

ATTACHMENT # 10

**5/25/10 LETTER FROM COUNTY COUNCIL TO
TERRY COOK (KAISER) RE: MINING**

PAMELA J. WALLS
County Counsel

Principal Deputy
KATHERINE A. LIND

OFFICE OF COUNTY COUNSEL
COUNTY OF RIVERSIDE

3960 ORANGE STREET, FIFTH FLOOR
RIVERSIDE, CA 92501-3674
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May 25, 2010

Terry Cook
Vice President
Kaiser Eagle Mountain, LLC
3633 Inland Empire Blvd., Suite 480
Ontario, CA 91764

Re: Eagle Mountain Mine (CA Mine ID # 91-33-0060)

Dear Mr. Cook:

Recently, Kaiser Eagle Mountain, LLC ("Kaiser") notified the County that it intends to fill particular rock orders from material stockpiles at the Eagle Mountain Mine ("Mine") as referenced in the attached letter from Kaiser. Although full-time operation of the Mine was curtailed in 1983, the County has treated Kaiser as having vested mining rights at the Mine because Kaiser continues to engage in surface mining-related activities. These activities include the sale and shipment of overburden as crushed rock and mixed rock product, the maintenance of equipment and roads, and the administration of Kaiser's mining claims.¹ Vested mining rights encompass the removal and transport of mined materials. Therefore, our focus is whether the filing of the particular rock orders is in conformance with Kaiser's approved reclamation plan.

Consistent with the Surface Mining and Reclamation Act (Pub. Resources Code, § 2710 et seq. ["SMARA"]), Kaiser submitted and the County approved a reclamation plan for the Mine in 1980 (amended in 1997), which governs reclamation of the stockpiles from which Kaiser now intends to recover material, identified as "ARA D" and "ARA M." Both SMARA and the County's ordinance implementing SMARA, Ordinance No. 555, establish thresholds and procedures to determine when a reclamation plan must be amended. SMARA provides, in particular, that "substantial deviations" from the approved reclamation plan require a formal reclamation plan amendment. (Pub. Res. Code § 2777; see Cal. Code Regs., tit. 14, § 3502(d).) County Ordinance No. 555 establishes procedures for a reclamation plan amendment, as well as procedures for a "substantial conformance determination," which allows lesser modifications to an approved reclamation plan. (See County Ordinance No. 555, § 13.)

¹ See Eagle Mountain Landfill and Recycling Center Project, Draft Environmental Impact Statement/Environmental Impact Report, 1-2.

Mr. Terry Cook
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The approved Mine reclamation plan does not specify an end volume for ARA D or ARA M, but requires only that the stockpiles be left at their "angle of repose" to naturally revegetate. ARA D is approximately 44.74 acres and contains an estimated 1,103,148 tons of stockpiled rock and ARA M is approximately 394.36 acres and contains an estimated 86,611,600 tons of stockpiled rock.² Kaiser's planned recovery from ARA D and ARA M, which does not exceed approximately ten (10) percent of the current volume for both stockpiles, will have no effect on the reclamation plan requirements for the stockpiles. Kaiser must report its actual material recovery in its annual SMARA reports to the County. Overall, recovery from ARA D and ARA M benefits site reclamation by reducing stockpile volume and restoring the site to more gradual contours which will better conform with the surrounding topography. The attached exhibits you provided depict the stockpiles post-recovery, and confirm our judgment in this regard. Kaiser's planned activity, therefore, requires neither a reclamation plan amendment nor a substantial conformance determination under SMARA or County Ordinance No. 555.

Please be aware that the contents of this letter are based on the information known to date and the opinions stated herein are subject to modification if additional information comes to light. The County expressly reserves its right to require a reclamation plan amendment or a substantial conformance application in the event that Kaiser's activities exceed those described in this letter.

Sincerely,

PAMELA J. WALLS
County Counsel



KATHERINE A. LIND
Principal Deputy County Counsel

cc:
Supervisor John J. Benoit
District Four

David L. Jones
Chief Engineering Geologist
TLMA - Planning Department

² "Appraisal Report of the Eagle Mountain Mine Area, Riverside County, California for Proposed Mineral Rights Exchange with the California State Lands Commission" dated October 15, 2003, and prepared by TerraMins, Inc. for the California State Lands Commission and Kaiser Eagle Mountain, LLC.



