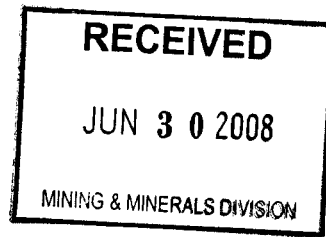


REV.DATE: 2/5/04



FOR MMD USE ONLY:

PROJECT NAME _____

PERMIT # _____

DATE RECEIVED: ____/____/____

DATE APPROVED: ____/____/____

LEAD INSPECTOR: _____

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

Director

Mining and Minerals Division

1220 South Saint Francis Drive

Santa Fe, New Mexico 87505

Telephone: (505) 476-3400

**SUBPART 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 §304, Minimal Impact New Mining Operations, of the New Mexico Mining Act Rules for all regulations associated with Minimal Impact Mining operations.

Permit Application Requirements: (§304.A-C and §601)

- 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 §1204.
- 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.
- Six copies of the completed application need to be submitted.
- Confidential information needs to be **clearly** indicated and submitted separately.

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

- | <u>YES</u> | <u>NO</u> | |
|--------------------------|-------------------------------------|--|
| <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.

1. OPERATOR INFORMATION (§304.D.1)

LIST PROJECT NAME:	
NAME OF APPLICANT: <u>RICHARD BILLINGSLEY & LESLIE BILLINGSLEY</u>	
ADDRESS:	<u>P.O. Box 207 (7 Billingsley LN)</u> <u>DUNCAN AZ 85534</u>
PHONE #:	<u>928-359-2241</u>
NAME OF OWNER (if different from applicant's name and address): <u>RICHARD BILLINGSLEY, LESLIE BILLINGSLEY & JOY MERZ</u>	
ADDRESS:	<u>P.O. Box 207 OR P.O. Box 945</u> <u>DUNCAN AZ 85534</u>
PHONE #:	<u>928 359 9313</u>
NAME OF ON-SITE CONTACT OR OPERATOR'S REPRESENTATIVE: <u>RICHARD BILLINGSLEY or LESLIE BILLINGSLEY</u>	
ADDRESS:	<u>7 BILLINGSLEY LN or 250 LEAH LN</u> <u>DUNCAN AZ 85534</u>
PHONE #:	<u>928 359 2241 or 928 359 9313</u>

2. RIGHT TO ENTER INFORMATION (§304.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:

TREASURY OF GRANT COUNTY (ATTACHED)

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

1. Surface Owner(s):

<u>Name</u>	<u>Address</u>	<u>Phone #</u>
<u>Richard Billingsley</u>	<u>PO Box 207</u> <u>DUNCAN AZ 85534</u>	<u>928 359 2241</u>
<u>Leslie Billingsley</u>	<u>PO Box 945</u> <u>DUNCAN AZ 85534</u>	<u>928 359 9313</u>
<u>Jay Metz</u>	<u>5502 E 7th TULSON AZ 85711</u>	<u>520 275 2602</u>

2. Mineral Owner(s):

<u>Name</u>	<u>Address</u>	<u>Phone #</u>
<u>Richard Billingsley</u>	<u>PO Box 207</u> <u>DUNCAN AZ 85534</u>	<u>928 359 2241</u>
<u>Leslie H Billingsley</u>	<u>PO Box 945</u> <u>DUNCAN AZ 85534</u>	<u>928 359 9313</u>
<u>Jay Metz</u>	<u>5502 E 7th TULSON AZ 85711</u>	<u>520 275 2602</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:

X/A

RUSTLIA BENAVIDEZ
TREASURER OF GRANT COUNTY
 P.O. BOX 89
 TULSA, NEW MEXICO 88062



TAX RECEIPT

IN RECEIVING CHECKS IN PAYMENT
 OF TAXES, THE COUNTY TREASURER
 ACTS ONLY AS A COLLECTING AGENT
 ALL CHECKS ARE SUBJECT TO FINAL
 PAYMENT.
 IN CASE OF A CHECK BEING LOST IN
 TRANSIT OR RETURNED FOR ANY
 REASON, THIS RECEIPT BECOMES
 NULL AND VOID.

TAX ALLOCATIONS			
COUNTY SCHOOL	94.93	COUNTY SPECIALS	0.00
IF INSIDE CITY	0.00	INTEREST	0.00
ERSHED	0.00	NON-RENDITION	0.00
TE SPECIALS	0.00		0.00

TAX YEAR	FIRST HALF TAX	SECOND HALF TAX	TOTAL TAX
1993	47.47	47.46	94.93

ILLINOISLEY, BOBIE W. ET AL
 ILLINOISLEY, RICHARD
 P.O. BOX 89
 DUNCAN AZ 85834 9900

BRIEF PROPERTY DESCRIPTION
 SECTION-24 TOWNSHIP-16S. RANGE-21W
 BILLAL, MC 1001
 11.877 AC.

THIS RECEIPT IS VALID ONLY FOR THE AMOUNT CERTIFIED BELOW AND IS NOT
 GOOD UNLESS VALIDATED BY THE TREASURER.

