORDERED that Permit Revision 10-1 of the Mount Taylor Mine Permit, to renew the suspension of reclamation under Permit No. CI002RE is approved. The Permit may not be transferred without approval by the Director. The Permit, as revised, is subject to all conditions set out in the Director's Findings of Fact, General Obligations and Conditions, or otherwise in the Permit, as revised, including by this Revision 10-1 and this Order. Permit Revision 10-1 is effective July 5, 2010 and shall expire October 7, 2014, subject to renewal as may be provided in Title 19, Chapter 10 NMAC.

By Order of the Director, Mining and Minerals Division, Energy, Minerals and Natural Resources Department, of the State of New Mexico.

Mining and Minerals Division

The State of New Mexico

By:



Fernando Martinez, Director  
Mining and Minerals Division  
Energy, Minerals and Natural  
Resources Department

DATED: \_\_\_\_\_

1/30/2012