

R. T. HICKS CONSULTANTS, LTD.

901 Rio Grande Blvd NW ▲ Suite F-142 ▲ Albuquerque, NM 87104 ▲ 505.266.5004 ▲ Fax: 505.266-0745

September 26, 2011

Chris Eustice
Sr. Environmental Engineer
MMD, Mining Act Reclamation Bureau
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Response to MMD Technical Comments

Dear Mr. Eustice

Listed below are your questions/comments and our response.

- 1. Pursuant to 19.10.304.D.1 NMAC, please provide a statement of the basis on which the applicant has the right to enter the property to the south of the Virginia claim where disturbance has been both created and proposed.**

The attached letter from the BLM grants the right to enter the property across Federal surface consistent with a Right-of-Way application currently being processed by that agency. Gulf Coast owns all of the mining claims (the "Evergreen Claims") on Federal surface immediately adjacent to and south of the Gulf Coast patented claims (see attached). The Right-of-Way application addresses the main access road and these claims. However, please note that the BLM letter conditions moving equipment across public lands upon obtaining the permit from MMD.

- 2. Pursuant to 19.10.304.D.2 NMAC, please amend Plate 2 and/or Plate 3 (maps) to include the boundaries of the proposed permit area, all previously disturbed areas, ephemeral drainages, and the access route(s) that will be utilized to access the north waste piles. Note; during the agency site visit of August 1, 2011 access to the north waste pile is not in existence.**

Plate 3 has been amended as Plate 3A and Plate 3B. Plate 3A has improved identifiers of the various areas at the mine. Plate 3B is legend for the identifiers. Information included for each area is a description of the type of area (road, pad, etc.), its status (existing, proposed, etc.), and its area in acres. Area subtotals are provided based upon the status of the area.

Regarding the first paragraph of the comment:

- Boundaries of the four claims are shown in "lime green" on Plate 3A and Plate 2.
- All previously disturbed areas are included within Areas numbers 1 through 14 on plate 3A.
- Ephemeral drainages are the arroyos evident on the aerial photograph of Plate 3A. Topographic contours (in brown) are superimposed on the aerial photograph. The primary drainages are to the east with a smaller area draining to the north. These drainages are evident as "V's" pointing up the drainage on the topographic backdrop of Plate 2 and Plate 3A.
- Access to the North Side Waste Rock Pile will use Area 9 (Upper Access Road) and Area 5 (Cinco de Mayo Access and Upper Pad). This last Area was created and used

during the original operations about a century ago. Area 5 has not currently been accessed.

- Access to the North Side Waste Rock Pile may be increased by use of an additional 30 foot by 300 foot strip (0.21 acres) parallel to the eastern edge of the North Rock Waste Pile. This will allow machinery to move laterally east to west to remove the Pile. This area is not shown on Plate 3A. As just described, it would parallel the eastern edge of the Pile and would have a junction with Area 9 (Upper access Road).

Regarding the second paragraph of the comment:

- As explained above, the Plate 3 has been amended to make it easier to read.
- All roads with a status of existing were very old roads that have been improved. The outlines reflect their current status and areas.
- One new road and pad were constructed. These are Area 16 (Access Road to Lower Iron Duke Waste Rock) and Area 15 (Lower Iron Duke Pad).

It is worth noting that even with the additional area possibly proposed to improve access to the North Side Waste Rock Pile; the total disturbed area will not exceed 10 acres. No operations concerning the North Side Waste Rock Profile will occur until removal and subsequent reclamation of the Iron Duke Waste Rock is concluded. Hence, close to 2 acres will have been reclaimed (Areas 2, 12, 13, 14, 15, and 16) before any operations commence on the North Side Waste Rock Pile.

The revised set of Plates is attached.

3. Pursuant to 19.10.304.D.4 NMAC, please provide the dimensions (length and width) for all new roads and the dimensions of the extension, and/or widening, of existing roads within the proposed permit area. Furthermore, provide clarification for the dimensions of all disturbances at their maximum extent, as the PAP currently describes existing dimensions and not necessarily the extent of all dimensions that will have to be reclaimed.