KAISER VENTURES LLC

May 13, 2010

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Riverside, CA 92501

KAISER EAGLE MOUNTAIN, LLC
One Court Street
Post Office Box 37
Desert Center, California 92239
760/392-4257
760/392-4341 fax

RE: EAGLE MOUNTAIN MINE (CA MINE ID #91-33-0060)

Dear Ms. Lind:

As your office is aware, Kaiser Eagle Mountain, LLC ("**Kaiser**") continues to recover material from its stockpiles at the Eagle Mountain Mine ("**Mine**"). Orders for material from the Mine vary in scale depending on local market demand. We hereby inform the County that Kaiser has recently received several additional orders for rock material to be recovered from two of the Mine's stockpiles in particular, known as "ARA D" and "ARA M."

In earlier communications, we have demonstrated that Kaiser acquired and began operating the Mine prior to state and local permit requirements, and thus possesses vested mining rights under statutory and constitutional principles. The County has accordingly treated the Mine as a vested operation. Following the enactment of the Surface Mining and Reclamation Act (Pub. Resources Code, § 2710 et seq.), Kaiser submitted and the County approved a reclamation plan for the Mine.

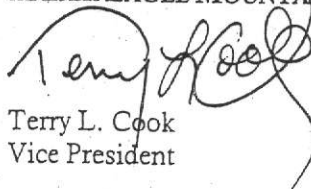
Kaiser's ongoing removal of material from its stockpiles, including ARA D and ARA M, is consistent with the Mine's vested status and its reclamation plan. Furthermore, recovery of ten percent of the material from ARA D and ARA M as depicted in the attached exhibits that are incorporated herein by this reference will not substantially deviate from the Mine's approved reclamation plan, and will not require a substantial conformance determination. The attached exhibits demonstrate that Kaiser's planned recovery from the two stockpiles will result in only minor changes to their overall appearance.

To avoid misunderstanding, we kindly request the County confirm whether it will continue to treat the Mine as a vested mining operation. We also request that the County advise us whether recovery of material from the Mine's stockpiles, as described herein, is in conformance with our approved reclamation plan.

Thank you for your attention to this matter, and we look forward to working with you further. Please feel free to contact me at 909.483.8511 with any comments or questions.

