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DEC 1 1997
MINING & MINERALS DIV.

**PERMIT NO. GR012MN
KB MINE
MINIMAL IMPACT NEW MINE**

**MINING AND MINERALS DIVISION
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

This permit no. GR012MN is issued by the Director of the Mining and Minerals Division (MMD) of the New Mexico Energy, Minerals and Natural Resources Department to:

Southwest Silica Flux Company, Inc.
P.O. Box 36
Hanover, New Mexico 88041

(Permittee) for the KB Mine, located in Grant County, New Mexico.

Section 1. STATUTES AND REGULATIONS

This permit is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993)

This permit is subject to all applicable regulations of the New Mexico Mining Act (Act), New Mexico Mining Act Rules (Subparts 1-13) and any other regulations which are now or hereafter in force under the Act; and all such regulations are made a part of this permit by this reference.

Section 2. MINING AREA

The Permittee is authorized to conduct mining and reclamation operations only on those lands that are specifically designated and authorized as the permit area. The permit area encompasses 100 acres in Section 17 of Township 17 South, Range 12 West (New Mexico Principal Meridian), Santa Rita Quadrangle, Grant County, New Mexico, as delineated on the Site Map in the Permit Application Package (PAP). The disturbed area will not exceed 10 acres ^{of unrestrained surface.} All lands to be disturbed will be addressed under the performance and reclamation standards and requirements of §304 provided in the PAP. DM.

Section 3. FINDINGS OF FACT

- A. The PAP is complete and demonstrates the proposed operation will comply with the performance and reclamation standards and requirements of the Act and §304 of the New Mexico Mining Act Rules.
- B. The Permittee has paid the initial application fee in the amount of \$365.75.
- C. The applicant has provided satisfactory financial assurance in the amount of ~~\$10,176.~~ 14,134. *DM.*
- D. The applicant, the operator or owner or any persons or entities directly controlled by the applicant, operator, owner or any persons or entities that directly control the applicant, operator or owner:
 - 1. are not currently in violation of the terms of another permit issued by the Division or in violation of any substantial environmental law or substantive regulation at a mining operation in the United States, which violation is unabated and is not the subject of appeal, and have not forfeited or had forfeited financial assurance required for any mining, reclamation or exploration permit in the United States; and
 - 2. have not demonstrated a pattern of willful violations of the Act or other New Mexico environmental statutes.
- E. The Secretary of Environment has provided a written determination stating that the permit applicant has demonstrated that the activities to be permitted or authorized will be expected to achieve compliance with all applicable air, water quality and other environmental standards if carried out as described in the closeout plan.

Section 4. COMPLIANCE REQUIREMENTS

The Permittee shall comply with the statutes and regulations in Section 1 and with other applicable regulatory and permitting requirements. The issuance of this permit does not relieve the permittee from the responsibility of complying with other state and federal requirements and standards.

Section 5. AGENCY RIGHT OF ENTRY

The Permittee shall allow the authorized representatives of the Director to enter the permit area for the purpose of conducting inspections until release of financial assurance, as provided for in §§304.J.5 and 1101.E.1.

Section 6. PERMIT COVERAGE

This permit shall be binding on any person or persons conducting mining and reclamation operations under this permit.

Section 7. ENVIRONMENTAL COVERAGE

The Permittee shall take all necessary steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, the Rules or the Act.

Section 8. COMPLIANCE WITH THE PERMIT APPLICATION PACKAGE

The Permittee shall conduct mining and reclamation operations only as described in the approved PAP and any revisions or modifications approved by the Director pursuant to §608. The Permittee shall comply with any and all conditions that are incorporated in this PAP.

Section 9. GENERAL OBLIGATIONS AND CONDITIONS

Each permit issued by the Director is subject to the following General Obligations and Conditions:

- A. The Permittee shall maintain a permit until all disturbance is reclaimed pursuant to the requirements of the Act and §304 of the New Mexico Mining Act Rules.

- B. Pursuant to §§304.K and 607.B, the term of this permit is 11 years from the date of approval.

Section 10. **CONCLUSIONS OF LAW**

- A. The Director has jurisdiction over the Permittee and the subject matter of this proceeding.
- B. The Permittee, Southwest Silica Flux Company, Inc., is permitted to conduct mining and reclamation operations at the KB Mine in Grant County, New Mexico, upon the condition that the Permittee complies with the requirements of the Order, the Act, the Permit Conditions and requirements imposed by this Decision, and upon the submission of such annual reports and fees as required under §610 and Subpart 2.

ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that the Permit Application of Southwest Silica Flux Company, Inc. to conduct mining and reclamation operations at the KB Mine in Grant County, New Mexico, is approved. The permit may not be transferred without approval by the Director. The permit is subject to all conditions set out in the Director's Findings of Fact, General Obligations and Conditions and Conclusions of Law, and Order.

By Order of the Director, Mining and Minerals Division, Energy, Minerals and Natural Resources Department, of the State of New Mexico.

Mining and Minerals Division

The State of New Mexico

BY: 

Kathleen A. Garland, Director
Mining and Minerals Division
Energy, Minerals and Natural
Resources Department

DATED: 10/24/97

I certify that I have read, understand and will comply with the requirements of the permit. I also agree to comply with the performance and reclamation standards and requirements of the permit, the Rules, and the Act, and allow the Director to enter the permit area without delay for the purpose of conducting inspections.

DJ Maxwell
Authorized Representative of the Permittee

President
Title

Southwest Silica Flux Co., Inc.
Company

Subscribed and sworn to before me this 26th day of November, 1997

Gonna L. Rader
Notary Public

My Commission Expires

August 18, 01



Via Certified Mail No. P556-050-546.



SOUTHWEST EXPLORATION, INC.



June 30, 1994

Mr. Holland Shepherd
New Mexico Mining & Minerals Division
2040 S. Pacheco
Santa Fe, N M 87505

JUL - 6 1994

Via certified mail no. P-036-243-381.

