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MAY 10 2013

MINING & MINERALS DIVISION

Mr. Fernando Martinez  
Director, Mining and Minerals Division  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

VIA ELECTRONIC MAIL &  
HAND DELIVERY

May 10, 2013

RE: Request for Hearing; Mt. Taylor Mine Permit Revision 13-2 – Permit Number CI002RE

Dear Mr. Martinez:

On behalf of the Multicultural Alliance for a Safe Environment (“MASE”) and Amigos Bravos (“Amigos”) please accept this request for a hearing pursuant to NMSA 1978, § 69-36-7(K), §§ 19.10.12.1206.D, 19.10.5.505.B, and 19.10.9 NMAC. The public notice for the permit revision application was published in the Cibola County Beacon on April 12, 2013.

MASE and Amigos have numerous concerns about Rio Grande Resources’ (“RGR”) proposed permit revision to put the Mt. Taylor Mine on active status. Those concerns include, but are not limited to the following:

1) MASE and Amigos question the need for the proposed permit revision. The price of uranium is currently insufficient (by RGR’s own admission) to sustain operations. Further, the price of uranium is unlikely to rise to a level that can sustain operations within the foreseeable future.

Additionally, there is unlikely to be any demand for the ore from the Mt. Taylor mine because mines that are already licensed and fully developed are not producing at capacity. According to the most recent information, May 2012, reported by the U.S. Department of Energy’s Energy Information Administration, uranium production at all uranium mines and mills – including in situ leach (“ISL”) uranium mines that are reported to have lower production costs than conventional mines - is less than a third of licensed production capacity.

Moreover, RGR has not identified any place where its ore will be processed. There is only one operating uranium mill in the United States, located near Blanding Utah. Even if it were economically viable to haul ore from the Mt. Taylor mine to Blanding, it is unlikely that the mill’s operator would accept that ore when only one of its eight developed uranium mines is currently in production and it has seven additional mines under development. See, <http://www.energyfuels.com/projects/>. A hearing on RGR’s permit revision application will help illuminate the need for the revision.

2) Similarly, on page 8 of the permit revision application, RGR concedes that the current pad used for storing the ore stockpile, which contains 60,000 tons of low-grade ore, does not meet regulatory standards. RGR states it will ship the ore to a mill for processing and reconstruct the stockpile pad to current standards. However, without a mill to process the ore and with a depressed uranium market for

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the foreseeable future, MASE is concerned that RGR's failure to provide alternative plans for reconstructing the insufficient ore pad will lead to further environmental contamination at the site.

3) The design production capacity for the Mt. Taylor Mine is 4,000 tons of ore per day. Therefore, the existing stockpile pad provides capacity to store 15 days of ore at full production capacity. With no mill identified and no operable mill likely to accept ore from Mt. Taylor, MASE and Amigos are concerned that ore with high concentrations of radioactivity and toxic heavy metals will remain exposed for long periods of time with concomitant environmental and public health consequences.

4) Likewise, the current application does not address whether stop-and-start operations will be incorporated in to operating plans, or how particles from ore and waste stock piles will be minimized or eliminated during all reasonable operating scenarios, including long periods of inactivity.

5) In Section 6 of its Closeout/Closure Plan, RGR outlines its plan for environmental monitoring and reporting. The abatement plans to address mine-related contamination and the poor condition of on-site infrastructure identified in the current application demonstrate the need for long-term environmental monitoring, reporting and maintenance plans. However, nowhere does RGR propose any long term environmental monitoring or reporting. MASE and Amigos are concerned that long term water and air monitoring should be required.

6) RGR's 2013 Closeout/Closure Plan states that the New Mexico Environment Department has agreed that the Mining and Minerals Division ("MMD") is the lead agency for evaluating RGR's financial assurance for both RGR's Mining Act permit and DP-61. Closeout/Closure Plan (2013 rev.) at 1. Therefore, MMD must consider the sufficiency of RGR's financial assurance to cover the costs of any groundwater remediation. RGR's Closeout/ Closure Plan fails to address this important issue and its financial assurance is inadequate to address groundwater remediation.

7) RGR determined that the mine water treatment ponds contain radioactive soils. Closeout/Closure Plan (2013 rev.) at 19-21. RGR proposes backfilling the ponds onsite with berm soil. MASE and Amigos are concerned that RGR's proposed reclamation and lack of proper soil disposal is insufficient to protect public health and the environment. MASE and Amigos are concerned that the proper reclamation and soil disposal sufficient to protect public health and the environment will not be accomplished in a timely manner under the proposed permit revision.

Thank you for your attention to this matter, and please do not hesitate to contact to me if you have any questions.

Sincerely,



Eric Jantz  
Staff Attorney