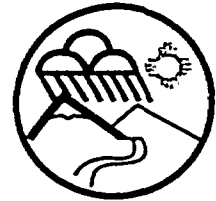




BILL RICHARDSON
GOVERNOR

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ENVIRONMENT DEPARTMENT

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RON CURRY
SECRETARY

DERRITH WATCHMAN-MOORE
DEPUTY SECRETARY

March 7, 2005

Mr. Larry Carver
Murray Acres Community Association
P. O. Box 2970
Milan, New Mexico 87021

RE: Homestake Mining Company Mill Site
Milan, New Mexico

Dear Mr. Carver:

The New Mexico Environment Department (NMED) has received your letter dated January 16, 2005 regarding your dissatisfaction with the process for establishing background contaminant levels in the ground water in the vicinity of the Homestake Mill (HMC) just north of Grants, New Mexico.

Due to extensive uranium mining and milling activities, groundwater quality in the area of the Homestake Mill has been adversely affected on a regional basis. Pursuant to state law, HMC is required to clean up groundwater to New Mexico Water Quality Control Commission (WQCC) standards or background conditions. Background conditions consider the amount of ground water contamination originating from naturally occurring sources or from a source other than the responsible person's facility. Data from the site indicates that contamination from other upgradient uranium-related operations to the north of the site have influenced and continue to influence contamination levels where the Homestake Mill is located. The issue, at this time, is to determine what ground water contaminant levels are due to the operation of the Homestake Mill. Upgradient contributions to ground water contamination from other sources are also being investigated.

The NMED and the US Environmental Protection Agency (EPA) are in the process of

reviewing Homestake Mining Company's (HMC) proposed background levels. Once the review is completed, NMED and EPA comments will be provided to the United States Nuclear Regulatory Commission (NRC) for consideration. The NRC will then approve or deny HMCs proposed background levels. The public is encouraged to provide written comments on the establishment of background concentrations at the Homestake Mill to the NRC or the NMED. Several weeks ago, NMED provided copies of documents on the setting of background concentrations at the Homestake Mill site to Milton Head, a member of the Murray Acres Community who attended the meeting between EPA, NRC and NMED in November 2004. To obtain further copies please contact Jerry Schoeppner at (505) 827-0652.

HMC is continuing to operate a site cleanup system. The goal of the current dewatering of the tailings pile is to eliminate or significantly reduce future seepage of contaminated water from the pile. The installation of a cover over the tailings will greatly reduce or eliminate infiltration of rainwater into the tailings pile that could leach contaminants from the waste material into the underlying ground water.

A follow-up door-to-door survey will be completed this spring to verify that water wells in the area are not being used and to help answer questions about remediation activities at the site. A community water system, the Milan Water System has already been made available to supply drinking water in the area. To assist the residents that have been required to hook up to the water system, NMED is encouraging HMC to help residents offset the costs.

NMED shares your concern with protection of the regional aquifers in the Chinle formation and we are working with EPA to find a solution to this issue. As part of the Superfund process, the site will continue to be evaluated every five years to ensure the system is operating as designed and is protective of human health. If the system is found to not be protective of public health, modification of the cleanup strategy will be required.

In regards to potential windblown contaminants, air-monitoring data from the EPA Five Year Review for Homestake Mining Company Superfund Site indicates that radiological constituents do not exceed levels set forth by the NRC. The review recommended that the air monitoring data should be evaluated in accordance with EPA guidance to confirm that EPA standards are being met as well. EPA has evaluated the historical semi-annual air monitoring data and has determined that EPA health-based standards have not been exceeded.

We appreciate your comments and are sympathetic to your concerns in this matter. We will continue to discuss cleanup solutions with the community, HMC and the federal agencies and will work with you to make available any documentation that would be helpful to you and the Murray Acres Community.

Larry Carver
March 7, 2005
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Please contact Bill Olson, Ground Water Quality Bureau Chief at (505) 827-2919 or Jerry Schoeppner at (505) 827-0652 if you should have any questions or need to obtain documents related to the Homestake Mine site.

Sincerely,



Ron Curry
Secretary

cc: Juan Massey, Office of the Governor
Representative W. Ken Martinez
Bill Olson, Chief, GWQB
Dana Bahar, SOS Program Manager
Mary Ann Menetrey, MECS Program Manager
Jerry Schoeppner, MECS
William Fetner, ONRT
Sai Appaji, U. S. EPA, Region 6
✓William von Till, U.S. NRC
Al Cox, Homestake Mining Co. (HMC)