TAX DISTRIBUTION	RECEIPT #	VALIDATION DATE	VALIDATED AMOUNT	TAX BILL #
TAXES	930010284	12/20/93	94.93	930001388
INTEREST	CK 95 FULL		RT	
PENALTY				
COST				
CHANGE				
TOTAL				
	AMOUNT DUE	IF PAID BEFORE	AMOUNT DUE	IF PAID BEFORE
	N O N E			OWNER #
				22514

PAID
 94.93

3. MAPS (§304.D.2)

A. Provide a legal description of the site [Township(s), Range(s) and Section(s)] as well as GPS coordinates (UTM):

S-26 T-165 R-214
Billali MS 1021

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) as well as identifying the name of the topographic map. 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
- None* 3. Perennial, intermittent and ephemeral streams; springs; wetlands; riparian areas; lakes and reservoirs
4. Proposed and existing roads and other access routes
- None* 5. Residences
6. Support facilities
- None* 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
- None* 8. Pipelines
- None* 9. Oil, gas, water and monitoring wells on and within two miles of the permit area
10. Identify the location of shafts, adits, trenches, ponds, pits, quarries, stockpiles, waste dumps etc

C. Provide driving directions to the site from the nearest town or land mark:

From PUNCA AZ - NE - 15 miles on Carlisle
Road - North - 3 miles on Summit Pk. Rd.

4. ENVIRONMENTAL PERMITS HELD FOR OTHER OPERATIONS (§304.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.

None

80 AC.

22

23

660 AC.

640 AC.

6

S-26 T-16 R-21W

80 AC.

160 AC.

39.81 AC.

39.95 AC.

LOT 2

LOT 1

80 AC.

264-264

27

AC.

38.08 AC.
LOT 3

NO. 515
21.78 AC.
330-330
BILLALI
M.S. 1021
290-412

26

264-331

320 AC

40 AC.

34.90

37.59

40 AC.

LOT 6

LOT 5

40 AC.

462-066

132-132

320 AC.

35

558 AC.

PUZZLE
M.S. 1010 H 092

IRISH JEW
M.S. 1010-G
494-138

BLACK
M.S. 1010
080-168

APRX
M.S. 1010-F
018-190

SUNNIT
M.S. 1010-E
486-258

JACKPOT
M.S. 1010-J
082-262

SUNNIT 436
TUNNEL 236
M.S. 1010-C
392-302

SUNNIT
M.S. 1010-D
440-322

SUNNIT
M.S. 1010-B
402-A

BISHEE
M.S. 1827
360

SURPRISE
M.S. 1010
402-A

ALTA

53

NAMES OR TYPES OF ENVIRONMENTAL PERMITS:

NA

LIST PERMIT VIOLATIONS; NUMBER, TYPE AND ISSUING AGENCY:

NA

5. MINING DESCRIPTION (§304.D.4)

A. Type of mineral or minerals to be mined: Gold, Silver, Silica

B. Check (✓) the method of proposed mining:

Surface or Underground

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

Plant Site/Staging Area:

How Many 2 Acreage 1

Pits or Quarries : How Many Acreage Volume (cu.yds.)

Stockpiles: How Many 2 Acreage 1 Volume (cu.yds.) 1000

Waste Dumps: How Many 2 Acreage 1 Volume (cu.yds.) 1000

List the following for **New Road(s)**:

Length (ft.) Width (ft.)

Length (ft.) Width (ft.)

List the following for extension or widening of Existing Road(s):

Length (ft.) 1200 Width (ft.) 15'

Length (ft.) _____ Width (ft.) _____

Other Disturbances: Type PARTIAL SHAFT

How Many 1 Acreage 1 Volume (cu.yds.) 1000

TOTAL ACREAGE TO BE DISTURBED: 2 acres

D. Describe the type of processing that will be conducted on site:

SCREENING ore

E. Describe the typical equipment to be used for the mining operations:

DRILLING, BLASTING, SCOOP TRAMS (CABLE)
HEAD FRAME & LIFT FOR SHAFT, AIR COMPRESSOR,
GENERATOR, TRUCKS

5. CHEMICAL USE (§304.D.4)

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

Name: _____

Use: _____

ANFO, Explosive

BLAKE ROCK

6. GROUND WATER INFORMATION (§304.D.5)

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

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

B. Describe the source of groundwater information:

UNKNOWN. IT IS AT LEAST 100' TO WATER,

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

WILL CONTACT THE NECESSARY AGENCY IF WE
HAVE TO DEWATER.
DONT ANTICIPATE PUMPING AT THIS TIME.

7. PERFORMANCE STANDARDS (§304.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:

ANY MINING ON SURFACE WILL BE FILLED BACK IN.
PLAN IS TO MINE UNDERGROUND.
WILL RECLAME ANY NEWLY DISTURBED SURFACES.

- 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:

Keep Fence Around Holes. Gates ON ANY PORTALS,
SHAFTS, & AT Edge of PROPERTY
Will NOT leave ANY open Holes HIGHWALLS
or GREAT DANGERS.

- 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:

SIGNS & GATES, FENCES ETC.

- 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:

Will Keep STANDARD practices FROM ANY
disturbed ground FROM WASHING DOWN THE WASH

- E. Provide a general description of how the mining and reclamation will be designed and operated to control erosion:

By Keeping DRAINAGE FROM Loos GRAINED.
RIPRAP, GATTES ETC.

