

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
Mining and Minerals Division  
1220 St. Francis St.  
Santa Fe, New Mexico 87505  
Telephone: (505) 476-3400**

**MINING INSPECTION REPORT**

<b>Name of Operator:</b>	Randy Bouldin, David Davidson, Gulf Coast Mining
<b>Name of Mine:</b>	Cinco de Mayon Mine and the Iron Queen Mine
<b>Address:</b>	PO Box 1319 Capitan, NM 88316
<b>Permit Number:</b>	None (violation, mining without permit)
<b>Commodity:</b>	Iron ore <input checked="" type="checkbox"/> <b>SURFACE</b> <input checked="" type="checkbox"/> <b>UNDERGROUND</b>
<b>Date of Inspection:</b>	June 1, 2011
<b>Time of On-Site Inspection:</b>	11:30 AM – 1:30 PM
<b>Weather Conditions:</b>	partly cloudy, hot, 98F
<b>Purpose of Inspection:</b>	report about unpermitted mining activities
<b>Lead Inspector:</b>	Chris Eustice
<b>Present During Inspection:</b>	<b>MMD:</b> Chris Eustice and Chuck Schultz
<b>ENFORCEMENT ACTION TAKEN:</b>	None
<b>NOTICE OF VIOLATION: #</b>	YES: <input type="checkbox"/> NO: <input checked="" type="checkbox"/>
<b>CESSATION ORDER:</b>	YES: <input type="checkbox"/> NO: <input checked="" type="checkbox"/>
<b>Time: On-Site:</b>	<u>2</u> hrs <b>Permit Review:</b> <u>6</u> <b>Travel:</b> <u>10</u> hrs <b>Report Writing:</b> <u>4</u>
<b>TOTAL INSPECTION TIME:</b>	<u>22</u> HOURS
<b>NOTE:</b>	

**PERMIT UPDATE:**

This is a report on illegal mining activities in Otero County, north-northwest of Orogrande approximately 5 miles. Activities were occurring on the Cinco de Mayo and Iron Queen mine sites.

**June 1, 2011 INSPECTION REPORT**  
**Illegal Mining Otero County, Cinco de Mayo and Iron Queen Mine**

**INSPECTION NARRATIVE:**

MMD was notified of a possible illegal mining operation in Otero County. The inspectors arrived and immediately noticed a recently cut or "improved" access road running west toward the mining district (Cinco de Mayo and Iron Queen Mines). Previous site visits noted this access road to have been a two-track road. This former two track road has now been widened to approximately 30 feet for a distance of approximately 2 miles in order to access the mine site. The disturbance caused by developing this access could possibly exceed 5 acres.

A large dozer and a track hoe were on site (Cinco de Mayo) moving a waste pile of material, from just below the mine, in preparation to run the material through a crusher. Upon asking, the operators of the equipment told us the operator had a mining permit. When asked to provide a copy of said permit the equipment operator provided us with two business cards (Randy Bouldin and David Davidson). Another contractor was present to provide the rock crusher and screening equipment. All present told us Randy Bouldin was managing the operation, though he was not present, and the access roads had been cut over the course of the last two weeks.. The equipment operator (Omar) also told us David Davidson was the "environmental consultant" and if contacted could also vouch for the fact the activities were permitted. I made it clear to the equipment operators that the activities they were involved with were unpermitted. I left a copy of my business card with the contractors and asked that they request Randy and/or David call me.

In addition to the disturbance associated with the 2 mile access road, there were also new earthen cuts going up the steep hillside in order to access the materials to be mined. I did not take precision measurements of these other disturbances associated with mining and processing, but estimate them between two and three acres. All disturbance combined could exceed 5 acres total.

**ACTION ITEMS:**

Issue Cessation Order

**ENFORCEMENT ACTIONS TAKEN OR TO BE CONSIDERED**

Cessation Order and Penalty

**MAINTENANCE ITEMS**

Require operator submit application for remediation activities

**June 1, 2011 INSPECTION REPORT**  
**Illegal Mining Otero County, Cinco de Mayo and Iron Queen Mine**

**PHOTOS**

Google earth image below is looking west, waste rock pile observed being mined can be seen in the upper-middle portion of the image

