

EXHIBIT B

**WATERS ENGINEERING CO.
GENERAL BUILDING INSPECTION REPORT
LA PLATA MINE, LA PLATA, NEW MEXICO**

Submitted To:

San Juan County
100 S. Oliver Drive
Aztec, New Mexico 47410

Submitted By:

Waters Engineering Co.
1405 Mesa Verde Street
Farmington, New Mexico 87401

July 29, 2006

WATERS ENGINEERING

1405 Mesa Verde
Farmington, New Mexico 87401

(505) 326-5056
(505) 324-2162 Fax

Ms. Linda Thompson
San Juan County
100 South Oliver Street
Aztec, New Mexico 87410

Reference: Building Inspection Report
La Plata Mine
La Plata, New Mexico

Dear Ms. Thompson,

As recently discussed, we have inspected three (3) buildings located at BHP's La Plata Mine, La Plata, New Mexico. The inspection was coordinated by Mr. Mike Stark, San Juan County, and Mr. Richard Trost, BHP Billiton Corp. and performed on July 21st, 2006.

The main focus of the inspection was the large office and shop building (42,000+- sq. ft.) that was constructed in about 1985. Other buildings at the site include a pump house and wash building that are used for fire protection, water distribution and to clean equipment.

Utilities are provided at the site as follows:

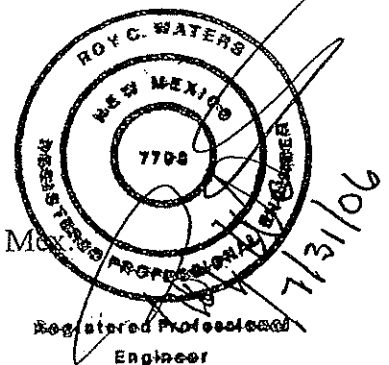
- (1) Potable water by the Upper La Plata Water User's Association.
- (2) Raw water from BHP's San Juan Mine Facility.
- (3) Electrical from a 69 KW Substation as provided by the City of Farmington Electrical Utility
- (4) Propane by Rocky Mountain Propane Co.
- (5) Sewer by an onsite lagoon.

All buildings are well maintained with specific comments to follow in this report. We thank you for the opportunity to be of service to San Juan County. If you have any questions, please let me know.

Sincerely,

Roy Waters, P.E. & P.L.S. N. Mex.

Cc: Mr. Mike Stark
Mr. Ray Armenta
File



**Inspection Report
La Plata Mine Buildings
La Plata, N. Mex.**

INTRODUCTION:

This report contains comments as the result of an inspection of buildings located at BHP's La Plata Mine which was conducted on July 21st, 2006. The purpose was to provide a general condition survey of the main office/shop building as well as two (2) smaller buildings located at the site. The complex is approximately 20 years old and was built in about 1985.

I. MAIN OFFICE/SHOP BUILDING:

The main office/shop building consists of areas as follows:

(1) Second floor office	8,623 sq. ft.
(2) Warehouse	8,233 sq. ft.
(3) Lower level change rooms, first aid and support	5,778 sq. ft.
(4) Shop and truck bay	<u>19,283 sq. ft.</u>

Total 41,937 sq. ft.

(Reference Appendix A Drawings)

The building foundation is a thick slab on grade concrete foundation. The building is a prefabricated steel structure with two (2) roof levels. Fire protection is provided by four (4) exterior hydrants and four (4) interior hose cabinets located around and within the building respectively. There is not a central fire alarm nor sprinkler system within the building.

Items that should be considered are as follows:

1. There are a number of water stained ceiling tiles in the office area which are the result of roof leaks. Repairs are evident around roof top mechanical units and where the office roof intersects the higher

shop walls. It is suggested that the office roof obtain a more permanent type repair and ceiling tiles be replaced as required.

2. Rooms such as office storage, electrical, computer, janitorial and work rooms should be fire/smoke sealed. This would include ceiling and wall penetrations, doors, and general fire/smoke protection in these areas.
3. Fire protection should also be addressed in lower level shop area. Comments listed in Item #2 would apply
4. In general, the office/shop building does not meet current ADA accessibility requirements. Toilets, sinks, drinking fountains, stairways and the lack of elevator access to the 2nd level office area do not comply with current requirements.
5. Roof top HVAC units are all operable and appear to be original equipment with the exception of one (1) unit that was added to computer room #213. Note that the equipment is approximately twenty (20) years old and may need to be replaced in the future as required.
6. Louvered vents above the shop have been partially closed due to exhaust fumes from the shop area being drawn into HVAC units that supply the office area. Additional exhaust considerations may be needed in the shop depending upon future use.
7. A wall crack was noted in the lower level men's changing room which would require further investigation.
8. Shop rollup and sliding equipment doors appeared to be original equipment and all appeared operational and well maintained.

II. PUMP HOUSE BUILDING

The pump house contains two (2) domestic water pumps and two (2) fire pumps i.e. one (1) electric and one (1) diesel. Chlorination equipment and a diesel storage tank are no longer operable and should be removed. The building in general was in good condition.

III. WASH BUILDING

This building is an open ended type structure used for washing the large mining equipment. Nothing was noted within this building.