As stated above, the areas listed are for the currently existing dimensions of roads and pads at the site. These were enlarged from their original dimensions and it is not anticipated that they will require enlargement with the exception mentioned above regarding Paragraph 1 of Comment 2. The new road (Area 16, Access Road to Lower Iron Duke Waste Rock) is approximately 735 feet by 25 feet (0.38 acres). The new pad (Area 15, Lower Iron Duke Pad) is approximately 225 feet by 75 feet (0.28 acres).

4. Pursuant to 19.10.304.D.7, in addition to safeguarding the entrance to the site, as described in the PAP, provide a description of how the mining and reclamation will be designed and operated to safeguard the public from unauthorized entry and to protect human health and safety, the environment, and wildlife in areas at a distance from the entrance.

Active mining and reclamation activities will be focused in relatively small areas of 1-2 acres. Gulf Coast mines and reclaims one waste pile, then moves to the second waste pile. To protect wildlife, Gulf Coast will install a 3-strand barbed wire fence around the active mining/reclamation areas. To safeguard against unauthorized entry by the public, warning signs in English and Spanish will be placed on the fence, at approximately 200-foot intervals.

- 5. Pursuant to 19.10.304.D.8 NMAC, please provide a description of how the roads will be reclaimed and how all disturbances (pads, roads, and native ground beneath the removed piles,) will be prepared to reduce compaction and allow for successful re-seeding.**

With respect to road reclamation, some of the disturbance lies on Federal surface administered by the BLM. For roads and pads on Federal surface, we must follow the protocols outlined by the BLM. Gulf Coast will employ the standard method for surface reclamation mandated by the BLM Las Cruces office for the disturbance on Federal surface. Most roads and pads associated with the proposed activity were originally constructed nearly a century ago and lie on the private land owned by Gulf Coast. Some of these roads will not be re-seeded after the proposed removal of existing mine waste as future access via these roads is anticipated. Any roads on private surface that the owner proposes to reclaim and re-seed will follow the BLM standards. Prior to closure, Gulf Coast will identify which roads on private surface will remain and provide an explanation of their proposed future use.

Re-seeding of the private surface beneath the waste rock piles is planned during the reclamation process of waste rock removal. Because the waste rock piles scheduled for removal on the private land have existed for about a century, any description of how the relict surface may be prepared will probably change after we expose the surface as we begin the removal process. Therefore, Gulf Coast will provide MMD with a more detailed description of how the native ground beneath the removed piles will be prepared for reseeded on or before 60 days after the first shipment of rock from the site.

- 6. Appendix A of the PAP provides a seed mix and a claim that the seed mix was "BLM-Recommended", yet BLM has informed MMD that they have not provided consultation on a seed mix for this location. MMD encourages Gulf Coast Mining to consult with the BLM and determine and provide to MMD a suitable seed mix for this area.**

We understand that the proposed seed mix was approved by MMD for the Orogrande Placer Gold mining site (W.W. Mining and Production) located near the Iron Duke Mine. Our reference to BLM in the PAP is not entirely correct. However, we will consult with the BLM regarding the optimum seed mix for the permit area as the portion of the land disturbed by the activity lies of Federal surface must be reclaimed and re-seed in accordance with BLM mandates and provide the specific seed mixture to BLM on or before 60 days after the first shipment of rock from the site.

- 7. Pursuant to 19.10.304.E NMAC, please provide a financial assurance amount based on the cost of reclaiming the site by a third party. Note; to assist you, enclosed is a copy of MMD's "Guideline Regarding Financial Assurance for Minimal Impact Mine Sites"**

Because the proposed activity involves removal of existing mine dumps and not mining any native rock, this project is reclamation project on private surface. One can argue that improvement of existing roads on the private surface to facilitate the removal of the mine dumps is "disturbance". However, most or all of the roads on the private surface will not be reclaimed due to the need for future use. Improvement of roads on Federal surface is subject to Federal reclamation mandates (including bonding). With this understanding of the proposed activity, which is described in the permit application, it is our opinion that financial assurance for a reclamation project on private surface is not necessary.

