



State of New Mexico
OFFICE OF NATURAL RESOURCES TRUSTEE

Bill Richardson
Governor

Ron Curry
Trustee

Rebecca de Neri Zagal
Executive Director

September 17, 2010

Linda Broughton, President
Rio Algom Mining LLC
8950 North Oracle Rd.
Suite 1150
Tucson, Arizona 85704

Re: Notice of Intent to Perform a Natural Resource Damage Assessment

Dear Ms. Broughton:

This letter serves as a formal Notice of Intent of the State of New Mexico to perform a natural resource damage assessment (NRDA) for the Rio Algom Mines and Quivira Mill (the Site) in McKinley County, New Mexico. The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), as amended [42 USC §§ 9601 *et seq.*], the Federal Water Pollution Control Act (FWPCA), as amended [33 USC §§ 1251 *et seq.*], and federal regulations at 40 CFR § 300.605 authorize the State to recover natural resource damages, plus the reasonable cost of assessing those damages. This Notice of Intent is being provided pursuant to the NRDA regulations issued by the U.S. Department of Interior at 43 CFR Part 11.

The State completed a Preassessment Screen and Determination (PASD) for the Site in accordance with 43 CFR §§ 11.20-11.25. This PASD is provided as an attachment to this Notice of Intent. The PASD will be available to the public for review. As stated in the PASD, the State has concluded that the determination criteria identified in 43 CFR § 11.23(e) have been met for the Site. Specifically, the State has concluded that:

1. A release of a hazardous substance has occurred.
2. Natural resources for which the State may assert trusteeship have been or are likely to have been adversely affected by the release.
3. The quantity and concentration of the released hazardous substance are sufficient to potentially cause injury to those natural resources.

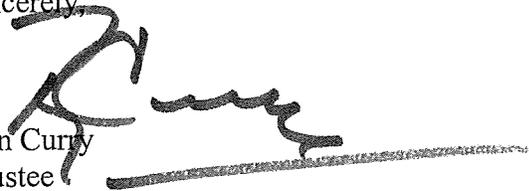
4. Data sufficient to pursue an assessment are readily available or likely to be obtained at reasonable cost.
5. Response actions carried out or planned will not sufficiently remedy the injury to natural resources without further action.

Based on this determination, the State has decided to initiate a NRDA for the site. Further, the State has made a preliminary determination that Rio Algom is potentially liable for natural resource damages at the Site and invites Rio Algom to participate in the development and performance of the assessment of damages.

Please provide a written response within thirty (30) calendar days of your receipt of this notice, indicating whether Rio Algom intends to participate in the NRDA process at the Site.

Sincerely,

Ron Curry
Trustee

A handwritten signature in black ink, appearing to read 'Ron Curry', is written over a horizontal line. The signature is stylized and cursive.

Cc: Chip Demarest, U.S. Department of Interior
Joel Lusk, U.S. Fish and Wildlife Service
Susan Millsap, U.S. Forest Service
Paul Meyer, U.S. Bureau of Land Management
Ann Moore, New Mexico Office of the Attorney General
Dave Sitzler, U.S. Bureau of Land Management
Dave Taylor, Navajo Nation