Dear Mr. Shepherd:

Attached is a copy of a Forest Service Plan of Operations for Southwest's KB Mine located in Grant County. This plan should provide most of the information requested in your "Mining Operation Site Assessment Checklist" which I received by fax only yesterday.

Because rules and regulations for the New Mexico Mining Act have not been adopted, I assumed the deadline for filing of site assessments would be postponed (so the required content would be clarified in the regulations). Apparently, this is not the case. Until my request by telephone on yesterday, Southwest received no information from the Division specifying site assessment content, and in talking to my associates in the industry, I have concluded that this "checklist" was not thoroughly distributed.

As for requested information not provided in the attached Plan of Operations, many of the items requested in the "checklist" (ie. nos. 5,6,7,9,10,11 & 12) would consume more months of study than the time allotted between passage of the Act and the June 30 deadline, and require the expenditure of sums far exceeding Southwest's annual net from operations at this mine.

Sincerely,

Dan Maxwell
D. L. Maxwell

xc: file.

Addendum 4

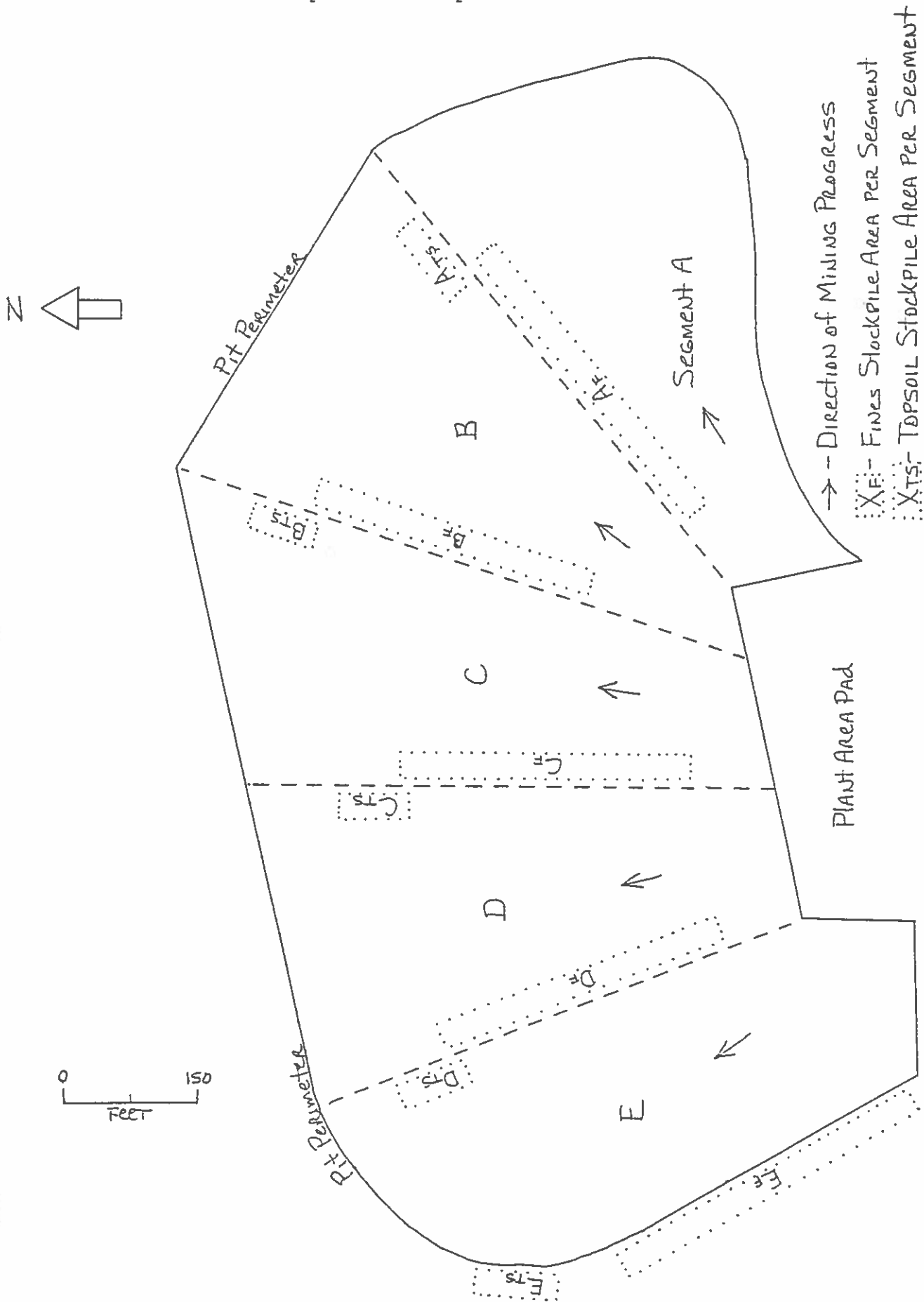
After operations cease, reclamation will proceed in the following sequence:

1. All structures and unnecessary equipment will be removed from the area.
2. Any highwalls created by mining (bench faces) will be reduced to a slope no greater than 1/1 to eliminate safety hazards.
3. Any remaining unreclaimed area in the open pit and the plant area pad will be spread with fines, contoured, and spread with stockpiled topsoil before re-seeding and mulching.
4. Unnecessary roads (built by Southwest) will be closed and reclaimed by removing fill and restoring it to the cut (with a backhoe), removing culverts, contouring, re-seeding, and mulching. Cross drains, dips, or water bars will be constructed as recommended by the Forest Service.

All disturbed areas will be re-seeded with a native plant mix recommended by the Forest Service, mulched with straw, and crimped with a crawler tractor if necessary. Re-seeding will be scheduled to take advantage of seasonal precipitation, and all reclamation should be completed by 7/31/00.

Again, because most reclamation will take place as a part of the mining cycle, most surface disturbance will already be reclaimed by the time operations are suspended. This method will provide Southwest and the Forest Service an opportunity to determine what techniques work best in this area, producing a better end result.

Exhibit A -- Sketch Showing Concurrent Mining and Reclamation, Topsoil Stockpile Areas.