8. RECLAMATION PLAN (§304.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 (i.e. grazing): CATTLE GRAZING

B. List the proposed post mining land use (i.e. wildlife): WILDERNESS

C. Describe how reclamation activities will avoid adverse impact to cultural resources:

ANY NEW SURFACE HOLES WILL BE FILLED WITH
NON-MINERAL MATERIAL

D. Describe any backfilling and grading operations to be performed after mining:

NA

E. Describe what mitigation steps will be taken to reconstruct or protect the hydrologic balance of the site after mining:

NA

F. Describe how topsoil or topdressing will be salvaged, stockpiled and distributed for the re-establishment of vegetation:

NEW DISTURBANCE WILL REMOVE TOPSOIL SAVE AND
PLACE BACK

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?

TAP SOIL REPLACED SEED + DISCING

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>CATCLAW</u>	<u>?</u>
<u>LOCAL GRASSES</u>	<u>?</u>
<u>OAK BRUSH</u>	<u>?</u>

MOST of the Area seeds it self in
A REASONABLE TIME AS THE old WEPPINGS show

I. Will the seeds be broadcast or drilled into the seedbed? BROADCAST

J. Describe the type of mulch material to be applied after seeding and its application rate:

NA

K. What structures will be on the site and how will they be removed or reclaimed? (Buildings, portals, adits, shafts, bore holes, ponds, etc.):

PATENT MIXING CLAM

L. What roads are part of the mine site and how will they be reclaimed? Please provide an estimate of road square footage and explain if reclamation will involve ripping, scarification, backfilling, recontouring, and retopsoiling, etc.:

ROADS will stay the same

- M. What will be the time frame for reclamation, (e.g. time of year, during mining, after mining, etc)?

Spring time of each year after that
Area is not needed

Proposed reclamation dates: Begin: 5/15/2009 End: 5/15/2039

9. **OTHER REQUIRED PERMITS FOR THIS OPERATION (§304.D.9)**

- A. Provide a list of other permits required for the operation and the anticipated schedule for receipt of these.

<u>Permit Name & Issuing Agency</u>	<u>Date or anticipated date of receipt</u>
<u>ATF</u>	<u>Have received</u>
<u>MSHA</u>	<u>waiting for CV</u>
<u>ADK</u>	<u>?</u>
<u>ARMY CORPS</u>	<u>?</u>
	<u>?</u>

10. **FINANCIAL ASSURANCE AND PERMIT FEES (§304.E & F)**

- A. Provide a financial assurance estimate based on the cost of reclaiming the site by a third party. Include supporting calculations. Operations with less than 2 acres total disturbance are not required to provide financial assurance.
- B. Attach the permit fees as determined pursuant to Subpart 2. The permit application fee for a minimal impact new mine is \$350.00.

11. CERTIFICATION REQUIREMENT (§304.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.

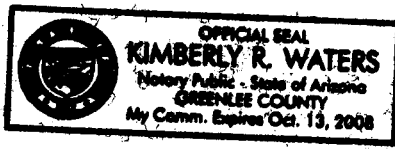
Signature of Applicant: Leslie H. Pillsbury

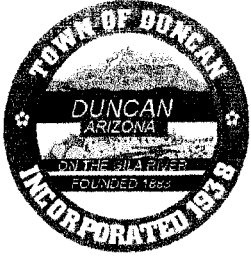
Name (typed or print): Leslie H Pillsbury

Title/Position: owner

Date: June 20, 2008

Signature of Notary: Kimberly R. Waters





TOWN OF DUNCAN LABORATORY

PO Box 916
506 SE Old West Highway
Duncan, AZ 85534
(928) 359-2791

January 20, 2009

To Whom It May Concern:

A Total Dissolved Solids (TDS) analysis was done for the Norman King Mine. The results were 210 mg per Liter.

The Hardness was 359.10 mg/l.

The Ph was 7.7 .