Very Truly Yours,

KAISER EAGLE MOUNTAIN, LLC



Terry L. Cook
Vice President

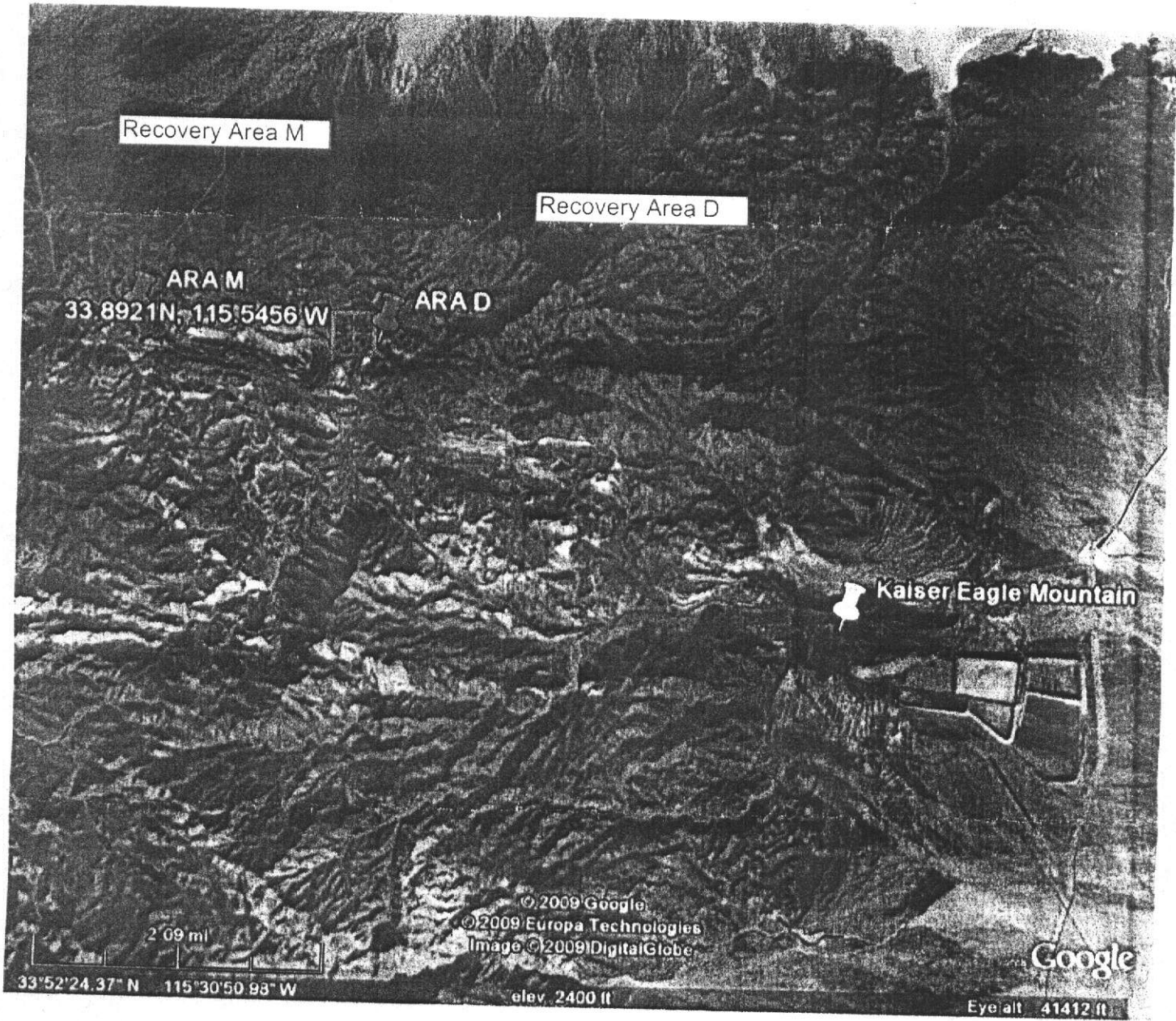
Enclosures

cc: Tiffany North, County of Riverside

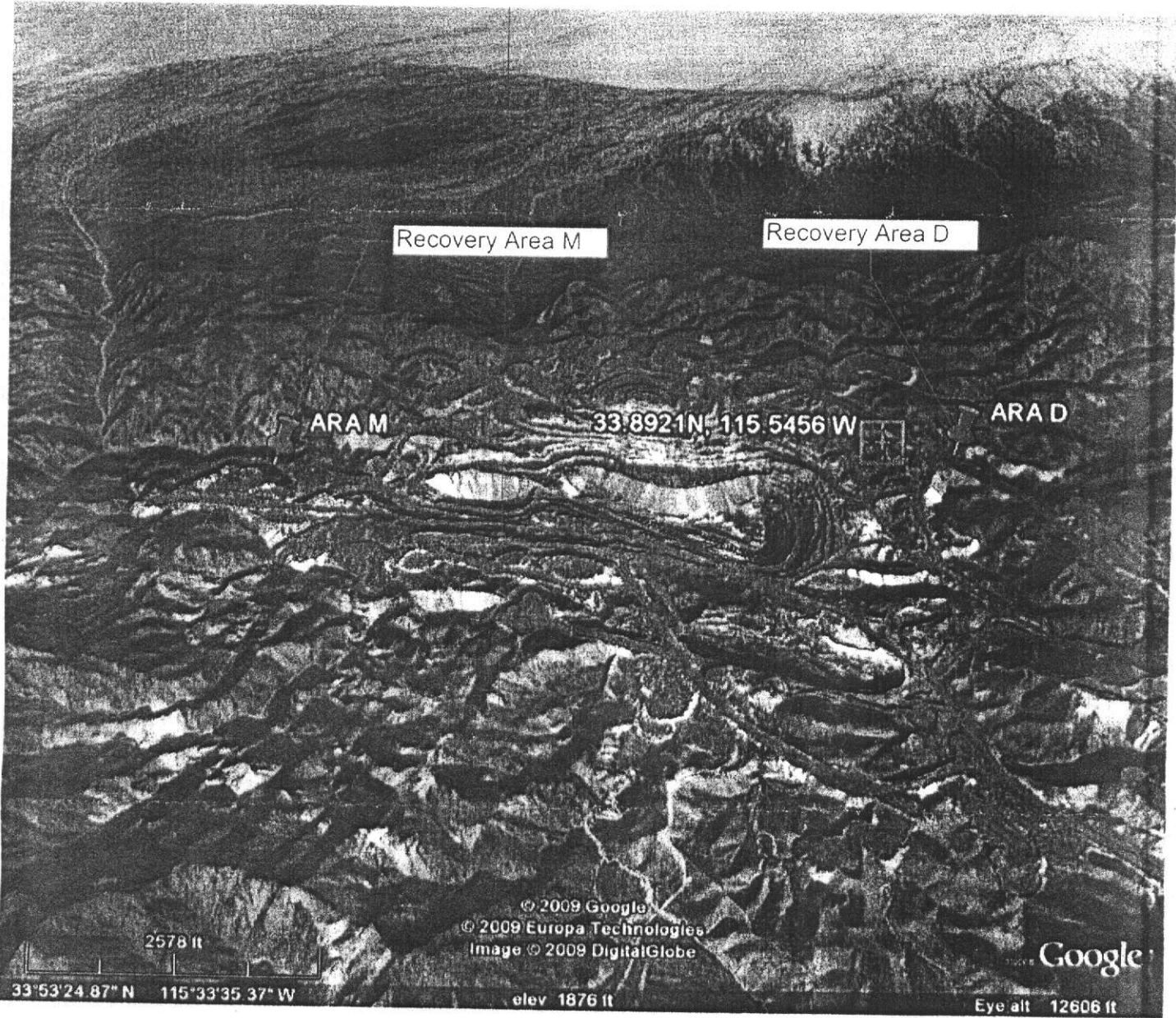
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terry10\lind-county em confirmation request