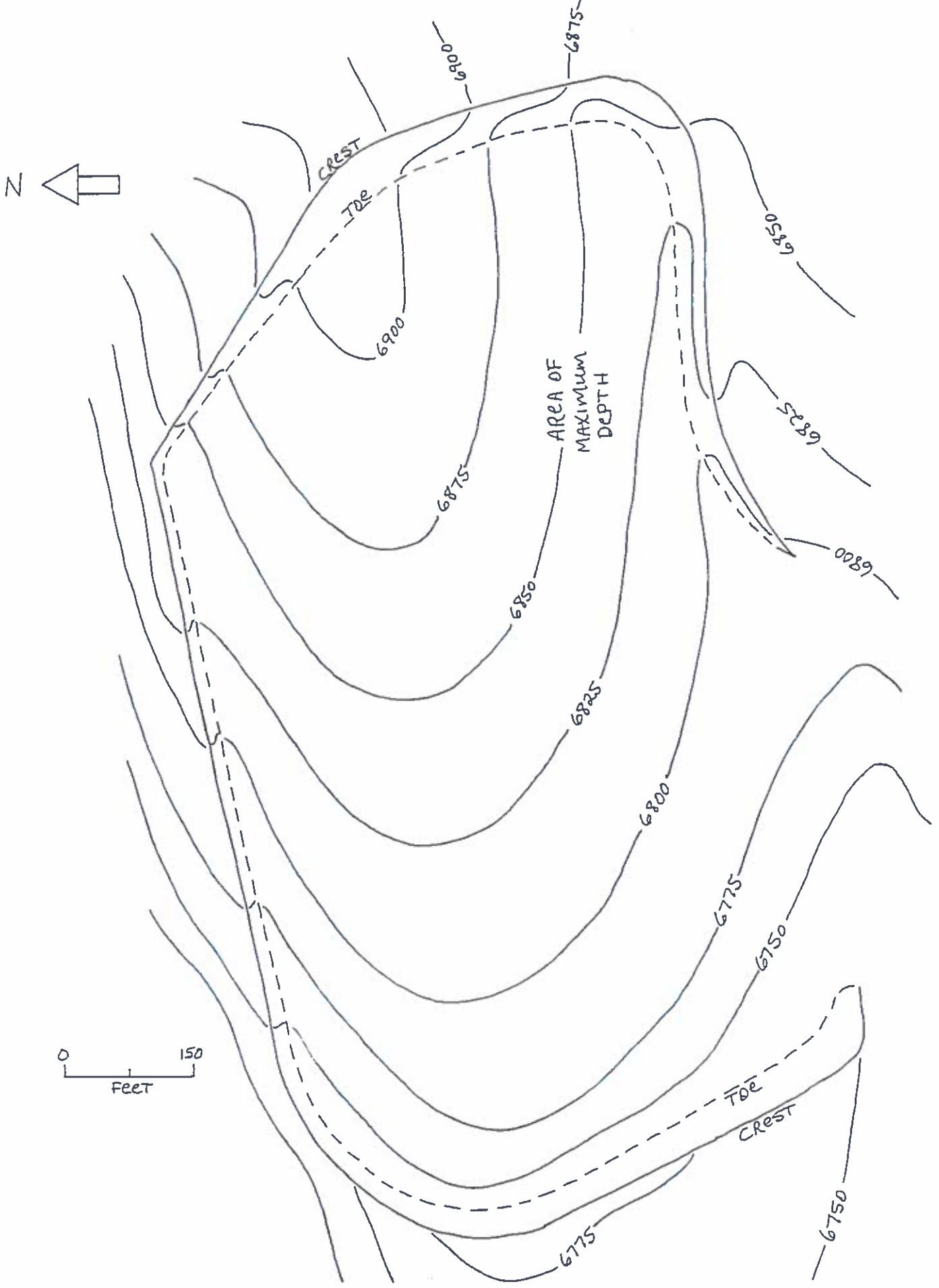


→ -- Direction of Mining Progress

XF - Fines Stockpile Area Per Segment

XTS - Topsoil Stockpile Area Per Segment

Exhibit B -- Estimated Final Pit Configuration.



SOUTHWEST SILICA FLUX COMPANY, INC.
P.O. BOX 36
HANOVER, NEW MEXICO 88041

RECEIVED
SEP 16 1998
MINING & MINERALS DIV.

September 11, 1998

Fernando R. Martinez
Mining and Minerals Division
2040 S. Pacheco Street
Santa Fe, N M 87505

Dear Mr. Martinez:

In response to your letter of 8/17/98, permit modification for KB Mine, permit no. GR012MN, such modification would include an additional 10 acres in Southwest Silica's permit area; however, only 5.93 acres of that 10 acre area contain mine-able outcrop, and Southwest would continue to have a maximum of 5.6 acres of unreclaimed disturbance at any one time. For bonding purposes, remember this additional area is private land, not forest service, so separate instruments for revision of bond covering lands within the old permit area versus the new revised area will probably be necessary. Please provide your thoughts on this subject.

Paragraph two of your letter is unclear as to who should calculate the revised bond; since we both have each others previous calculations on-file, I suggest this be done jointly at an informal work session, but the decision is yours (since the State has a budget surplus, Hawaii is nice in the fall).

To provide a current inventory of lands and reclamation status, brunton and chain surveys were performed on 9/9 and 9/10, with the following results:

roads & access (unchanged)	1.60 acres
mine & pad area (unrecontoured, unseeded)	3.80 acres
reclaimed area (recontoured, unseeded)	5.62 acres
reclaimed area (recontoured & seeded)	8.42 acres.

Concerning your request to approve work as reclamation is conducted, I have no objection, provided inspections are timely conducted, so as not to interfere with operations (if shipments to smelter customers are stopped, I'm out of business).

-continued-

F. Martinez, 9/11/98, page 2.

Check number 8429 in the amount of \$250.00 for fees is enclosed. Please provide guidance on the subjects requested as soon as possible so I know how to proceed.

Sincerely



D. L. Maxwell

xc: file.