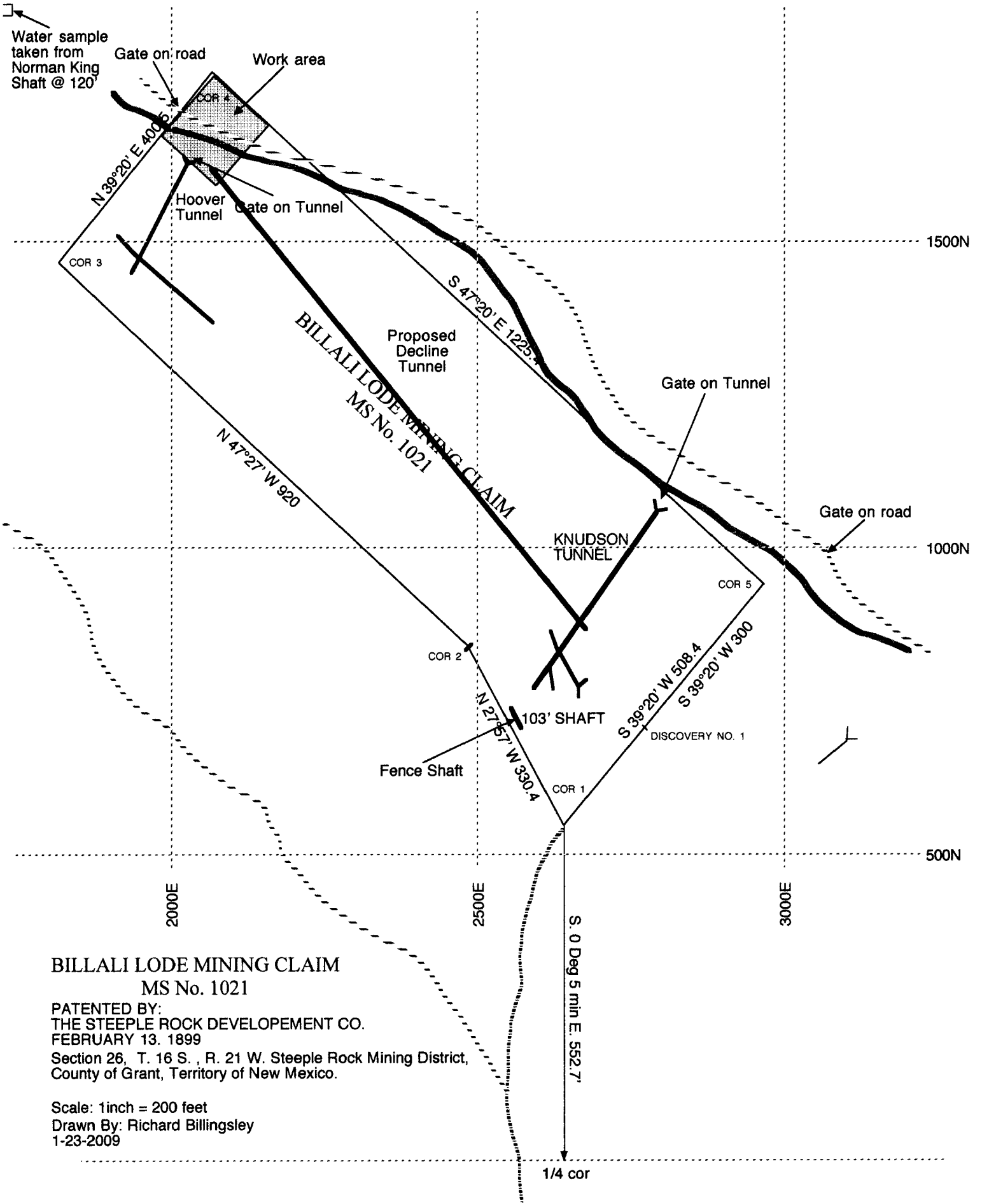
Attached are preliminary results for copper and led.

If I can be of further assistance please call 1-928-359-2791

Alan Baker

Lab Director

AZ Lic. # AZ0706



**BILLALI LODE MINING CLAIM
MS No. 1021**

PATENTED BY:
THE STEEPLE ROCK DEVELOPEMENT CO.
FEBRUARY 13, 1899

Section 26, T. 16 S., R. 21 W. Steeple Rock Mining District,
County of Grant, Territory of New Mexico.

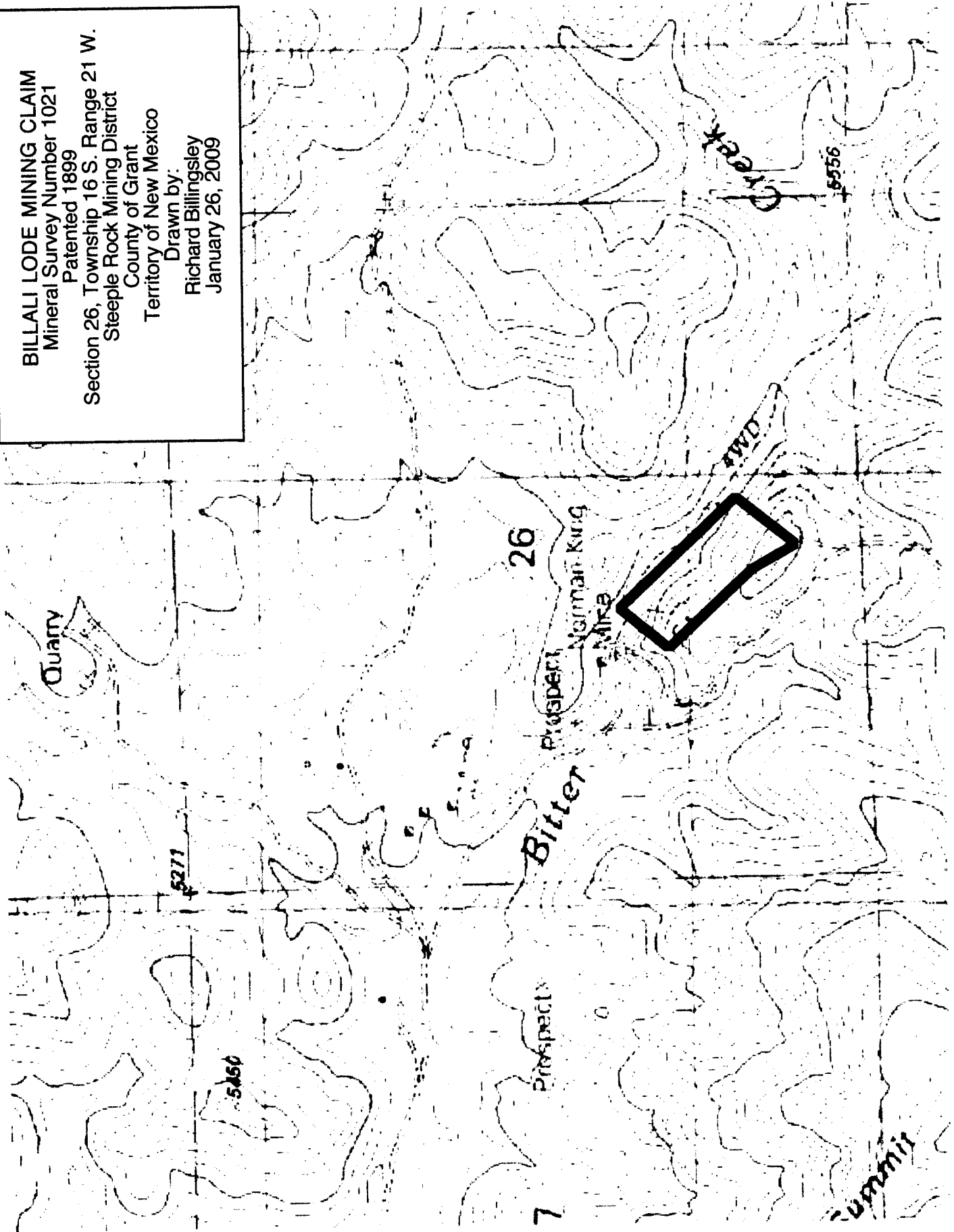
Scale: 1 inch = 200 feet
Drawn By: Richard Billingsley
1-23-2009

