



PERMIT NO. GR058MN

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- 6) *An updated minimal impact new mining application, dated October 9, 2009, and identified as "Attachment G."*

**Section 2.**

**PERMIT AREA**

- A. The Permittee is authorized to conduct mining and reclamation operations only on those lands that are specifically designated and authorized as the permitted area. The Permit area is 1.5 acres encompassing a portion of Section 26, Township 16 South, Range 21 West in the Steeple Rock Mining District, Grant County, New Mexico, as delineated in the design limit map in the PAP - Attachment B.

**Section 3.**

**FINDINGS OF FACT**

- A. The PAP is complete and demonstrates the proposed operation will meet the performance and reclamation standards and requirements of subsection D, Paragraphs 1 through 10, of 19.10.3.304 NMAC.
- B. The Permittee paid the initial permit application fee of \$350.00, on February 4, 2009, as required by Subsection D of 19.10.2.201 of the New Mexico Mining Act Rules (Rules) NMAC.
- C. The Post Mining Land Use is designated for wildlife and grazing.
- D. The Permit Area shall be the map received by MMD, on January 30, 2009, and filed with the PAP, Attachment B, in the folder, "Billali Mine."
- E. The Permittee is not in violation of the terms of another permit issued by the Director, or in violation of a substantial environmental law, or substantive regulation at another mining operation, has not forfeited or had forfeited financial assurance in connection with another mining, reclamation or exploration permit, and has not demonstrated a pattern of willful violations of the Act or other New Mexico environmental statutes.
- G. The applicant has signed a notarized statement that he agrees to comply with the requirements of the Permit, the Rules, and the Act, and allows the Director to enter the permit area for the purpose of conducting inspections.
- H. The Secretary of the New Mexico Environment Department (NMED) has provided a written determination, dated October 26, 2009, stating that the operation is likely to have minimal environmental impact if operated and reclaimed in accordance with the approved permits, and NMED comments, and will be expected to achieve compliance with all applicable air, water quality, and other environmental standards if carried out as described in the New Mexico Mining Act (NMMA) plan. This determination addresses applicable standards for



**Section 9.**                    **GENERAL OBLIGATIONS AND CONDITIONS**

- A. The Permittee is not required to provide financial assurance to MMD as long as the operation maintains two acres, or less, of disturbance pursuant to Paragraph E of 19.10.3.304 NMAC. The term of the permit is governed by 19.10.6.607 NMAC.
- B. The Permittee shall notify MMD, within at least thirty (30) days prior to initiating any reclamation approved pursuant to this permit.
- C. The Permittee shall monitor the site at least once per year, for the duration of the permit, in order to assure knowledge of the general site conditions, and compliance with the approved permit.
- D. The Permittee is permitted to conduct concurrent reclamation activities, but must otherwise commence reclamation activities within 180 days after permanent cessation of mining activities.
- E. If the mine operation is inactive for more than one year, the Permittee shall reclaim the mine, unless granted an extension of time by the Director.
- F. The Permittee will implement erosion control measures that are designed, constructed and maintained using professionally recognized Best Management Practice (BMP) standards as needed.
- G. All disturbances relative to the mining operation shall be revegetated and left in a stable configuration.
- H. The Permittee shall construct a continuous berm around the edge of all high walls. This berm shall be a minimum of three feet in height.
- I. The Permittee shall submit annual reports pursuant to 19.10.6.610 NMAC.
- J. The Permittee is authorized to operate a minimal impact new mining operation. The mining operation will have minimal impact on the environment pursuant to Subsection M, Paragraph 2 of 19.10.1.7 NMAC. In addition, the mining operation will not exceed two acres of disturbed land pursuant to Subsection A of 19.10.3.304 (E) NMAC. The Billali Mine will no longer qualify as a Minimal Impact Operation if permit authority is exceeded or Minimal Impact requirements, as described in Subsection M, Paragraph 2 of 19.10.1.7 NMAC, are violated.

