40-8903

March 23, 2005

Mr. Rocky Chase, Manager
Closure Properties
Homestake Mining Company of California
136 E. South Temple, Suite 1300
Salt Lake City, UT 84111

Dear Mr. Chase:

Your letter dated February 4 demonstrates so well the "David & Goliath" situation our community faces. From your title, we assume your job is to handle situations like ours and you have the full legal, research, and technical resources of a large company behind you. We, on the other hand, are working-class people who had a difficult time gathering the money necessary to hire an attorney once and would find it difficult to do so again. (Your company knows this since your representatives can see it on a first-hand basis as they drive through our community, which we know you have recently done.)

To someone who has not been involved in this struggle, we are sure your letter seems like a reasoned, if condescending, response. We might give up now if we did not believe in the power of our democratic system of government. Instead, we are going to respond, point-by-point, to your letter and hope that our elected representatives and those people in the NRC, EPA and NMED, who have been hired to protect our health and environment, will come to our aid. We have some reason to be hopeful since Senator Bingaman and Representative Martinez have both expressed concern for our situation.

First, however, it is critical that you explain which corporate entity is responsible for the Mill Tailings adjacent to our Murray Acres community. We were told that Homestake Mining Company of California had been purchased by Barrick Gold and that we were now dealing with that company. Your response indicates Homestake Mining Company is still involved. We hereby request that you explain exactly how Homestake Mining Company is still involved as well as that company's relationship to Barrick Gold since we do not keep up with the mergers and acquisitions of large mining companies and are forced instead to rely on what we are told by company representatives.

1. Your characterization of our letter as full of "factual errors and inaccurate conclusions" is itself inaccurate and an obvious attempt to discredit us as uninformed, overwrought citizens. While our level of concern has risen upon receipt of your response, we are not uninformed and will respond to the type of rhetoric we have learned to expect from your company.

2. The issue of whether the mine operations that operated for over 40 years in the Ambrosia Lake area have contributed to the background levels your company is proposing may have been seriously considered, but we disagree with your conclusions and have

scheduled a meeting with the NMED to discuss specific reasons for our objections. We hope you are not suggesting that this is a settled point. If the point has been settled without our input, then the process has been subverted and we object to the conclusions for that reason as well. Also Mr. Chase, 25 years ago we might have agreed that "regulatory reviewers have no reason to sign off on background constituent levels that are not supportable by sound science and fact," but we are not that ignorant any longer. We have learned that "sound science and fact" can be debatable issues and can be twisted to suit political agendas. In the present case, the NRC has every reason to side with Homestake since doing so will benefit their future oversight.

3. Your next paragraph is an interesting attempt to sell the notion that because we live in a state and an area with high naturally-occurring concentrations of uranium that in fact our little farming community had such concentrations. You know as well as we that the occurrence of "high naturally-occurring concentrations of uranium in the groundwater" at any particular spot is erratic and highly unpredictable. You can provide no evidence that our wells contained such concentrations so you are left with exactly our point—no evidence. The rest is just a smoke screen, which we are sure others will recognize. The fact that you include an article on high concentration levels of uranium in water samples from Pojoaque, Nambe, and Tesuque would be laughable, if it were not insulting. We are not focusing on problems in Pojoaque, Nambe, and Tesuque. We do not even make claims regarding nearby communities. We are simply saying, once again, you have no actual evidence regarding historical concentrations in our community.

4. The rest of your letter shows that you did not carefully read our communication to you. We never suggested that our property values declined because the mill facility was built next to our homes many years ago. Our property values declined because we were forced to file suit against your company to obtain clean drinking water. The resulting publicity caused our property values to decline. As recently as three years ago, a home sale was lost because the buyers had heard about our problems with Homestake and the water and decided to buy elsewhere. There is no telling how many people in the community never looked at the house for the same reason. The real estate agent involved as well as the potential buyers still live in Grants and can be called for verification.

5. The lawsuit to which you refer—*Head v. Homestake Mining Co.*—continues to be a source of frustration and disappointment for us. You assert that we were represented by competent and experienced New Mexico counsel; we would vehemently dispute that assertion. We hired Tolousse and Tolousse, not because they had experience or any sort of reputation for successfully handling cases such as ours. We hired them because they agreed to work on a contingency basis. At the time, it sounded like a blessing. We had no idea then the forces that were aligned against us or the pressure that would be applied to our attorneys to cut a deal rather than engage in a protracted battle against a company with vast legal resources. With our attorneys recommending a settlement so they could get their money and the promise of free, clean water until our previous water supply was restored, we settled. We believed your Mr. Kennedy when he said the contamination would be cleared in ten years and looked forward to resuming our agricultural lifestyle by 1995. Furthermore, we did not believe our government officials would let the company

make such a statement if it were not true. As we said in our letter, we have paid and continue to pay a heavy price for our ignorance and vulnerability.