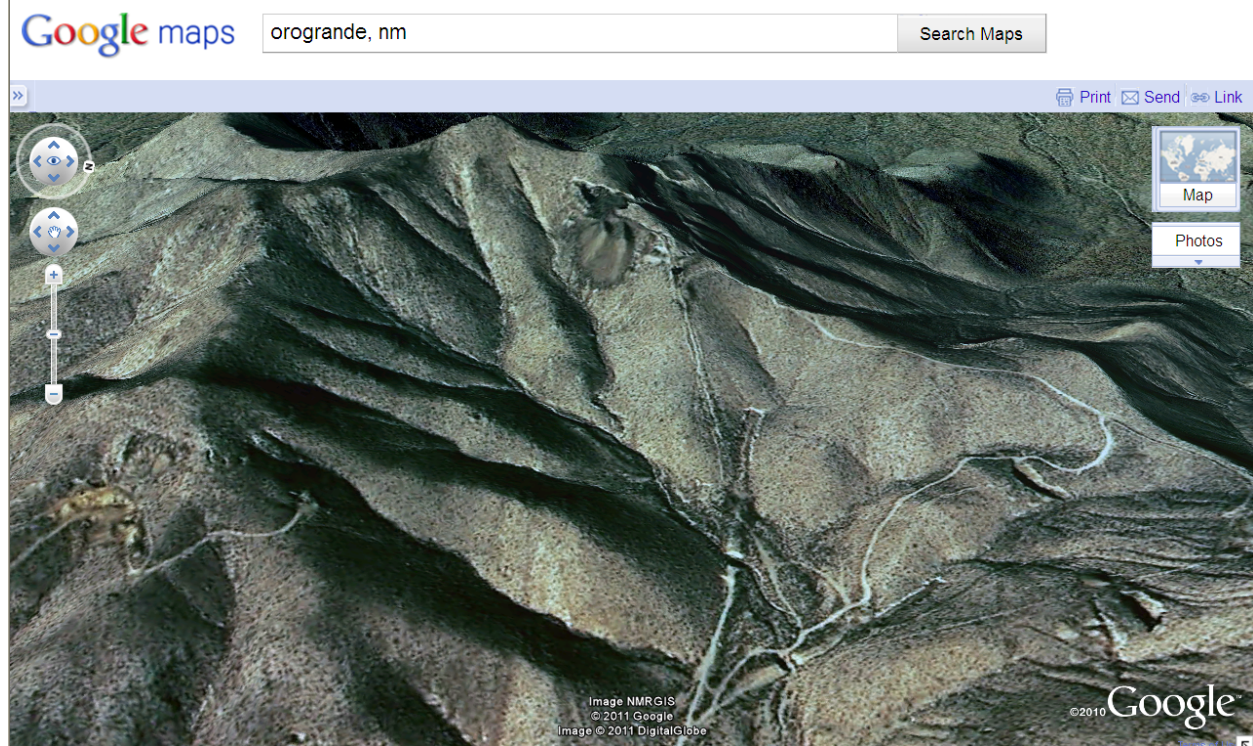


Photo below of active mining



**June 1, 2011 INSPECTION REPORT**  
**Illegal Mining Otero County, Cinco de Mayo and Iron Queen Mine**

Several photos of associated disturbance and working equipment.





**June 1, 2011 INSPECTION REPORT**  
**Illegal Mining Otero County, Cinco de Mayo and Iron Queen Mine**



**INSPECTOR'S SIGNATURE:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

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**MINING INSPECTION REPORT**

<b>Name of Operator:</b>	Gulf Coast Environmental (GCE)
<b>Name of Mine:</b>	<i>Cinco de Mayo/Iron Duke?</i>
<b>Address:</b>	<i>NE of Oro Grande NM in the Jarilla Mountains</i>
<b>Permit Number:</b>	OT006MN
<b>Commodity:</b>	<input checked="" type="checkbox"/> <b>SURFACE</b> <input type="checkbox"/> <b>UNDERGROUND</b>
<b>Date of Inspection:</b>	June 22, 2011
<b>Time of On-Site Inspection:</b>	Approximately 11:15 am
<b>Weather Conditions:</b>	<i>Hot, sunny, still</i>
<b>Purpose of Inspection:</b>	<i>Enforcement – to check status of Cessation Order by the Director</i>
<b>Lead Inspector:</b>	<i>TBA</i>
<b>Present During Inspection:</b>	<i>James Hollen, Holland Shepherd, Chuck Schultz (MMD); David Davidson, Chuck “something” (Gulf Coast Enviro); Ray Backstrom and Doug Bourbon (Otero County); and David Hamilton (RT Hicks Consulting).</i>
<b>ENFORCEMENT ACTION TAKEN:</b> None <b>NOTICE OF VIOLATION:</b> # _____ <b>YES:</b> _____ <b>NO:</b> <input checked="" type="checkbox"/> <b>CESSATION ORDER:</b> <b>YES:</b> <input checked="" type="checkbox"/> <b>NO:</b> _____	
<b>Time: On-Site:</b> <u>  2.5  </u> <b>Permit Review:</b> <u>  0  </u> <b>Travel:</b> <u>  8  </u> <b>Report Writing:</b> <u>  0.5  </u> <b>TOTAL INSPECTION TIME:</b> <u>  11  </u> <b>HOURS</b>	
<b>NOTE:</b> <i>MMD originally visited this illegal mining operation on June 1, 2011. A Cessation Order (CO) was soon ordered by the MMD Director. This was a follow-up visit to observe the CO and meet with the involved parties.</i>	