SOUTHWEST SILICA FLUX COMPANY, INC.
P.O. BOX 36
HANOVER, NEW MEXICO 88041

JUL 1 0 ENT'D

May 22, 1998



Fernando Martinez, Permit Coordinator
Mining and Minerals Division
2040 S. Pacheco Street
Santa Fe, NM 87505

Dear Mr. Martinez:

Southwest Silica proposes a modification of its minimal impact mining permit (GR012MN), allowing the Company to extend current mining operations onto adjoining lands owned by Cobre Mining Company (see map in Exhibit A). Such modification would include an additional 10 acres inside Southwest's current permit area, and would change information presented in the original permit application as follows:

Paragraph 2.A. would amend to read 'Southwest Silica Flux Co. leases patented and unpatented mining claims from Southwest Exploration, Inc.'

Paragraph 2.B.1. & 2. would amend to include Cobre Mining Company, P.O. Box 341, Hanover, NM, 88041, (505)537-3391 as both surface and mineral owners.

Paragraph 3.B. map would amend as shown in Exhibit A.

Because this additional area will be worked into the Company's existing plans of concurrent mining and reclamation, no other changes in the permit should be necessary. It is understood that this modification will result in no additional unrecontoured surface disturbance above the 5.6 acres currently allowed, and that the Company's existing reclamation bond will apply to the additional area.

If you have further questions, please call me at (505)538-9084.

Sincerely,


D. L. Maxwell

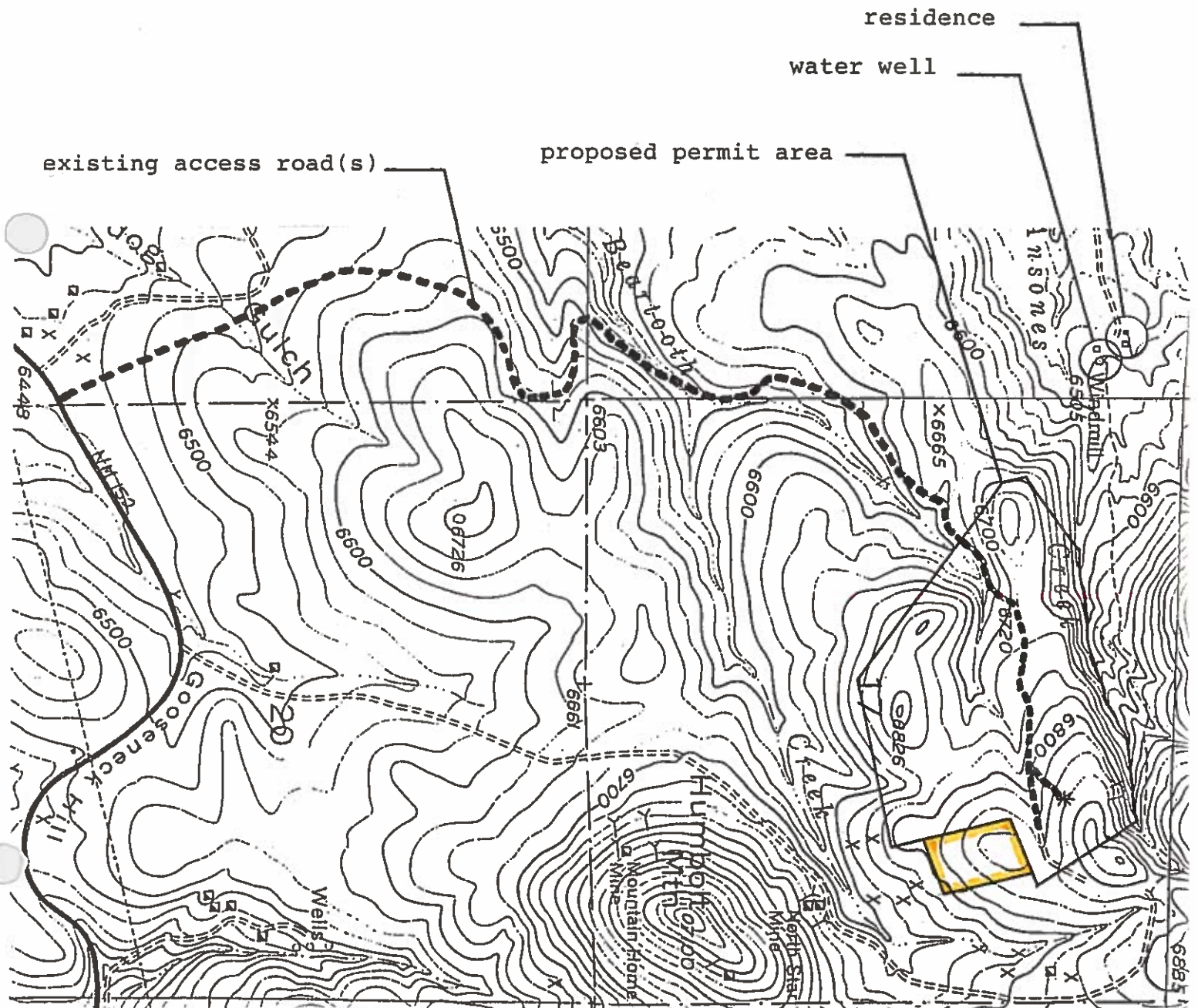
xc: Cobre Mining Co.,
file.

**Exhibit A -- Map Showing Disturbance Areas for KB Mine,
Located in Section 17, T17S, R12W.**

Important note: This mine will be operated using concurrent mining and reclamation. Although all land within the proposed permit area may be disturbed over the mine life, no more than 5.6 acres will be un-reclaimed (un-recontoured) at any given time.