8. Please review and respond to the agency comments attached. MMD received comments from New Mexico Department of Game and Fish, New Mexico Department of Cultural Affairs, New Mexico Environment Department, and the Bureau of Land Management.

The attached letter from the BLM confirms that Gulf Coast Mining must address all appropriate concerns of BLM associated with the improvement of the access road in order to gain access to the property (discussed in the response to your first comment).

With respect to other comments of BLM associated with the proposed actions on surface owned by Gulf Coast:

- More work to determine the property boundaries is planned to ascertain the location of any disturbance (existing or planned) on Federal surface or surface not owned by Gulf Coast Mining.
- Gulf Coast will attempt to recover or preserve any topsoil, which will assist reclamation
- As stated above, Gulf Coast will consult with BLM to determine the best seed mix for reclamation of Federal surface and land owned by Gulf Coast Mining.
- If any mining on Federal surface planned, appropriate agreements with the BLM are required and such agreements generally include provisions for protection of certain species

We believe the responses above address the concerns of NM Game and Fish.

With respect to comments by the Ground Water Bureau of NMED, we believe our submission of the Storm Water Pollution Prevention Plan addresses most of these concerns. We will address deficiencies in this plan identified by David Menzies of NMED and will submit an NOI to the EPA for coverage under the multi-sector general permit. Gulf Coast also understands that the proposed activities must comply with other State and Federal rules, such as spill reporting under the Water Quality Control Commission Regulations, Clean Water Act 404 permitting (none are anticipated).

With respect to the letter from the NMED Air Quality Bureau, Gulf Coast will not be crushing or processing any ore at the site. Therefore, we believe a "stationary source" that requires an air permit will not exist at the site. The only emissions from the proposed activities are fugitive dust and equipment exhaust. Nevertheless, Gulf Coast Mining understands that the mining operation must comply with all applicable air quality regulations.

If you have any questions or comments regarding these responses, please contact me or David Hamilton at our Albuquerque office.

Sincerely,
R.T. Hicks Consultants



Randall T. Hicks
Principal

Copy: David Shaheen, David Davidson for Gulf Coast Mining Group, LLC.

Initials/Date SURNAME
Initials/Date 9-6-2011 9/1/2011
Initials/Date _____
Initials/Date _____
Initials/Date _____

2808 (L0310)

SEP 7 2011

CERTIFIED--RETURN RECEIPT REQUESTED
7006 2150 0004 4494 7009

Mr. David T. Shaheen
Gulf Coast Mining Group, LLC
1818 N. St., NW, Suite 400
Washington D.C. 20036

Dear Mr. Shaheen:

Based on our telephone conversation of August 30, 2011, the Bureau of Land Management (BLM) is willing to grant your company temporary ingress and egress to move mining equipment and haul trucks across public lands to your private lands. This temporary access would be along the road identified in your right-of-way application, NMNM 126999 that is currently being processed by the BLM. In order to obtain this temporary authorization, you will need to agree to do the following:

1. Prior to beginning the movement of mining equipment and haul trucks across the road, you must obtain any authorizations or permits required by the New Mexico State Land Office and the State of New Mexico Mining and Minerals Division. Copies of the authorizations/permits must be filed with this office once they are obtained.
2. The road must remain at its current width and continue to follow its current path. Prior to any maintenance being completed on the road, you must contact this office to conduct an onsite inspection and obtain concurrence that the proposed maintenance can be completed. No further disturbance which would impact the identified cultural sites will be approved.
3. Prior to beginning the movement of mining equipment and haul trucks across the road, you must pay \$2,831.41 for the time spent by a BLM archaeologist to investigate and prepare a damage assessment and proposed mitigation report for the two cultural sites impacted by your unauthorized actions.
4. You are required to mitigate the damage to cultural sites LA 146629 and LA146645 (43 CFR. § 7.15 and 7.16). The BLM estimates the cost to mitigate the damage to the cultural site as \$220,475.00. Prior to beginning the movement of mining equipment and haul trucks across the road, you will deposit a cash bond or certificate of deposit in that amount with the

BLM. You must complete and return the enclosed Right-of-Way Personal Bond, Cash and Book Entry Deposits form in *duplicate*. Once the BLM has finalized the mitigation strategy for the cultural sites, you will hire a qualified cultural resource firm to begin and complete the mitigation strategy for the site. Once you have hired a cultural resource firm to begin mitigation of the site and the mitigation is completed, the BLM will release the bond.