**INSPECTION REPORT**  
**June 22, 2011**  
**Gulf Coast Environmental-Oro Grande**

**PERMIT UPDATE:**

This mining operation was progressing without the benefit of a permit from the MMD, the BLM, or the NM State Land Office (SLO). This project had entered the jurisdiction of all three (3) entities. The MMD issued a Cessation Order (CO) on this site. Currently there is no approved permit for the site. The operator has hired a consultant to assist in writing the permit. If the operator can keep the level of disturbance under 10 acres, the permit will likely come in as a minimal impact new mine permit application.

**INSPECTION NARRATIVE:**

*Upon arrival to the project area, MMD personnel encountered Michael Quintana (NMSLO) who was there to discuss the issue of GCE personnel, or contractors, who had trespassed on SLO Lands, and bladed roads across SLO Lands, without the benefit of a permit.*

*MMD personnel met with representatives of /GCE, Otero County, RT Hicks Consulting, and when we first arrived on-site, a Randy Bouldin and his wife Margie were present, but they left shortly after MMD arrived.*

*Upon our arrival, it was noticed that the "Crusher" machine was parked off the newly bladed road and may have been parked on a contemporary archeological site. It had also destroyed cactus and other native vegetation while being positioned as such.*

*During our initial discussions, the question of whether the newly "improved" roadway was located on BLM, SLO, Otero county, or private lands, was asked. The answer may include "all of the above".*

Further discussions included talk of GCE possibly putting a solar array field in the area to power mining operations, as well as generating power for sale back to the "grid".

Those GCE folks present at the site claim that they already have an Air Quality Permit for the Crusher, Screener, and Magnetic Separator.

Further claims by the group include the argument that their cleaning, prep work, and any other work presently being done, is NOT mining. Holland informed them that by definition, their acts do fall under the definition of mining.

The group informed us that they had talked to representatives of the State, County, and others, and that they believed all of their operations were legitimate with regards to any necessary permission that may have been required.

There are Patented Mining Claims here too, which fall under the category of “private property” with regards to certain operations and permissions. However, private property also falls under the Mining Act.

After discussing the current state of affairs as it relates to permissions, and permits, and such, the overall plan of operations was discussed. It would seem that this group wishes to remove existing ore and waste rock piles from this location, rather than mining (blasting and excavating) for new materials from the mountain. The GCE group thinks that there are 3-years of work to be done just removing the existing piles from the site. Essentially, they were proposing more of a remediation, rather than a mining operation.

The northeastern facing high wall of the cinco de mayo claim has a cliff area which is rich in raptor whitewash. This means that raptors in the area use this area quite regularly to perch, eat, hunt, or seek shade. There were signs of what appeared to be abandoned stick nest feature on the high wall area, but no signs of active nesting at that location. Swallows, on the other hand, were actively using this area for nesting. Raptor pellets and the remains of several small mammals were visible at the base of the high wall.

Upon our exit of the area, KRQE News 13 was waiting at the bottom of the project area, and we stopped and Holland answered some simple questions for reporter Tim Maestas.

The inspectors did not observe any recent mining activity, at the site. It appeared that once the operator received the CO, the operation ceased mining.

The inspectors estimated that the total amount of new mining disturbance, at the site, involves approximately 8 acres (3 acres of road, and 1 acre of pads, and 4 acres of waste dump excavations). Existing roads have been upgraded from about 15 feet in width to 25 feet in width. The operator had started constructing staging areas, and excavating some of the iron ore material.

### **ACTION ITEMS:**

*The Operator needs to apply for a permit from the MMD, the BLM, and possibly the NM SLO.*



**PHOTOS:**



Waste rock and ore piles on location.



View from atop the project area. Note the newly bladed road approaching the site and newly moved materials at the upper portion of the project area.



site.

Existing adit at the project

### **MAINTENANCE ITEMS**

### **ENFORCEMENT ACTIONS TAKEN OR TO BE CONSIDERED**

A Cessation Order was issued on June 15, 2011 by the MMD.

