RIO GRANDE RESOURCES

February 26, 2015

David L. Mayerson
Mining Environmental Compliance Section
Ground Water Quality Bureau
New Mexico Environment Department
P.O. Box 1150
Grants, NM 87020

RE: Your letter of February 6, 2015

Dear Mr. Mayerson:

Thank you for your letter of February 6, 2015. This responds to it. NMED comments are in italics, RGR responses are in regular font.

1. *NMED, October 2, 2014* ***["RE: Mt. Taylor Mine Discharge Permit DP-61-NMED review comments on 'RGR responses to NMED letter of 9/3/14 regarding the outfall investigation report' (September 23, 2014) and 'Work plan, supplemental investigation of soil for uranium, selenium, and molybdenum contamination downstream of mine water pipeline Outfall 001' (September 23, 2014)"]*** *stated that "RGR shall perform SPLP [Synthetic Precipitation Leaching Procedure] analysis on any soil samples for which the concentration of uranium, selenium, and/or molybdenum exceeds the background concentration(s) by at least 50%" (p. 3). In comparison to the analytical results that were reported for sample LPV-01-A, which is located upstream of the outfall, concentrations by both analytical methods from sample LDD-01-A for the three analytes, as reported in Table 2, exceed the respective concentrations in the former sample by more than 50%. Please provide the SPLP analytical data for the latter sample or explain why these data are not available.*

RGR response:

RGR submitted its "REPORT, SOIL AND WATER SAMPLING AND TESTING, WATER AND SEDIMENT IMPOUNDMENT LOCATIONS DOWNSTREAM OF MT TAYLOR MINE WATER OUTFALL 001, January 26, 2015", which includes figures and tables relevant to this response.

NMED referred to the location of sample LPV-01-A as upstream of the outfall. Actually,

SLD-01 is the sample location upstream of the outfall. LPV-01 is located at the inlet of Laguna Polvadera. See Figures 1-4 of the referenced report.

From page 2 of the referenced report:

> "Soil samples to 48 inches were collected at one location upstream of Outfall 001 at the upstream toe of San Lucas Dam, shown on Figure 4. This sample was collected to supplement a surface soil sample at a nearby location, taken in September 2014, to represent upstream background values associated with natural sources of U, Se, and Mo."

Neither sample location LDD-01 nor LPV-01 is a background location. Both locations were sampled because they were the locations most likely to have elevated concentrations of the target analytes. From the referenced report:

> "The focus was on the Leopoldo and Laguna Polvadera basins where water and sediments are typically impounded after runoff events from San Lucas Canyon. These locations were selected because, if water or sediment were impacted by mine water discharge, it would most likely collect in these two locations, resulting in the highest concentrations of U, Se, and Mo there."

RGR had initially included SPLP testing in its work plan because we expected levels of U, Se, or Mo would be higher than those actually found through soil testing. Subsequently, at its meeting with NMED on 11/18/14, RGR proposed applying NMED's soil screening methods to determine if any U, Se, or Mo concentration found in the soils was high enough to warrant additional testing, including SPLP. NMED concurred with the use of the NMED screening procedures (New Mexico Environment Department, Risk Assessment Guidance for Site Investigations and Remediation, February 2012, (updated June 2012), Appendix A, NMED Soil Screening Levels, Table A-1), emphasizing that the risk-based dilution attenuation factor (DAF) would be particularly appropriate in identifying soil samples that should be subject to SPLP testing. As a result of this meeting with NMED, RGR followed the NMED soil screening protocols, from which RGR determined that no contaminants had concentrations high enough to require additional investigation with SPLP or other methods. See pages 4-6 of the referenced report.

2. *NMED, October 2, 2014 required RGRC to submit selenium and molybdenum concentration data from samples collected during RGRC's previous outfall investigation, if available. From a recent telephone conversation, NMED understands that these data are included in this report. Please identify the sample designators within the subject submittal for these data.*

RGR response:

Attachments A and B of the referenced report contain all of the lab test data that are available, including Se and Mo concentrations from tests performed in September,

October and November 2014. In addition, Hall Environmental Analysis Lab attempted to recover the data from the electronic records of the 12/10/2013 soil tests for uranium concentrations in order to capture the Se and Mo concentrations, which had not been requested in the original work order, but they were not successful.

Sincerely,

Joel Lister
Mine Manager
Rio Grande Resources Corporation