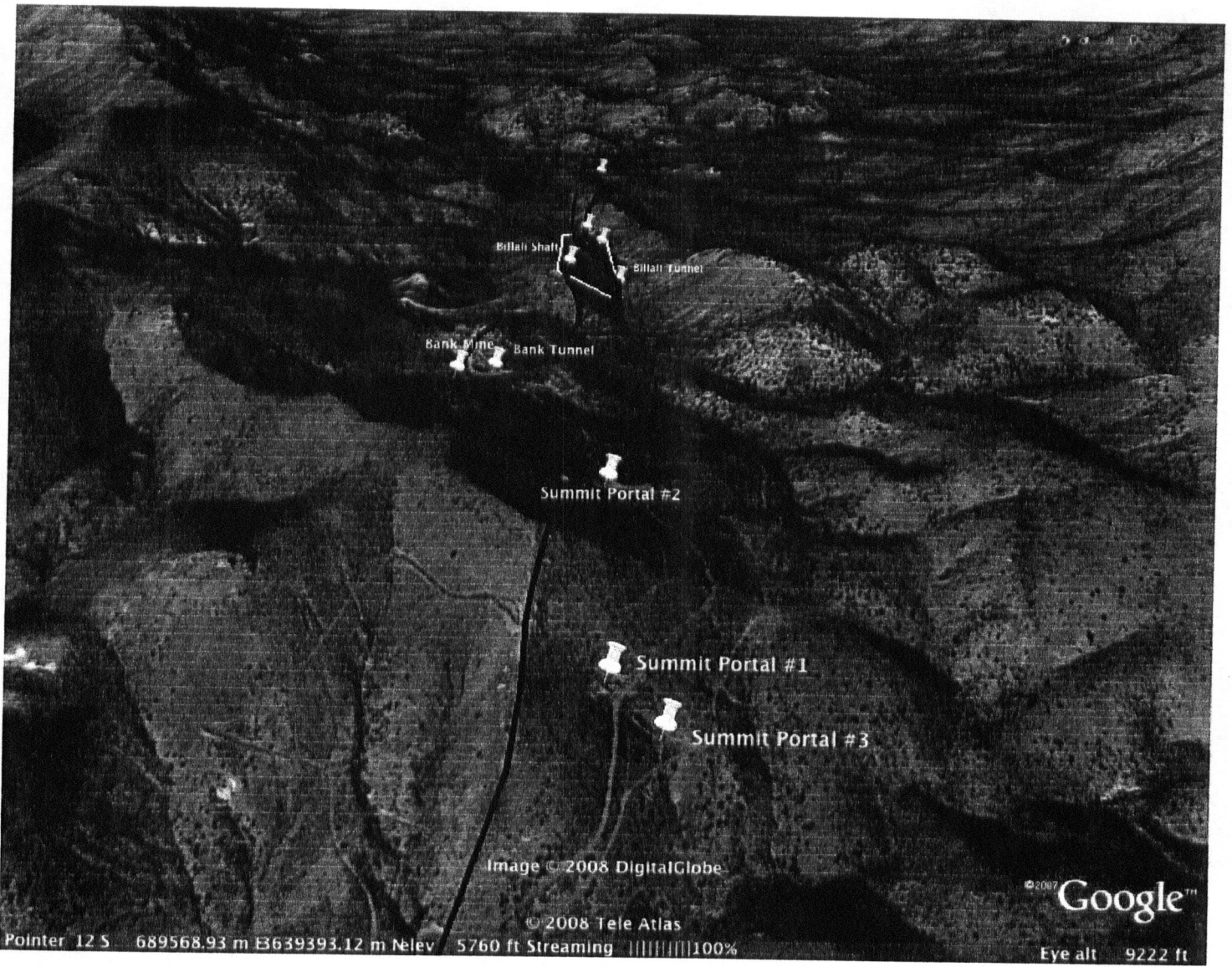
1/4 cor

BILLALI LODE MINING CLAIM
Mineral Survey Number 1021

Patented 1899
Section 26, Township 16 S. Range 21 W.
Steeple Rock Mining District
County of Grant
Territory of New Mexico