**INSPECTOR'S SIGNATURE:** Chuck Schultz      **DATE:** June 27, 2011

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**MINING INSPECTION REPORT**

<b>Name of Operator:</b>	Gulf Coast Mining
<b>Name of Mine:</b>	Iron Duke Mine
<b>Address:</b>	20701 Scottsdale Rd., #107-293, Scottsdale, Az. 85255
<b>Permit Number:</b>	OT006MN
<b>Commodity:</b>	hematite & magnetite <input checked="" type="checkbox"/> <b>SURFACE</b> <input type="checkbox"/> <b>UNDERGROUND</b>
<b>Date of Inspection:</b>	August 1, 2011
<b>Time of On-Site Inspection:</b>	11:30 AM – 2:30 PM
<b>Weather Conditions:</b>	clear, hot, 101F
<b>Purpose of Inspection:</b>	PAP submittal for minimal impact mine
<b>Lead Inspector:</b>	Chris Eustice
<b>Present During Inspection:</b>	<b>MMD:</b> Chris Eustice <b>NMED:</b> D. Menzie, G. Llewellyn <b>Gulf Coast:</b> David Davidson, Chuck ? <b>Otero Co.Comm:</b> Tommy Herrell (Comm.)
<b>ENFORCEMENT ACTION TAKEN:</b>	None
<b>NOTICE OF VIOLATION:</b>	# _____ <b>YES:</b> ___ <b>NO:</b> <input checked="" type="checkbox"/>
<b>CESSATION ORDER:</b>	<b>YES:</b> ___ <b>NO:</b> <input checked="" type="checkbox"/>
<b>Time: On-Site:</b>	<b>3 hrs</b>
<b>Permit Review:</b>	<b>1</b>
<b>Travel:</b>	<b>7 hrs</b>
<b>Report Writing:</b>	<b>1</b>
<b>TOTAL INSPECTION TIME:</b>	<b>12 HOURS</b>
<b>NOTE:</b>	

**PERMIT UPDATE:**

This is a report on the State Agency site visit associated with the proponent's submittal of a minimal impact mining permit PAP for the Iron Duke Mine.

**August 1, 2011**  
**Iron Duke Mine PAP site visit**

**INSPECTION NARRATIVE:**

The State agencies met on location at 1130AM, the operator arrived at noon, as planned.

The 3 mile road leading, west from the highway, to the Iron Duke Mine has been eroded in a couple of locations due to recent rains. The operator acknowledged they would have to re-grade portions of this road in order to get equipment to the site. This road crosses both SLO and BLM lands. Last report is that neither SLO or BLM have yet granted access/right-of-way.

The PAP states the operator intends to remove three (3) existing waste rock piles (SE, NE, and NW piles) to be processed in El Paso. However, the PAP only proposes access to the most accessible pile, referred to as the SE pile. Furthermore, the PAP does not include the access disturbances that occurred prior to submittal of the PAP, such as the access road leading in from the highway to the mine site. In response to my question about the lack of access for the NE and NW piles the operator admitted to not having any planned access but would when the project progresses. The associated technical comment letter, to the operator, will ask to provide more information about accessing the NE and NW piles.

The SE pile has an associated, and previously-constructed, staging area constructed at the toe of the pile. There's also access for reaching the top of this pile as evidenced in the file photos. As mentioned above, the NE and NW piles do not have access in place and none is proposed in the PAP.

BMP's have not been proposed in this PAP. The material to be removed does contain relatively small amounts of pyritic material that has potential to generate acid. However, the presence of carbonate (limestone country rock) material would afford ample buffering capacity of any acid generating potential. It would be prudent for the operator to take measures to prevent storm water from ponding and pooling on or near these waste piles, and employ adequate BMP's to prevent oxidation of pyritic materials, and prevent same (and associated leachate) from leaving the site.

No measures have been taken, or proposed, by the operator to safeguard the area, nor to restrict access (i.e. warning signs) of the recently unpermitted disturbances. The mine area has numerous open adits with room and pillars and unstable highwalls.

**ACTION ITEMS:**

Provide technical comments to the operator requesting additional information/commitments.

**ENFORCEMENT ACTIONS TAKEN OR TO BE CONSIDERED**

NA

**MAINTENANCE ITEMS**

NA



**August 1, 2011**  
**Iron Duke Mine PAP site visit**

**PHOTOS**

Below, view of main access road to mine, lower staging area, and upper access to the SE pile.



Below, photo of upper access to the Iron Duke Mine SE Pile





**August 1, 2011**  
**Iron Duke Mine PAP site visit**

Below, view of upper staging at the toe of the SE Pile at Iron Duke Mine



Below, view of the NW Pile, no vehicle access exists to this pile, and none is proposed though the operator proposes to remove this pile.



**INSPECTOR'S SIGNATURE:** \_\_\_\_\_ **DATE:** \_\_\_\_\_