[all streams in the area are ephemeral in nature] * - existing disturbance (pit)

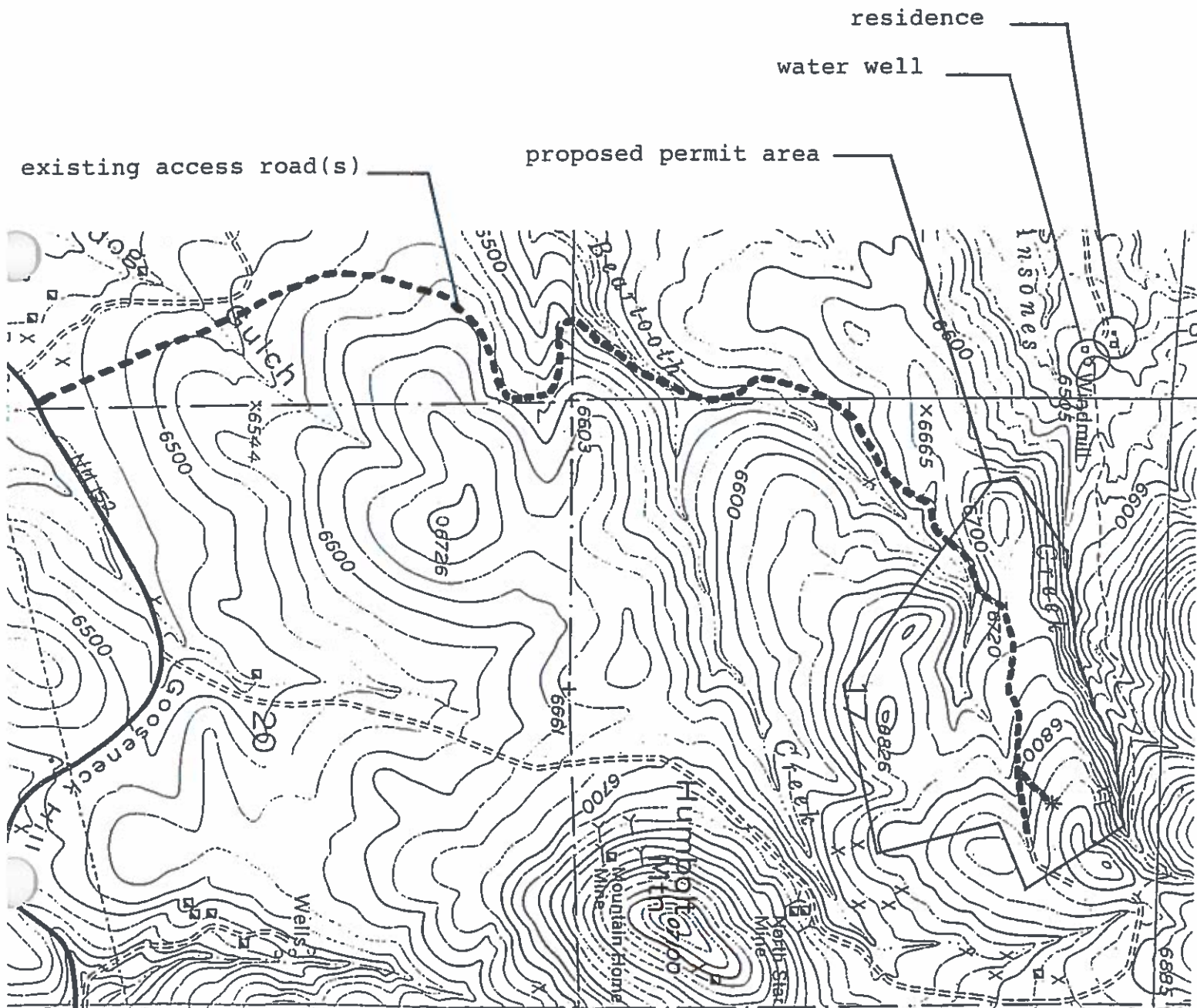
⊙ Additional AREA IN PROPOSED PERMIT MODIFICATION (5-22-98).



**Exhibit A -- Map Showing Disturbance Areas for KB Mine,
Located in Section 17, T17S, R12W.**

Important note: This mine will be operated using concurrent mining and reclamation. Although all land within the proposed permit area may be disturbed over the mine life, no more than 5.6 acres will be un-reclaimed (un-recontoured) at any given time.

[all streams in the area are ephemeral in nature] * - existing disturbance (pit)



11. CERTIFICATION REQUIREMENT (Rule 3.4 J. 5.)

Each application shall be signed and notarized by an applicant for the operation with the following certification made:

I certify that I have personally examined and am familiar with the information submitted herein, and based on my inquiry of those individuals responsible for obtaining the information, I believe the submitted information is true, accurate, and complete. I agree to comply with the requirements of the permit, these Rules, and the Act. Further, I hereby allow the Director to enter the permit area for the purpose of conducting inspections until release of financial assurance.

Signature of Applicant



Name (typed or print)

Daniel L. Maxwell

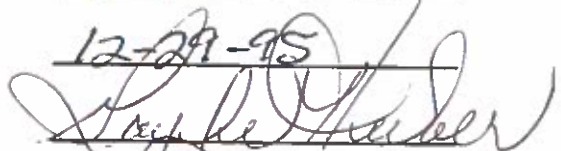
Title/Position

President

Date

12-29-95

Signature of Notary



MY COMMISSION EXPIRES 11-28-98

STATE OF NEW MEXICO

COUNTY OF GRANT

THE FOREGOING WAS ACKNOWLEDGED BEFORE ME THIS 29TH DAY OF
DECEMBER 1995.

Notary Seal

G. Describe what kind of seed bed preparation will take place prior to seeding. What soil amendments will be added? Scarification of the seed bed needs to take place. Will this involve discing or ripping? Beds will be ripped and fertilized as recommended by USFS.

H. Describe in detail the plant species to be used in the re-establishment of vegetation.

<u>Plant Name</u>	<u>Rate of application (lb/ac.)</u>
<u>Blue grama</u>	<u>3.0 pls</u>
<u>Side oats grama</u>	<u>3.0</u>
<u>Cochise lovegrass</u>	<u>1.0</u>
<u>Yellow blossom sweetclover</u>	<u>1.0</u>

I. Will the seeds be broadcast or drilled into the seed bed? broadcast

J. Describe the type of mulch material and rate per acre to be applied after seeding: None (per USFS recommendation).

K. What structures are on site and how will they be removed or reclaimed? (Buildings, portals, adits, shafts, bore holes, ponds, etc.) All structures will be portable (supply trailer, tool shed, toilet, magazines) and will be towed off site.