5. You agree to hire a consultant to complete an environmental assessment (EA) for your right-of-way application that meets the requirements of the BLM. The EA will cover the public lands impacted by your unauthorized actions.

At the bottom of this letter you will find a signature block. If you agree to comply with these terms you may affix your signature and return the original copy to my attention at the above address. Please feel free to contact me if you have any questions.

Sincerely,

/s/ Bill Childress

Bill Childress
District Manager

1 Enclosure

cc:

Otero County Manager
1101 New York Avenue, Rm. 106
Alamogordo, NM 88310

I have read the above requirements which I and my company must comply with to obtain temporary authorization for ingress and egress across the public lands. I agree to comply with these requirements and understand that failure to do so will result in the revocation of the temporary authorization.

David T. Shaheen
Gulf Coast Mining Group, LLC

Date

L0310:ESeum:cp:9/1/2011:x4375:GulfCoast.TempAccess.ComplyWithTerms

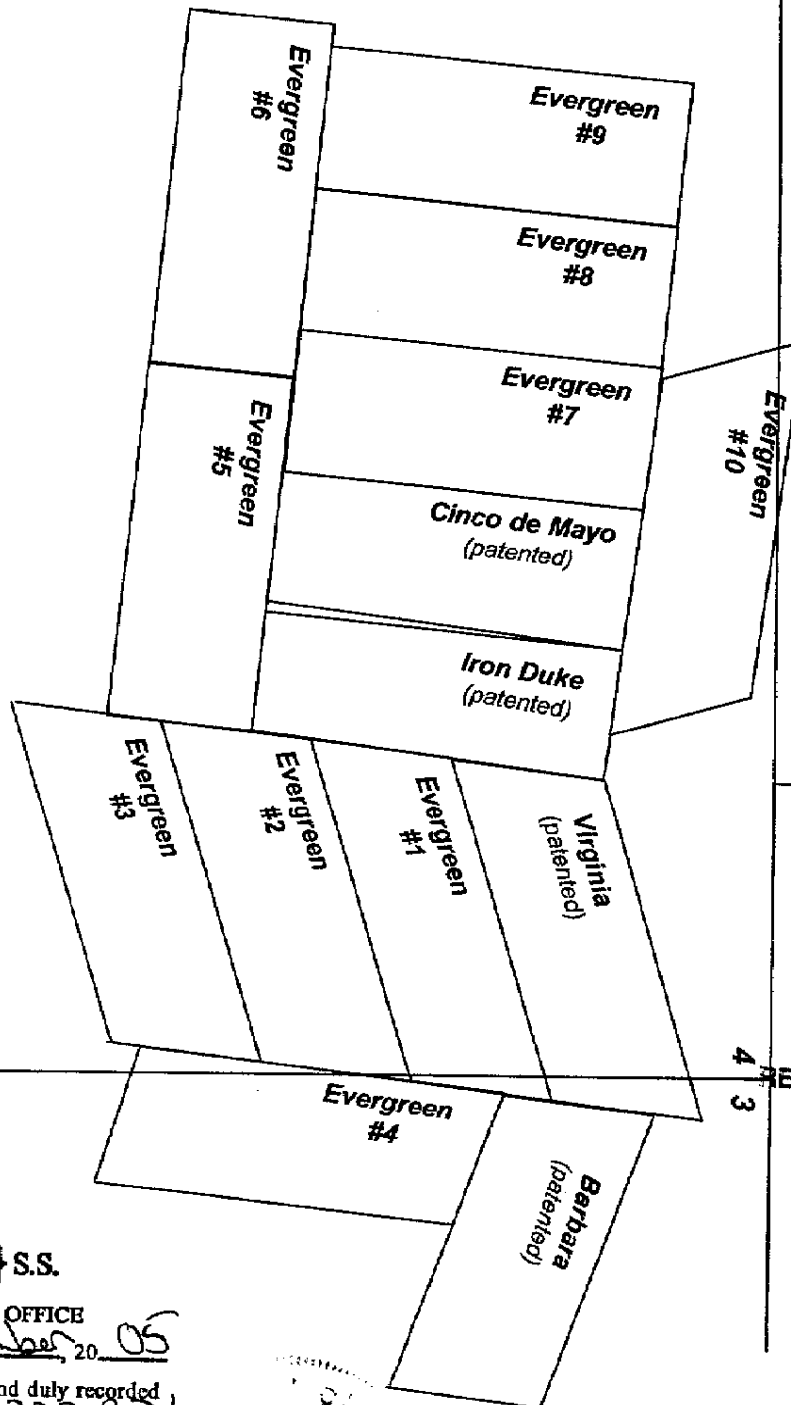
Bk 868 Pg 321

Evergreen Claims Orogrande, NM USA

Silver Hills Mining District
County of Otero
Township 22 S
Range 8 E
Sections 3 & 4



SCALE: 1/8" = 100' 0"