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- K. All lands to be disturbed by the mining operation will be addressed under the performance reclamation standards and requirements of 19.10.3.304 NMAC, and in accordance with the reclamation plan provided in the PAP.
- L. The following conditions are incorporated into the permit, and shall be implemented by the operator as additional requirement(s) necessary for the Billali Mine to maintain minimal impact new mining operation status:
- 1) The Permittee shall collect runoff in a sump at the low point of the concrete ore stockpile pad and sample for field pH prior to transfer of the water to the underground mine. Water having a pH less than 5.0, shall be amended to raise the pH above 5.0, but no greater than 9.0, prior to introduction into the underground mine for use in drilling and/or dust control.
  - 2) The Permittee shall sample wall rock during emplacement of the underground access ramp to monitor any change to the rock type. The monitoring shall take place on a quarterly basis, or every 200 feet of development, until completion of the access ramp. Monitoring shall entail Acid Base Accounting (ABA), including acid generating potential (AGP), acid neutralization potential (ANP), and net neutralization potential (NNP). Samples analyzed for ABA shall also be evaluated for mineralogical identification of major and trace minerals, including minerals responsible for providing acid generating potential and minerals responsible for providing neutralization potential.
  - 3) The Permittee shall continually conduct visual evaluation for sulfides and changes in the geology of material being placed above ground on the escapeway pad. No sulfide bearing material will be placed on the pad or the roadway. A daily log shall be maintained to record visual observations and any sampling that occurs.
  - 4) The Permittee shall map the geology along the length of the underground access ramp and provide this map to MMD upon completion of the access ramp.
  - 5) The Permittee shall sample host rock, once encountered upon completion of the access ramp, and quarterly thereafter. Analysis shall include ABA and mineralogy, as described in condition number 2 above. The results of these ABA analyses may be used to determine the Permittee's continued status as minimal impact mining operation. Pursuant to 19.10.1.7 (M) (2) (h), the operation will be excluded from minimal impact status if, (h) the operation results in point or non-point source surface, or subsurface releases of acid or other toxic substances from the permit area.

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- 6) The Permittee shall notify MMD in the event water is encountered in the subsurface at any time during the process of underground mining. Notification shall include the date water is encountered, approximate depth below ground surface where water was encountered, and an approximation of the discharge rate.
- 7) The Permittee shall provide quarterly reports to MMD by the 15<sup>th</sup> of April, July, October, and January of each year, that include analytical results from sampling conducted during the previous quarter, and a record of the daily log required in Condition 3 above.

M. The following definitions are incorporated into the permit:

- 1) **Wall Rock:** non-mineralized country rock, typically dacite, to be removed from the mine for escape way road construction.
- 2) **Host Rock:** quartz vein material with non-economic value to be left underground above the water table.
- 3) **Ore:** mineralized quartz vein material with economic value to be removed from mine for processing off-site.

**Section 10.**

**CONCLUSIONS OF LAW**

- A. The PAP is complete, and accurate and complies with the requirements of the Act and 19.10.3.304 NMAC.
- B. The Director has jurisdiction over the Permittee and the subject matter of this proceeding.
- C. The Permittee, Richard Billingsley, Leslie Billingsley and Joy Merz, are permitted to conduct mining and reclamation operations at the Billali Mine site 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 may be required under 19.10.6.610 NMAC and 19.10.2 NMAC.

**CERTIFICATION**

I certify that I have personally examined and am familiar with the information submitted in the Permit Application Package, and based on my inquiry of those individuals responsible for obtaining the information, I believe the submitted information is true, accurate, and complete.

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

Leslie H. Billingsley  
Authorized Representative of the Permittee *MR. LESLIE H. Billingsley*

President

Title

Billali Mine Inc.

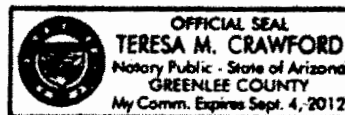
Company

Subscribed and sworn to before me this 11 day of October, 2009

Teresa M Crawford  
Notary Public

My Commission Expires

Sept 4, 2012



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**ORDER**

NOW THEREFORE, IT IS HEREBY ORDERED that the Permit Application Package of Richard Billingsley, Leslie Billingsley and Joy Merz to conduct mining and reclamation operations at the Billali Mine located 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, Conditions, Conclusions of Law, and Order.

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

By: Bill Brd  
Bill Brancard, Director  
Mining and Minerals Division  
Energy, Minerals and Natural  
Resources Department

Dated: NOV. 12, 2009