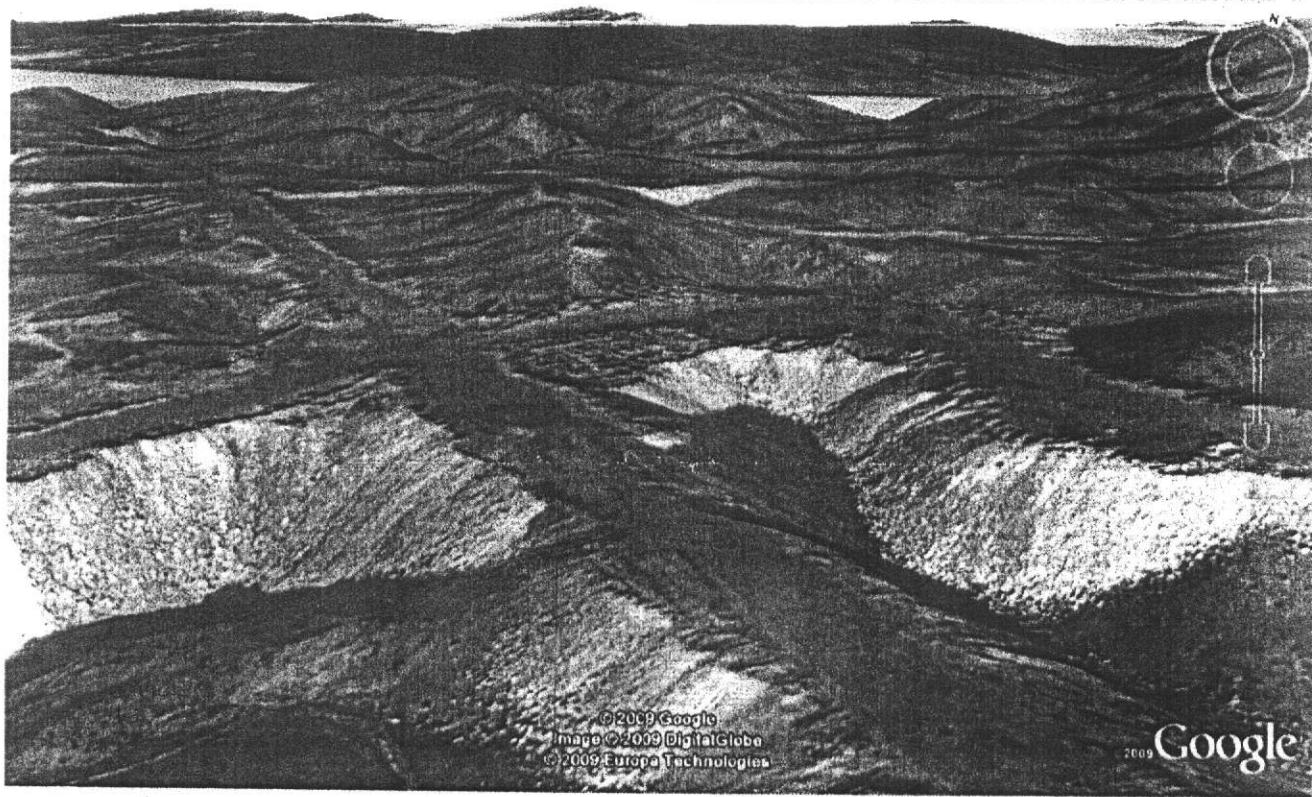
OVERVIEW 1 – Entire Eagle Mountain Mine Site