33 34

BLM NMCO
SANTA FE
RECEIVED

DEC 02 2005

PAID

RECEIPT #

4 3

STATE OF NEW MEXICO } S.S.
OTERO COUNTY

FILED FOR RECORD IN MY OFFICE

This 21 day of November, 2005

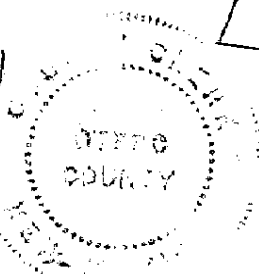
At 5:40 o'clock P M and duly recorded

in Book No. 868 Page 320-321

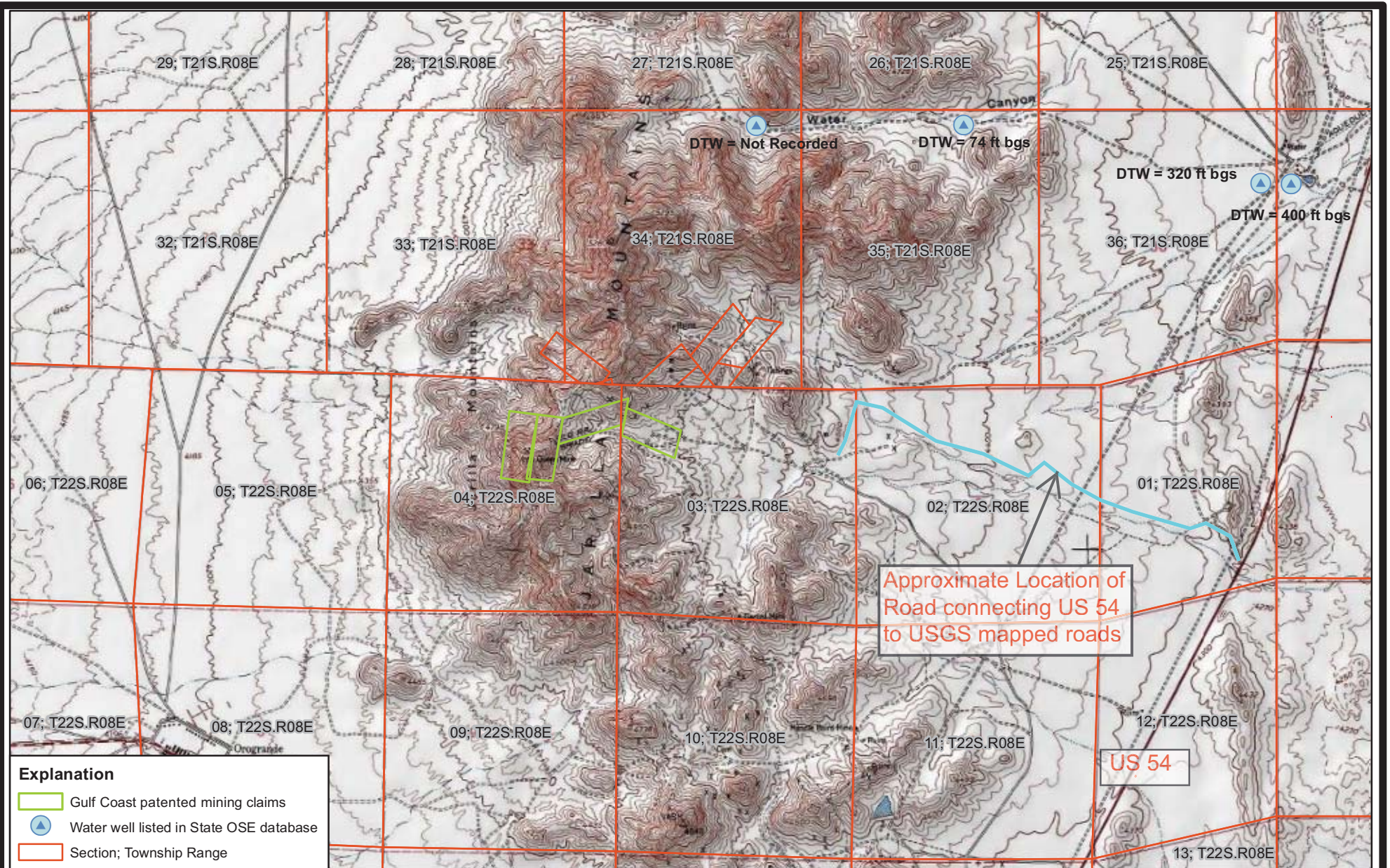