Drawn by:
Richard Billingsley
January 26, 2009





Billa Shahr

Billa Tunnel

Bank Mine

Bank Tunnel

Summit Portal #2

Summit Portal #1

Summit Portal #3

Image © 2008 DigitalGlobe


© 2008 Tele Atlas

© 2007 Google™

Pointer 12.5 689568.93 m E3639393.12 m Elev 5760 ft Streaming 100%

Eye alt 9222 ft

MINERALS
ANNEX A



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Bill Brancard
Division Director
Mining and Minerals



August 18, 2008

Richard and Leslie Billingsley
P.O. Box 207
7 Billingsley Ln
Duncan, Az 85534

RE: Mining and Minerals Division (MMD) Review of Application for the Billali Minimal Impact Mining Operation, Permit No. GR058MN

Dear Mr. and Mrs. Billingsley,

The Mining and Minerals Division (MMD) received your application on June 30, 2008 for a subpart 3 Minimal Impact new mining operation to be conducted in Grant County, New Mexico. After review of the application, it was noted that some of the information you have provided is either unclear or has not been adequately addressed. Hence, MMD cannot, at this time, deem the application administratively complete. Enumerated below are items, as referenced in the New Mexico Mining Act Rules (NMAC), that need clarification before this application can be further processed:

- Page 8 – No. 6 Ground Water Information (§304.D.5)
 - A. Provide an estimate of depth to ground water and the total dissolved solids concentration.

Please provide some data or technical evidence that would substantiate your claim that ground water is at least 100' below ground level. It may be necessary to obtain information about depth to ground water from an engineer or from information supplied by owner(s) of other wells in the surrounding area.

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

It is unclear, with the information supplied, whether dewatering will or will not occur. Please answer the question with 'yes' there will be dewatering activities if dewatering activities will occur. If dewatering activity will occur it will be necessary to describe the operation. If dewatering activity will not be necessary explain why you do not believe dewatering activities will be necessary.

Mining and Minerals Division * 1220 South St. Francis Drive
* Santa Fe, New Mexico 87505

* Phone: (505) 476-3400 * Fax (505) 476-3402* <http://www.emnrd.state.nm.us>



RE: Mining and Minerals Division (MMD) Review of Application for Minimal Impact Mining Operation, Permit No. GR058MN

August 15, 2008

Page 3

- Page 10 – No. 8 Reclamation Plan (§304.D.8)

The items under this section that have not been properly addressed are: B, C, F, H, K, and M. Please be more specific about your intentions in the Reclamation Plan section in each of the items mentioned above. The above mentioned parts of the application must be adequately addressed before MMD can proceed with the processing of your application. Please feel free to contact me at 505-476-3439 if you have questions regarding the processing of this application.

Sincerely,



Paul Lyons
Mining Reclamation Specialist
NM Mining and Minerals Division

Enclosure

cc: Holland Shepherd, Program Manager, Mining Act Reclamation Program (MARP)
Paul Lyons, Permit Lead, MARP
Mine File (GR058MN)

Leslie H. Billingsley
P.O. Box 207
7 Billingsley Lane
Duncan AZ, 85534

January 27, 2009

Mr. Paul Lyons
Mining Reclamation Specialist
NM Mining and Minerals Division
1220 South St. Francis Drive,
Santa Fe, New Mexico 8705

Re: Permit No. GR058MN – Billali Patented Lode Claim

Dear Mr. Lyons:

Thank you for your letter dated August 18, 2008 (See attached copy, Annex A), responding to my application letter which you received on June 30, 2008. In that letter, you request clarification of several issues and points that were not adequately addressed by me. Your response indicated that the statements to most of the information on the application were satisfactory, except for the items you specifically listed in your letter of August 18, 2008. Therefore, we are re-submitting a copy of the original application with my correct information, with each of the listed sources with information requiring clarification struck through with felt tip marker. Each of these issues struck through with felt tip marker, as per your letter, is clarified as follows because the following information deals with each of the points brought up in your letter, in the same sequence, and under the same references as found in your letter, each beginning with the original question, followed by your comments in *italics*, which, in turn, is followed with our answers to each of your points, which are listed under **Clarification:**

- Page 8 – No. 6 Ground Water Information (Ref 304.D.5)

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

Please provide some data or technical evidence that would substantiate your claim that ground water is at least 100' below ground level. It may be necessary to obtain information about ground water from an engineer or from information supplied by owner(s) of other wells in the surrounding area.

Clarification:

A water sample was taken from the Norman King shaft, on the Norman King claim, which is located 275 feet due west from corner no. 4 (the most northern point of the Billali Patented Lode Claim (see map, Annex B)) of the Billali Patented Lode Claim.

In order to get a sample of water from down the Norman King Shaft, for ground water testing, I tied a glass bottle to the end of a nylon cord and slowly dropped the heavy bottle down the shaft until it reached water level in the shaft, at which time the bottle filled itself with water. A knot was tied in the nylon line from which the distance to the top of the water was measured. This distance was 121 feet. Therefore, since this measurement was made at the distance of 275 feet from

the Billali Patented Lode Claim. It is assumed that that distance is the depth from the surface to the water table on the Billali Patented Lode Claim, which is 121 feet away from where this distance was measured to the water table.

Part of the water sample removed from the bottle was sent to the Duncan town laboratory for analysis (see Annex C), for Total Dissolved Solids. Another sample was sent to Tucson to the Turner Laboratory for metal content (See Annex D).