OVERVIEW 2 – Eagle Mountain Mine West Area



ARA D – Current Appearance

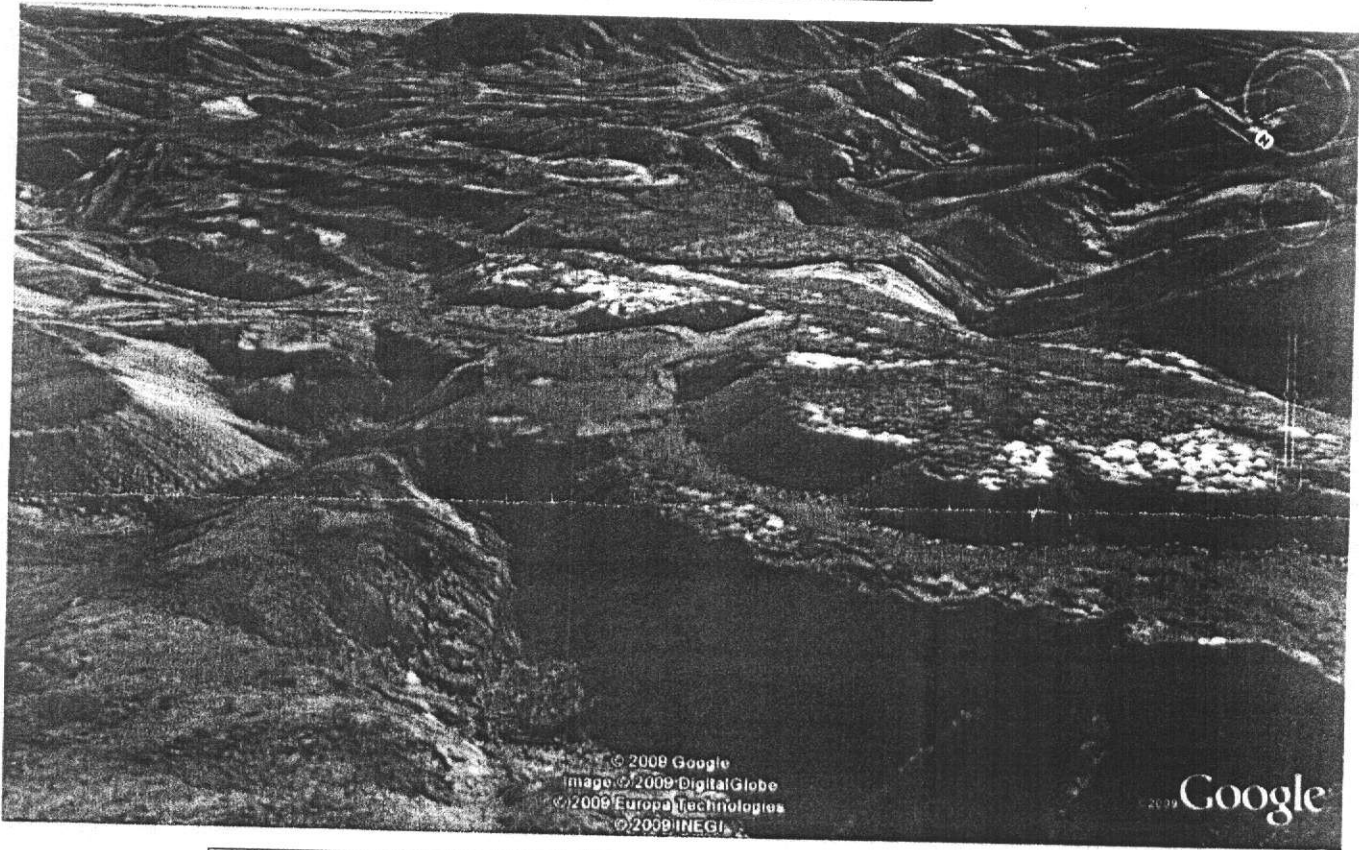


ARA D – After Approximate 10% Recovery from Toes and Slopes

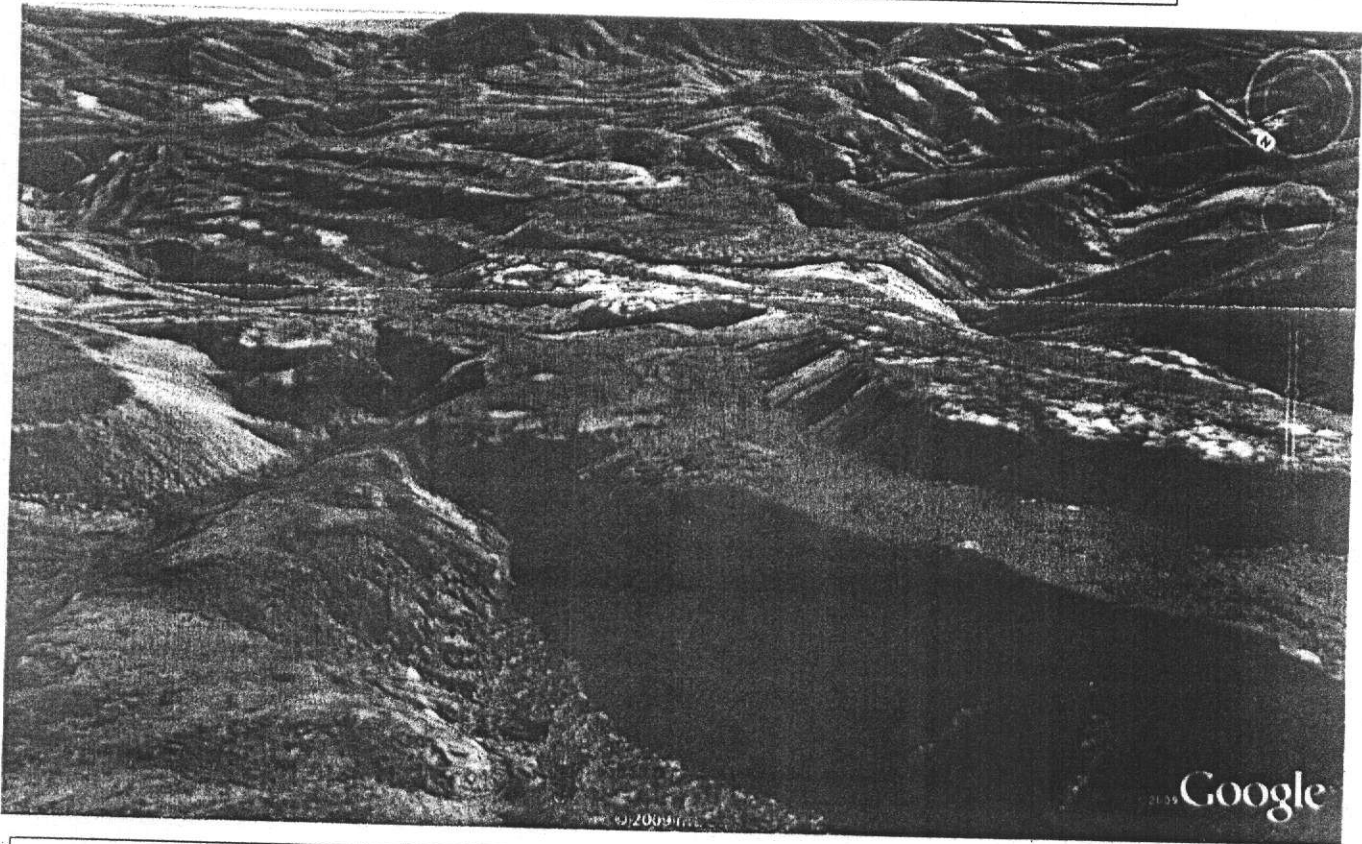


Note: Illustration is not an engineer's drawing, and shows potential recovery points. Actual recovery points may differ.

ARA M – Current Appearance



ARA M – After Approximate 10% Recovery from Toes and Slopes



Note: Illustration is not an engineer's drawing, and shows potential recovery points. Actual recovery points may differ.