L. What roads are part of the mine site and how will they be reclaimed. Please provide an estimate of square feet of road and explain if reclamation will involve ripping, scarification, backfilling and recontouring, retopsoiling, etc.: Any existing roads the USFS requires to be removed will be reclaimed by placing 'fill' in the 'cut', recontouring, ripping and seeding as described herein.

M. What will be the time frame for reclamation, (e.g. time of year, during mining, after mining, etc)? Reclamation will be concurrent with mining. Seeding will be scheduled to take advantage of summer rains.

Proposed reclamation dates: Begin: 1 / 1 / 95 End: 9 / 1 / 15

- E. Provide a general description of how the mining and reclamation will be designed and operated to control erosion: Due to the preponderance of rock outcrops, there is little natural erosion, the paucity of which will be enhanced by configuration of the open pit.
-
-

8. RECLAMATION PLAN (Rule 3.4 D. 8.)

The operation will be operated and reclaimed to a self-sustaining ecosystem appropriate for the life zone of the surrounding areas following closure unless conflicting with the approved post-mining land use.

- A. List adjacent land use other than mining: grazing
- B. List the proposed post mining land use: grazing
- C. Describe how reclamation activities will avoid adverse impact to cultural resources. If previously undiscovered cultural resources are exposed during reclamation, operations shall not proceed until notification by USFS is obtained.
- D. Describe any backfilling and grading operations to be performed after mining: Highwalls will be reduced to a 1/1 slope and any other areas to be re-seeded will be recontoured. Fines generated during screening will be used to re-grade the pit.
- E. Describe what mitigation steps will be taken to reconstruct or protect the hydrologic balance of the site after mining: None. No foreseen impacts to ground or surface water.
-
- F. Describe how topsoil or topdressing will be salvaged, stockpiled and distributed for the re-establishment of vegetation: Sparse topsoil will be stockpiled outside the pit using a bulldozer and then re-spread in a similar manner for seeding. Fines generated during screening may be utilized where topsoil is inadequate.

- C. Describe any dewatering activities to be conducted during mining operations:

None planned.

7. PERFORMANCE STANDARDS (Rule 3.4 D. 7.)

- A. Provide a general description of how the mining and reclamation will be designed and operated using the most appropriate technology and best management practices: Since most of the area is covered by rock outcrops, only minor stripping will be required prior to mining, with minimal pad construction. During reclamation, pit benches will be reduced to a slope no greater than 1/1 and re-seeded. Given geology of the deposit and economic constraints, the open pit mining method with concurrent reclamation is the most appropriate technology.
- B. Provide a general description of how the mining and reclamation will be designed and operated to assure protection of human health and safety, the environment, wildlife, and domestic animals: Dust will be controlled by use of sprinklers, when necessary. Slope control will eliminate safety hazards for humans, domestic animals and wildlife. Operations areas and haul routes will be posted to warn the public.
- C. Provide a general description of how the mining and reclamation will be designed and operated to safeguard the public from unauthorized entry into shafts, adits and tunnels and to prevent falls from highwalls or pit edges: No underground mining will be conducted. Falls from highwalls will be prevented by use of warning signs during mining, and after reclamation, reduced slopes will negate danger.
- D. Provide a general description of how the mining and reclamation will be designed and operated so the disturbed area will not contribute suspended solids above background levels, or where applicable the Water Quality Control Commission's standards, to intermittent and perennial streams: There are no live streams in the area.
-
-
-

List for Extension or widening of existing road(s) the following:

Length (ft.) 4640 Width (ft.) 15 = 1.6 acres
Length (ft.) 0 Width (ft.) 0

Other Disturbances: Type None

How Many _____ Acreage _____ Volume (cu.yds.) _____

TOTAL ACREAGE TO BE DISTURBED: 5.6 acres.*

*** at any given time during concurrent mining/reclamation cycle.**

- D. Describe the type of processing that will be conducted on site: _____
Mining, crushing and screening of silica ore to a finished
product of metallurgical grade silica.
- E. Describe the typical equipment to be used for the mining operations. _____
Track drill and air compressor, crawler dozer, wheel
loader, rock crusher and screen with conveyors (units
already permitted) and/or a grizzly, dump trucks and
utility vehicles.

5. CHEMICAL USE (Rule 3.4 D. 4.)

- A. List all chemicals proposed to be used by the mining operation.

Name <u>Diesel fuel</u>	<u>Use Equipment</u>
<u>Explosives</u>	<u>Blasting</u>
<u>Oil & grease</u>	<u>Equipment</u>

6. GROUND WATER INFORMATION (Rule 3.4 D. 5.)

- A. Provide an estimate of depth to ground water and the total dissolved solids concentration.

Depth to ground water (ft.) 1500? T.D.S. concentration unknown

- B. Describe the source of ground water information: "Ground Water
Resources of Grant County, NM" by Trauger.

4. ENVIRONMENTAL PERMITS HELD FOR OTHER OPERATIONS (Rule 3.4 D. 3.)

Provide a list of other environmental permits held for other mining operations within the United States and any violations issued for non-compliance with those permits.