6. We have no idea why you are referring to the City of Milan's water conservation efforts since those efforts are unrelated to our request. If you are trying to paint us as a group opposed to water conservation efforts, we would think your recent survey of our community would assure you that most of our yards are very low water maintenance. Our objections to the Milan conservation efforts have to do with not being included in the regulatory process. You see, even though we are forced to use Milan's water, we have been told we have no voice in their policies because we are not residents of Milan. It is an interesting and another unfortunate situation due to Homestake's contamination, but not related to our request for a community water system, which was made in response to your proposal for totally inadequate background levels.

7. We stated in our January 16th letter that:

Two of our closest neighbors died prematurely. Homestake bought their property and everything on that property was removed. Although they [Homestake] assure us windblown contamination from the site poses no health risks and was not related to those deaths, we have learned to be less accepting of their assurances.

This is what we said and what we will continue to say in spite of your threat that we "refrain from such irresponsible and unsupported allegations involving such a serious matter." You characterize this statement as an allegation of premature deaths caused by Homestake's operations; we made no such allegation. The deaths are a sad fact and their heirs have recently filed suit as a result. Your company's actions after those deaths leave us with legitimate questions.

8. We could spend the next few months addressing the inadequacies of the health surveys/studies you cite. Again, you seem to be defending yourselves against charges that were not made. If you had read our letter carefully you would know that we are simply asking for a community water supply and an adequate permanent solution to the long-term remediation of the tailings site.

For those unfamiliar with the history of the site, here is a brief outline of events:

- 1961: Homestake given written notice of contamination by New Mexico state officials
- 1975: Water testing by NMED. Residents told not to use the water
- 1985: Milan water supplied. Partial water payments for 10 yrs. Promise of cleanup by 1995
- 2005: Water still contaminated. Latest projection for remediation is 2013-2014 but water will still not be potable.

9. It is telling that you put the word *promises* in quotation marks. That certainly has been our experience with your company—specifically that promises from Homestake are not what one would normally associate with that word. When your Mr. Edward Kennedy gave his word that the contamination would be cleared in ten years, we thought that was a

promise. We come from a rural background and at one time we believed that when someone says, particularly in public, that they promise on behalf of their company, that something would happen, it would happen. You can be proud that your company has taught us well that a company's *promises* are just words of conciliation and may be meaningless. It was a good lesson. At least we are not quite as naïve as we once were, but you will then understand how we might question your other "assurances," which have not even risen to the level of "promises."

10. You state that "as a result of the [injection] program, the levels of constituents in all but one of the private wells in Murray Acres have been reduced to background levels." Your rhetoric would suggest this problem is solved; why are these people complaining? However, this is a very disturbing statement. Are we to assume then that the background levels have already been determined? If so, what happened to the input we were assured we would be allowed to give? If the regulatory agencies have made this deal against our objections, then where is our recourse? Once again, our vulnerability is clear.

Your last paragraph suggests that the only persons who may help us are our elected representatives. So we will send a copy of this response to them in the hope that they will help us resolve these concerns, which to those of us living with your contamination, are very "legitimate." We do however recognize that your definition of "legitimate" will probably be quite different than ours.

11. Finally, if you are unconcerned about potential health problems, please explain why your company continues to buy property in our community. You are certainly not interested in owning real estate here as Mr. Cox has stated on several occasions. You claim to have everything you need in place to clean the aquifers, so why purchase the Willcox, Ashcroft, and recently the Canaday properties within the Murray Acres subdivision?

Mr. Cox, the site manager, seems like a nice man who tries to placate the community to the best of his ability. However, he may be reaching the end of either his desire or ability to do so. We understand he recently said there is no way your company could provide a community water system for Murray Acres. We believe that, in fact, you could and should do so, however if it would be easier for you to drill us individual wells into the unpolluted aquifer, we would accept that as well. We further believe, and it is interesting that you did not address this point in your letter, that you need to begin work now on a satisfactory permanent solution to the mill tailings pollution so that Murray Acres and other communities are not adversely affected by this contamination in the future.

Sincerely,

Larry Carver

Larry Carver, President
Murray Acres Community Association
Member signatures attached
P.O. Box 2970
Milan, NM 87021

Enclosures

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