SUMMARY:

All three buildings appeared in good condition and well maintained. The primary upgrades should be in the areas of fire protection and ADA accessibility so as to comply with current standards. Mechanical equipment is approximately twenty (20) years old and may need replacement in the future. The office roof should have a more permanent type repair and ceiling tiles replaced as needed. An environmental survey should also be considered if not available.



AREA
5798 SQ. FT.

AREA
5545 SQ. FT.

- LEGEND**
- ▲ WALL PLAN LOCATION
 - ⊗ FIRE EXTINGUISHER LOCATION
 - == WATER HOSE LOCATION

**LA PLATA MINE
FACILITIES
EVACUATION PLAN**

REV. 03-Jan-00,JS
DWG. # J475-99-1027B
LOC. 4-4

TRUCK BAY

OPEN TO SHOP BELOW

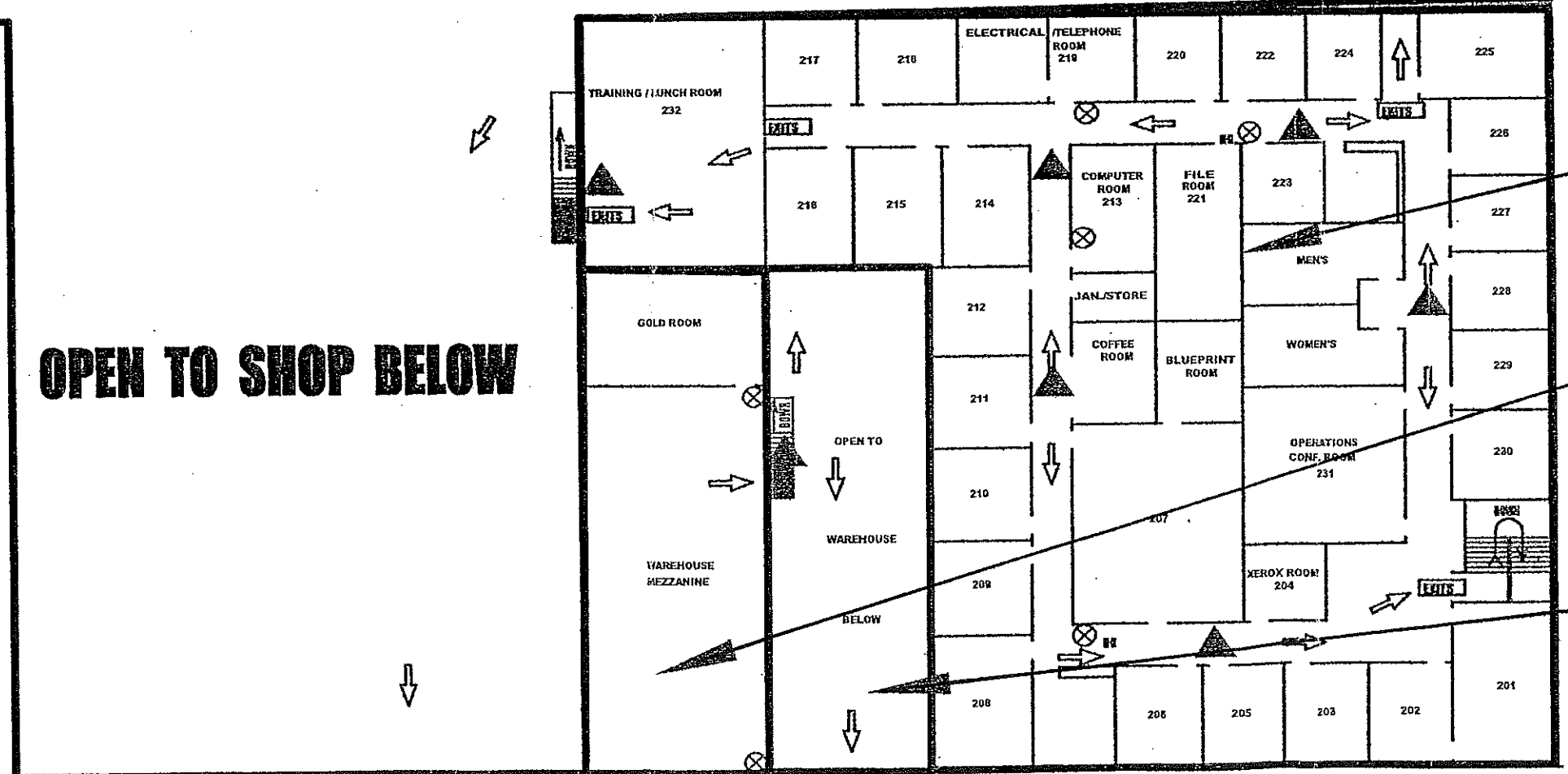
AREA
19283 SQ. FT.

OPEN TO SHOP BELOW

AREA
8623 SQ. FT.

AREA
1441 SQ. FT.

AREA
1246 SQ. FT.



**LA PLATA MINE
FACILITIES
EVACUATION PLAN**

- WALL PLAN LOCATION
- FIRE EXTINGUISHER LOCATION
- WATER HOSE LOCATION

LA PLATA MINE FACILITIES

REV. 03-Jan-00 JS

DWG. # J475-99-1027A
LOC. 4-4