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

It is unclear, with the information supplied, whether dewatering will or will not occur. Please answer the question with "yes" there will be dewatering activities if dewatering activities will occur. If dewatering activity will occur it will be necessary to describe the operation.

Clarification:

From the surface down to the depth of 121 feet no water will be encountered. Starting at the depth of 121 feet, "yes", dewatering of the access ramp will be necessary. All water pumped out of the ramp will be deposited in a steel settling tank. The available water analysis indicates negligible sediment availability, therefore, the water will be able to be disposed of immediately. This water will be disposed of by pumping into a nearby wash. The laboratory results for A. (above), indicates that neither metal content nor hardness of the water constitutes any threat or harmful effect.

- Page 8 – No. 7 Performance Standards (Ref. 304.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:

Please indicate the type of equipment to be used in the mining operation as well as the practices that will be used to ensure that least amount of disturbance possible.

Clarification:

The current mining plan calls for a daily production of 200 tons of muck. There are three owners (partners) of the Billali Claim. Between the three of us we have ample years of experience in successfully planning and managing surface and underground mines in many countries, always performing more than the law requires for ecological and environmental requirements to thereby ensure that projects will minimally disturb the environment.

Access to the mineralization will be obtained by sinking a 9 foot x 9 foot ramp at an inclination of -15° for just over 1000 feet to ensure reaching a minimum mining depth of 150 feet. The type of equipment to be used in the mining operation will be a jumbo drill to do the drilling, since it will drill holes more accurately and faster than a jack leg drill. Once the face of the ramp is drilled and blasted, the muck will be removed to the surface by a 1.5 or 2 yard scoop tram.

The practices that will be used to ensure the least amount of disturbance possible will be to minimize surface disturbance optimizing the heights of the dump pads, thereby minimizing the area to be covered by the waste rock. The approximately 81,000 cubic feet (105,300 cubic feet when broken) of rock that will be generated, if piled 12 feet high, will only cover an area measuring approximately 100 feet x 100 feet, which is certainly the minimum disturbance possible.

- 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, wild life and domestic animals.

Please indicate the type of fencing (barbed wire, cable fences, etc.) that will be constructed around the mine site, distance from hazards, an other reclamation safety measures the operation will employ, and how you expect that the implementation of these measures will ensure safety to human health and safety, the environment , wild life and domestic animals.

Clarification:

On the surface of the Billali Patented Lode Claim, there are no holes, adits, or openings into the underground workings that will not be used, and therefore, no surface fencing will be required. However, the access to mining via the ramp will have a padlocked steel gate with chain link fencing covering it (as will the other two existing old adits, each of which will be padlocked shut when not required to be open while mining)

From underground, the escape way exit will also be via a padlocked steel gate to prevent outside parties from gaining access to the underground workings.

Aside from the existing two old adits, and the planned ramp access there is no known additional underground access on the Billali Patented Lode claim.

The reclamation measures that will be employed by the operation are several.

For one, prior to covering or disturbing any surface area, an inventory of native environmental plants and fauna will be made to ensure that ecological care is applied appropriately to prevent unnecessary disturbances. In practice, any critical plants that would be covered by dumps will be physically replaced by identical or very similar species upon completion of the dumps. Where necessary, humus laden soil will be placed on waste rock dumps to encourage natural vegetation growth.

Human health and safety will be protected and provided by strictly following all MSHA rules and regulations. One of the owner-partners of the Billali Claim is a certified MSHA instructor since 1973. His daily participation in all aspects of mining production will ensure not only compliance with, but additional dedication to MSHA rules and regulations.

The only domestic animals that are rarely seen in the district are an occasional cow, however, the natural steep and difficult terrain of the claim does not entice cattle to browse nearby.

Wildlife observed on or near the Billali Claim includes buzzards, song birds, quail, dove, sparrows, bats, crows, and other birds, including the pyruloxia. Evidence has been seen in the field of deer, fox, coyotes, javalina, pack rats, and flies. Since the operation will be entirely underground, we do not anticipate disturbing or otherwise inconveniencing any of the naturally existing wildlife.

- C. Provide a general description of how the mining and reclamation will be designed to safeguard the public from unauthorized entry into shafts, adits, and tunnels and to prevent falls from high walls and pit edges:

Please indicate the type of signs that will be placed on or near the site and their approximate location to the mining area. Also, you have described this as an underground mining operation. Please indicate how you will mitigate danger to the public from the installation of mine shafts, adits or tunnels.

Clarification:

The only access road entrance crosses the Billali Patented Claim boundary in two places. A padlocked steel gate will be put up at each of these sites, which will prevent third parties from gaining access to the mine operation. With these two padlocked gates and the above described padlocked gates on the mine entryways, will safeguard any public person from the mining operations. Since all mining will be underground, there will be no open pits with high walls or other dangerous surface exposures.

The types of signs that will be used will be supported by a standard, or typical steel, post, one inch wide by one inch deep, "T", 72 inches long. They are generally pounded into the ground with a double jack until four feet is above the ground level. Onto these posts, a sign will be placed which reads: No Trespassing, Danger - Underground Mine using Explosives, No Not Enter. One of these signs will be placed every 200 feet along claim boundary line along the accessible side of the claim (from corner 3, to corner 1 (see map, Annex B)). Similar signs will be put up at each steel gate protecting the entrance to each of the four mine entry points, and at each place where the road has a steel gate.

