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DAVE MARTIN
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CERTIFIED MAIL—RETURN RECEIPT REQUESTED

November 8, 2011

Mr. Billy Ray, Ambrosia Lake Site Manager
Rio Algom Mining LLC
P.O. Box 218
Grants, NM 87020

RE: Response to Rio Algom Mining LLC's letter dated February 25, 2011, "RE: proposed alternate disposal cell corrective action plan"

Dear Mr. Ray:

The New Mexico Environment Department ("NMED") herein is responding to Rio Algom Mining LLC's ("RAML's") above-referenced response to earlier letters sent by NMED (e.g., December 16, 2010 and January 26, 2011) in which NMED has requested RAML to submit a Corrective Action Plan for construction of an Alternate Disposal Cell ("ADC").

NMED notes that amendment 61 to RAML's Material License SUA-1473, by which the Nuclear Regulatory Commission ("NRC") has authorized construction of the ADC, approves the disposal of "byproduct material and construction debris" (emphasis added) to the ADC under amended Condition no. 32. However, supporting documentation to this amendment, which NMED has reviewed, indicates that the disposed materials, in fact, will comprise byproduct materials *consisting primarily of* mill building debris and windblown impacted soils (emphasis added; see "Environmental assessment for the Tailings Cell 2 expansion reclamation plan," NRC, November 2007, p. 1, 2; "Environmental evaluation of an alternate disposal site," Tetra Tech Inc. for RAML, March 2010, p. 1, 3), and thus would be regulated under RAML's NRC license.

In accordance with 20.6.2.4000 NMAC, RAML will be required to abate any ground water contamination that subsequently may be discovered to originate from the disposed materials and which is not remediated to the State ground water standards promulgated under 20.6.2.3103 NMAC under NRC regulation.

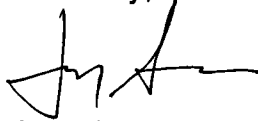
Please contact David L. Mayerson of my staff at (505) 476-3777 or at david.mayerson@state.nm.us if you have any questions.

Mr. Bill Ray, Ambrosia Lake Site Manager

RE: Response to Rio Algom Mining LLC's letter dated February 25, 2011, RE: proposed alternate disposal cell corrective action plan"

November 8, 2011

Sincerely,



Jerry Schoeppner, Acting Ground Water Quality Bureau Chief
New Mexico Environment Department

Copies:

David L. Mayerson, NMED

Dr. Tom McLaughlin, NRC

Mary Ann Menetrey, NMED

JS/dlm