The records of Otero County, New Mexico

Robert Silva
County Clerk, Otero County, New Mexico

By R. Chag Deputy



13600



Base Map: esri.com



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Feet

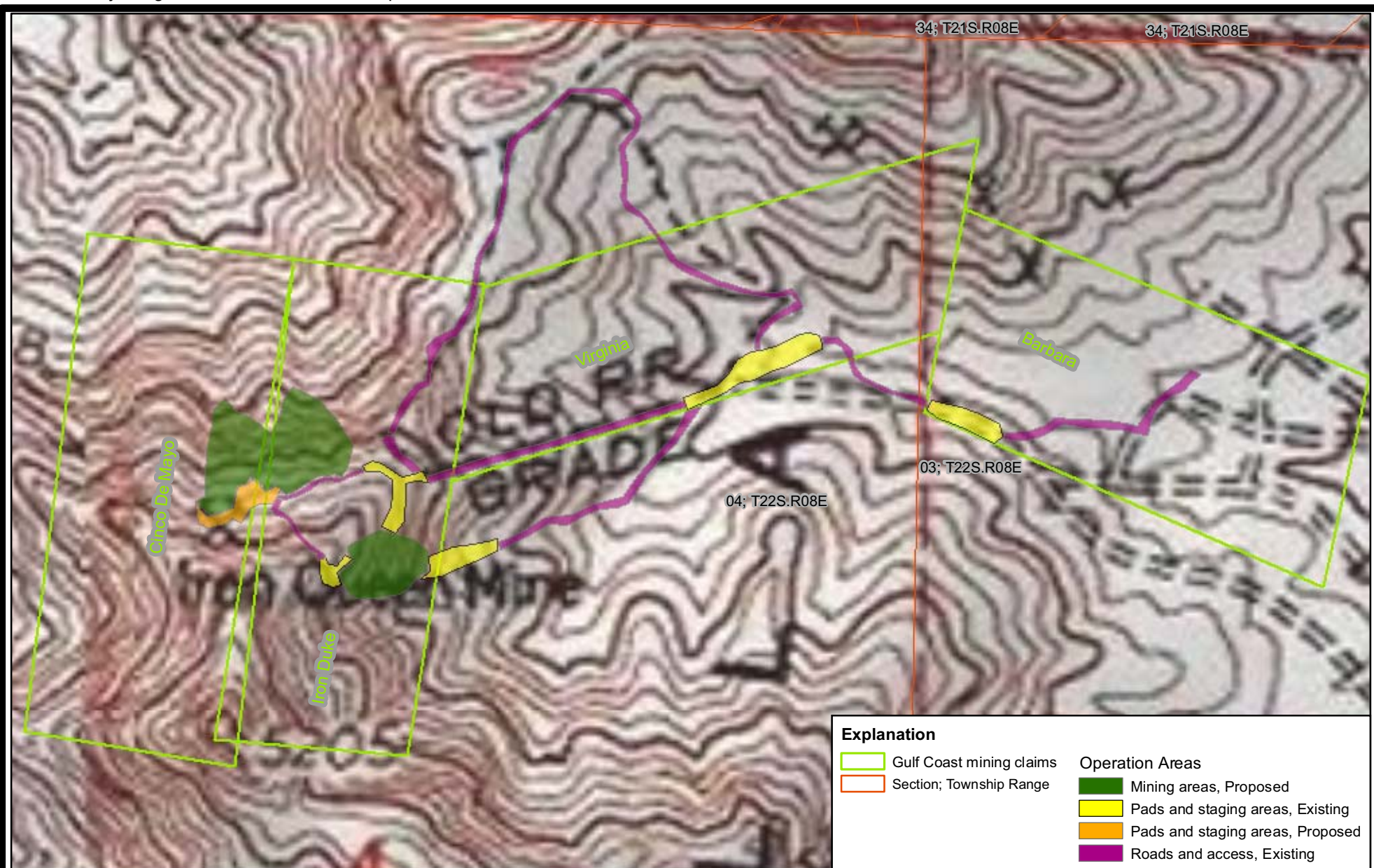
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Ph: 505.266.5004