NAME OR TYPE OF ENVIRONMENTAL PERMIT

None

LIST VIOLATION NUMBER, TYPE AND ISSUING AGENCY

None

5. MINING DESCRIPTION (Rule 3.4 D. 4.)

A. Type of mineral or minerals to be mined: silica rock, metallurgical grade.

B. Check (✓) the method of proposed mining:
X Surface or ___ Underground

C. Describe the sizes and volumes of the facilities to be used:

Plant Site/Staging Area:

How Many 1 Acreage 1.0

Pits or Quarries : How Many 1 Acreage 2.5 Volume (cu.yds.) 200,000

Stockpiles: How Many 3 Acreage 0.5 Volume (cu.yds.) 3,000

Waste Dumps: How Many 0 Acreage 0 Volume (cu.yds.) 0

List for New road(s) the following:

Length (ft.)	<u>0</u>	Width (ft.)	<u>0</u>
Length (ft.)	<u>0</u>	Width (ft.)	<u>0</u>

2. Mineral owners

<u>Name</u>	<u>Address</u>	<u>Phone #</u>
<u>Southwest Exploration</u>	<u>P.O. Box 3026</u> <u>Silver City, N M 88062</u>	<u>538-9084</u>

C. List the author(s), title(s), date(s) and report number(s) of any cultural resource survey report(s) submitted to the agency(ies) or landowner(s) listed above:

Ms. Laura Michalik, 10/28/92, Cultural Resources Report No. 174

3. MAPS (Rule 3.4 D. 2.)

A. Provide a legal description of the site [Township(s), Range(s) and Section(s)]: Section 17, T17S, R12W.

B. Provide a topographic map(s) of at least 1 inch = 2,000 feet (or appropriate for the size of disturbance) showing the areas of land to be disturbed by the proposed mining and reclamation. Identify general area shown on the map(s) by Township, Range and Section(s). If the area to be mined contains the following features, show them on the map(s):

1. Boundary of the proposed permit area with the existing and proposed area of disturbance.
2. Previously disturbed areas.
3. Perennial, intermittent and ephemeral streams; springs; wetlands; riparian areas; lakes and reservoirs.
4. Proposed and existing roads and other access routes.
5. Residences.
6. Support facilities.
7. Cemeteries, burial grounds; cultural resources listed or eligible for listing on either the National Register of Historic Places or the State Register of Cultural Properties.
8. Pipelines.
9. Oil, gas, water and monitoring wells on and within ½ mile of the permit area.
10. Identify the location of shafts, adits, trenches, ponds, pits, quarries, stockpiles, waste dumps etc.

1. OPERATOR INFORMATION (Rule 3.4 D. 1.)

LIST PROJECT NAME: KB
NAME OF APPLICANT: Southwest Silica Flux Company, Inc. ADDRESS: P.O. Box 36 Hanover, N M 88041 PHONE #: (505)538-9084
NAME OF OWNER (if different from applicant's name and address): Southwest Exploration, Inc. ADDRESS: P.O. Box 3026 Silver City, N M 88062 PHONE #: (505)538-9084
NAME OF ON-SITE CONTACT OR OPERATOR'S REPRESENTATIVE: D. L. Maxwell ADDRESS: P.O. Box 60483 Boulder City, NV 89006 PHONE #: in-state (505)538-9084

2. RIGHT TO ENTER INFORMATION (Rule 3.4 D. 1.)

- A. Describe or provide evidence for the basis of the applicant's right to enter the property to conduct the mining and reclamation.

Southwest Silica Flux Co. leases unpatented mining claims from Southwest Exploration, Inc., which located said claims under terms of the 1872 mining law.

- B. List the names and addresses of surface and mineral ownership within the proposed permit area.

1. Surface owners

<u>Name</u>	<u>Address</u>	<u>Phone #</u>
<u>USDA-Forest Service</u>	<u>2715 Hwy 180 East</u> <u>Silver City, N M 88061</u>	<u>538-2771</u>

Permit Application Requirements (con't): (Rule 1)

⇒ Check the "YES" or "NO" box for each of the following characteristics as related to the proposed minimal impact mining operation:

YES NO

- | | | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Located in or having a direct surface impact on wetlands, springs, perennial or intermittent streams, lakes, rivers, reservoirs or riparian areas. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Located in designated critical habitat areas as determined in accordance with the federal Endangered Species Act of 1973 or in areas determined by the Department of Game and Fish likely to result in an adverse impact on an endangered species designated in accordance with the Wildlife Conservation Act, Sections 17-2-37 through 17-2-46 NMSA 1978 or by the State Forestry Division for the Endangered Plants Act, section 75-6-1 NMSA 1978. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Located in an area designated as Federal Wilderness Area, Wilderness Study Area, Area of Critical Environmental Concern, or an area within the National Wild and Scenic River System. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Located in a known cemetery or other burial ground. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Located in an area with cultural resources listed on either the National Register of Historic Places or the State Register of Cultural Properties. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Having or expected to have a direct impact on ground water that has a total dissolved solids concentration of less than 10,000 mg/l, except exploratory drilling intersecting ground water may be performed as a minimal impact operation. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Expected to use or using cyanide, mercury amalgam, heap leaching or dump leaching in its operations. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Expected to result in point or non-point source surface or subsurface releases of acid or other toxic substances from the permit area. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Requiring a variance from any part of these Rules as part of the permit application. |

IMPORTANT NOTES!:

If you have checked "YES" to any of the above boxes, the mining operation does not qualify as a minimal impact mining operation. Do not continue to fill out the remainder of this form.

If you do meet the above requirements and have checked "NO" to all of the above boxes, continue filling out this application.

Obtaining a Mining Act permit does not necessarily satisfy the obligation to obtain permits required by other governmental entities.

- ⇒ PLEASE FILL IN ALL APPLICABLE INFORMATION AS COMPLETELY AS POSSIBLE.
⇒ PLEASE PRINT OR TYPE ALL INFORMATION.

