

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Fernando Martinez, Director
Mining and Minerals Division



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CERTIFIED MAIL – RETURN RECEIPT REQUESTED

March 11, 2014

Mr. Joe Lister, Mine Manager
Mount Taylor Mine
Rio Grande Resources Corporation
P.O. Box 1150
Grants, NM 87020

RE: Director's Order Requiring Inspection, an Updated Closeout Plan and Financial Assurance, Mount Taylor Mine, Permit No. CI002RE

Dear Mr. Lister,

The New Mexico Mining and Minerals Division ("MMD") hereby issues a Director's Order to the Rio Grande Resources ("RGR") Mount Taylor Mine, Permit No. CI002RE (attached). The Director's Order requires, in part, that RGR perform certain inspections at the Mount Taylor Mine during the standby period for excessive erosion and structural failures, to report to MMD evidence of excessive erosion, significant erosion features and structural failures and to provide MMD with a corrective action plan to mitigate the erosion features and structural failures. The Director's Order also requires that RGR submit an updated closeout plan and reclamation cost estimate for the Mount Taylor Mine within 180 days of January 30, 2012. In addition, RGR is not required to submit an application for a third renewal of standby 180 days prior to October 12, 2014.

If you have any questions, please contact me at (505) 476-3437, or David Otori of my staff at (505) 476-3432 or at david.ohori@state.nm.us.

Sincerely,

Holland Shepherd, Program Manager
Mining Act Reclamation Program ("MARF")

Enclosure

cc: David Otori, Permit Lead, MARF
Kurt Vollbrecht, Mining Environmental Compliance Section, NMED
Ground Water Quality Bureau
Dave Clark, Program Manager, Coal Mine Reclamation Program
Mine File (CI002RE)

BEFORE THE DIRECTOR OF THE MINING AND MINERALS DIVISION

**IN THE MATTER OF
PERMIT CI002RE FOR
THE MOUNT TAYLOR MINE**

**DIRECTOR'S ORDER REQUIRING INSPECTION AND AN UPDATED
CLOSEOUT PLAN AND FINANCIAL ASSURANCE**

THIS MATTER comes before the Director of the Mining and Minerals Division of the New Mexico Energy, Minerals and Natural Resources Department ("Director") *sua sponte*. The Director hereby FINDS:

1. On January 30, 2012, the Director of MMD ("Director") approved the second renewal of standby status ("Renewal") for the Mt. Taylor Mine ("Mine"), operated by Rio Grande Resources, Inc. ("RGR").

2. On March 30, 2012, Multicultural Alliance for a Safe Environment and Amigos Bravos (together, "Appellants") petitioned ("Petition") the New Mexico Mining Commission ("Commission"), asking for relief from the Director's approval of the Renewal.

3. On July 23, 2012, after briefing and argument, the Commission denied Appellant's Petition.

4. On August 21, 2012, Appellants appealed the Commission's July 23, 2012 denial to the State of New Mexico First Judicial District Court ("Court").

5. On August 27, 2013, after briefing and argument, the Court entered an order ("Order") vacating the Commission's July 23, 2012 Order and granting Appellants relief.

6. As part of the relief granted Appellants, the Court ordered, for specified purposes, a reopening of the public hearing that had been held as part of MMD's process

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of evaluating the RGR application for the Renewal ("Application").

7. While MMD is, pursuant to the Court's Order, continuing to evaluate RGR's Application, the Director finds that the following requirements are necessary to carry out the purposes of the New Mexico Mining Act and Title 19, Chapter 10 NMAC.

NOW THEREFORE, pursuant to NMSA 1978, 69-36-9(A), it is ORDERED:

A. During the period of standby status RGR shall annually inspect all waste piles for excessive erosion (i.e., gulying 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.

B. RGR shall, within 180 calendar days of January 30, 2012, 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.

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C. Because MMD is continuing the process of evaluating RGR's Application, the Director does not require RGR to submit an application for a third renewal 180 calendar days prior to October 12, 2014.

D. This Order is effective as of January 30, 2012.



Fernando Martinez, Director
Mining and Minerals Division

March 11, 2014

Date