USGS Topographic Map With MS Claim Overlay

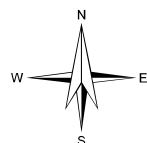
Gulf Coast Mining Group, LLC
Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims

Plate 1

June 29, 2011



Base Map: esri.com

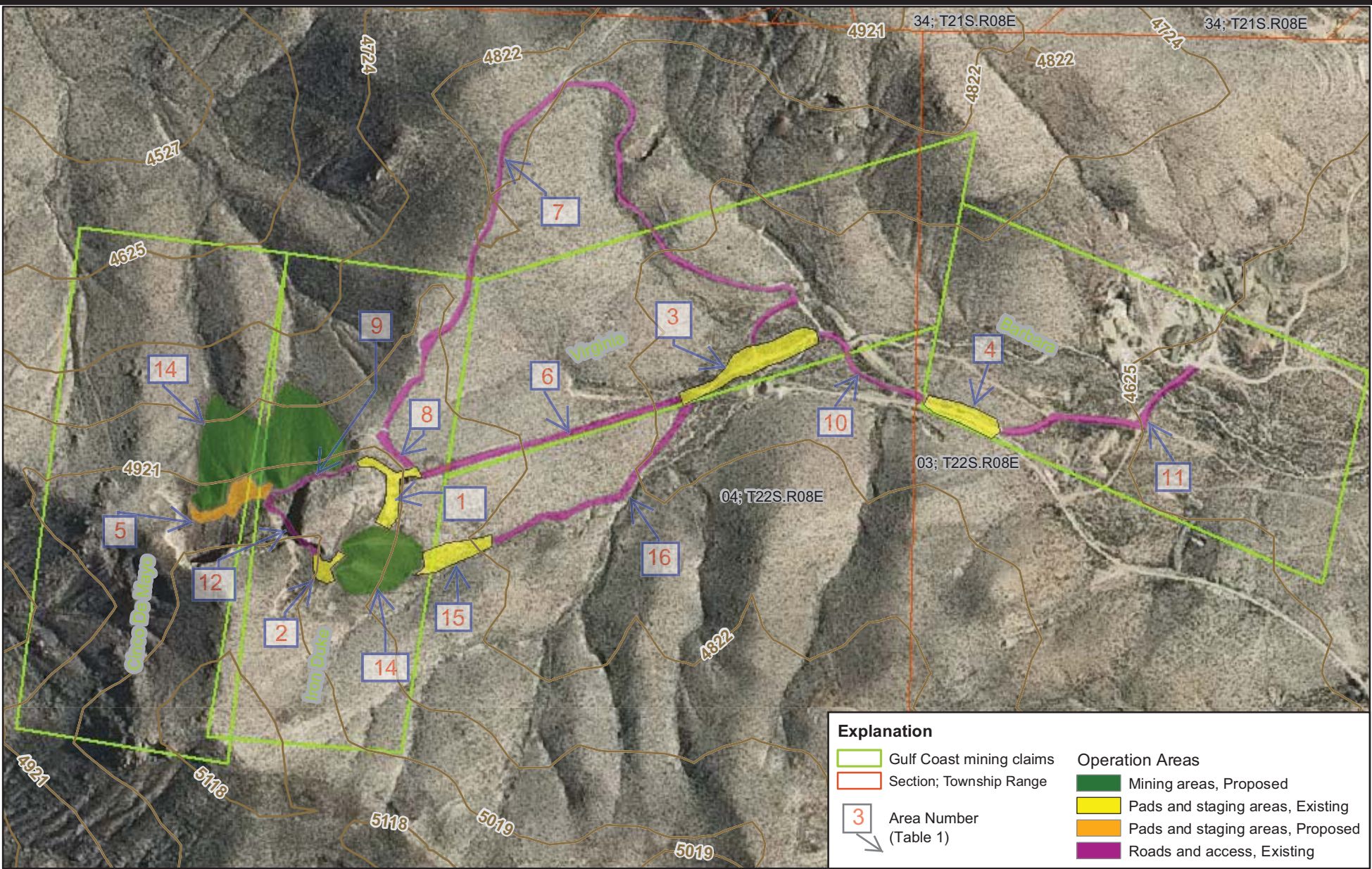


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**USGS Topographic Map with MS Claim Overlay and
Existing and Proposed Operation Areas**
Gulf Coast Mining Group, LLC
Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims

Plate 2
June 29, 2011



Explanation

- Gulf Coast mining claims
- Section; Township Range
- Area Number (Table 1)

Operation Areas

- Mining areas, Proposed
- Pads and staging areas, Existing
- Pads and staging areas, Proposed
- Roads and access, Existing

Base Map: RGIS, EDAC UNM



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Aerial Photograph with MS Claim Overlay; Existing and
Proposed Operation Areas; and Contours
Gulf Coast Mining Group, LLC
Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims

Plate 3
June 29, 2011

Area Number	Name of Area	Description	Status	Acres	Area Subtotals
1	Upper Staging Area	Pads and staging areas	Existing	0.26	