In order to mitigate the danger to the public from the installation of mine shafts, adits or tunnels, this aspect has been covered above with the description of the padlocked steel gates to each of the four entrances to the underground workings (each of the two old adits, the new ramp, and the new escape way).

- D. Provide a general description of how the mining and reclamation will be designed and operated so that the disturbed area will not contribute suspended solids above ground levels, or where applicable the Water Quality Control Commissions' standards, to intermittent and perennial streams.

You have indicated that you will design the project so that it will not contribute suspended solids above ground. Please indicate what management practices you will employ to ensure that this will not happen.

Clarification:

The management practices we shall employ to assure that suspended solids above ground are not contributed to the only intermittent wash on the Billali Patented Lode Claim as follows: Many greater than one ton boulders are currently available along the intermittent wash. These boulders will be moved so that they form a line

of first defense next to the intermittent wash's banks. Immediately behind and between this line of very large boulders, smaller rip-rap, and cobbles will be placed, followed by rip-rap and sand. This will provide a filter through which no suspended solids above ground levels will enter or possibly contaminate the intermittent wash.

- E. Provide a general description of how the mining and reclamation will be designed and operated to control erosion:

You have said how erosion will be prevented, but you have not described how you will design the operation to ensure the success of our efforts to control erosion. (i.e. use of rip-rap, berms, water bars, ec and placement of the same to mitigate sediment displacement).

Clarification:

Efforts to control erosion at the operation will consist of digging control ditches in all places where precipitation might cause erosion. The control ditches will drain into a steel recipient which will allow for precipitation of any solids eroded, allowing for the overflow of clean water into the nearby wash.

On the very short extent of road on the Billali Patented Lode Claim, rip rap may be placed to control erosion.

- Page 10 – No. 8 Reclamation Plan (Ref. 304.D.8)

The items under this section that have not been properly addressed are: B, C, F, H, K, and M. Please be more specific about your intentions in the Reclamation Plan section in each of the items mentioned above. The above mentioned parts of the application must be adequately addressed before MMD can proceed with the processing of you application. Please feel free to contact me at 505-476-3439 if you have questions regarding the processing of this application.

- B. List the proposed post mining land use (i.e. wildlife):

Clarification: The proposed post mining land use of the Billali Patented Lode Claim will likely be restricted to cattle grazing and natural wildlife habitat, due to the extreme topographic differential along the Billali Claim, which would preclude use as a residential or other building sites.

- C. Describe how reclamation activities will avoid adverse impact to cultural resources.

Clarification: Adverse impact to cultural resources will be avoided because the only reclamation activities upon completion of the mining activity will be the planting of natural vegetation on all dumps, berms, and other slightly disturbed surface areas.

Any edifices, offices, or other structures used on the Billali Patented Claim will be mobile and likely will be removed upon termination of the extraction of mineralization.

If any cultural resources are found, the appropriate authorities will be notified.

F: Describe how topsoil or topdressing will be salvaged, stockpiled and distributed for the re-establishment of vegetation.

Clarification: There is negligible or no topsoil on the Billali Patented Lode Claims, since most of it consists of rocky outcrops with scrub oak bushes and other hardy vegetation including a plant with "cat claw" characteristics which can easily cut human skin and clothing.

If revegetation of the dumps with natural occurring vegetation requires covering of the dumps with appropriate ground cover, such ground cover may be collected from some parts of the Billali which are from lower elevations that may constitute better ground cover.

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

Clarification:

<u>Plant Name:</u>	<u>Rate of Application</u>
<u>Cat Claw</u>	<u>0.5 pounds per acre</u>
<u>Local Grasses</u>	<u>5.1 pounds per acre</u>
<u>Scrub Oak Bushes</u>	<u>0.5 pounds per acre</u>

Most of the area revegetates itself naturally at the rate of 100-200 feet advance per year. Our anticipated surface impact is planned to be less than two acres,

K: What structures will be on site and how will they be removed or reclaimed? (Buildings, portals, adits, shafts, bore holes, ponds, etc.):

Clarification:

All buildings (Office, Change House, Parts and Equipment Storage, Powder Magazines), and any other incidentals will be mobile structures easily removed at the termination of mining production.

All portals and adits will have padlocked steel gates covered with chain link fencing. We anticipate no surface bore holes, shafts, or ponds. The only surface water collection site will be a metal tank

M: What will be the time frame for reclamation, (time of year, during mining, after mining, etc)?

Clarification:

The time frame for reclamation of any dumps reaching final height will be immediately revegetated during mining production operations, at whatever time of year it may be, except during the height of winter.

We realize that this "two part" submittal may be unusual, but since the entire application must be re-submitted and since most of the information supplied with the original application was all right, we felt that properly answering those issues that you specifically listed in your letter of August 18th, 2008, as done above, would suffice.

We have had several questions for you and I did call twice, but I have had no response as of yet. However, we are trusting that this "two part" submittal will receive approval.

Thank you for your consideration.

Sincerely,

Les Billingsley

We realize that this "two part" submittal may be unusual, but since the entire application must be re-submitted and since most of the information supplied with the original application was all right, we felt that properly answering those issues that you specifically listed in your letter of August 18th, 2008, as done above, would suffice.

[REDACTED] we are trusting that this "two part" submittal will receive approval.

Thank you for your consideration.

Sincerely,

ANNEX D = ORIGINAL APPLICATION

Les Billingsley

Les H. Billingsley

Cynthia Nichols
1/27/09