FORM: MMDMN
REV. DATE: 04/11/95
[MMDMN.FRM]

FOR MMD USE ONLY:
PROJECT NAME KB MINE
PERMIT # GRO12MA
DATE RECEIVED: 12 / 29 / 95
DATE APPROVED: 1 / 1
LEAD INSPECTOR: Carl John McKay

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Director

Mining and Minerals Division
2040 South Pacheco St.
Santa Fe, New Mexico 87505
Telephone: (505) 827-5970

RECEIVED

DEC 29 1995

MINING & MINERALS
DIVISION

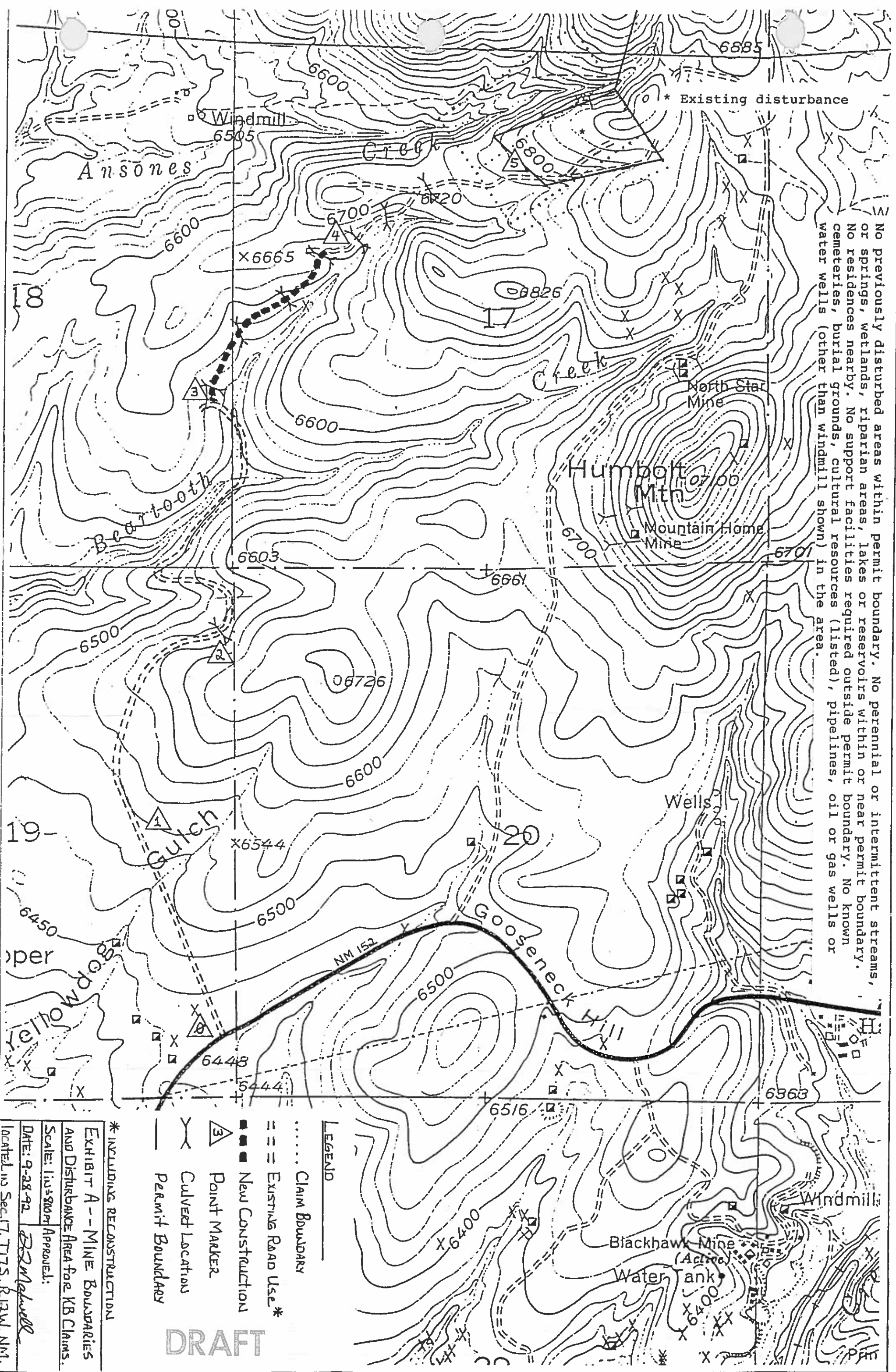
Original

RULE 3
MINIMAL IMPACT NEW MINING OPERATIONS
PERMIT APPLICATION

The following information is required under the New Mexico Mining Act (Sections 69-36-1 through 69-36-20, NMSA 1978) and associated rules. The Mining and Minerals Division of the Energy, Minerals and Natural Resources Department is the administrative agency through which this application is to be processed. See Rule 3.4, Minimal Impact New Mining Operations, of the New Mexico Mining Act Rules for all regulations associated with Minimal Impact Mining operations.

Permit Application Requirements: (Rule 3.4 A., B., & C and Rule 6.1.)

- ⇒ A minimal impact new mining operation will not be considered a minimal impact mining operation if it exceeds 10 acres of disturbed land, except that pre-existing roads and reclaimed areas within the permit area will not be counted. Reclaimed, for this purpose means all financial assurance has been released, except the amount held to reestablish vegetation pursuant to rule 12.4.
- ⇒ For minimal impact new mining operations for which site assessments were submitted on or before June 30, 1994, permit applications shall be submitted by December 31, 1995.
- ⇒ For minimal impact new mining operation for which site assessments were not submitted on or before June 30, 1994, permit applications shall be submitted in ample time to have the permit issued before mining operations begin, and operations shall not begin until after the permit is issued.
- ⇒ Applications for new minimal impact mining operation shall be submitted by December 31, 1995.
- ⇒ Six copies of the completed application need to be submitted.
- ⇒ Confidential information needs to be clearly indicated and submitted separately.



No previously disturbed areas within permit boundary. No perennial or intermittent streams, or springs, wetlands, riparian areas, lakes or reservoirs within or near permit boundary. No residences nearby. No support facilities required outside permit boundary. No known cemeteries, burial grounds, cultural resources (listed), pipelines, oil or gas wells or water wells (other than windmill shown) in the area.

DRAFT

- LEGEND**
- Claim Boundary
 - ==== Existing Road Use *
 - ■ ■ New Construction
 - ▲ Point Marker
 - X Culvert Location
 - - - Permit Boundary

* INCLUDING RECONSTRUCTION

EXHIBIT A - MINE BOUNDARIES AND DISTURBANCE AREA FOR KB CLAIMS.

Scale: 1 in = 500 ft Approved: *[Signature]*

DATE: 9-28-92 *[Signature]*

located in Sec 17, T17S, R14W, NM.