2	Upper Iron Duke Pad	Pads and staging areas	Existing	0.20	
3	Bottom Pad (foot of Rail Grade)	Pads and staging areas	Existing	0.56	
4	Lowermost Pad (on Barbara Patented Claim)	Pads and staging areas	Existing	0.28	1.30
5	Cinco de Mayo Access and Upper Pad	Pads and staging areas	Proposed	0.30	0.30
6	Cat Path- Old Rail Grade	Roads and access	Existing	0.41	
7	Access Road to Iron Duke and Cinco de Mayo	Roads and access	Existing	1.11	
8	Upper Junction Pad (from head of access road to ID And CdM to Cat Path)	Roads and access	Existing	0.09	
9	Upper Access Road (From Junction Pad to North Side Waste Rock)	Roads and access	Existing	0.08	
10	Pad Connecting Road (connects lowermost pad and bottom pad)	Roads and access	Existing	0.16	
11	Widened Drainage Crossing	Roads and access	Existing	0.40	
12	Iron Duke Access Road (to Upper pad from north)	Roads and access	Existing	0.20	2.45
13	Iron Duke Waste Rock	Mining/reclamation areas	Historic	0.90	
14	North Side Waste Rock (Cinco de Mayo and Iron Duke)	Mining/reclamation areas	Historic	2.27	3.17
15	Lower Iron Duke Pad	Pads and staging areas	New	0.28	
16	Access Road to Lower Iron Duke Waste Rock	Roads and access	New	0.38	0.66
	Total Area Improved, Reclaimed, Disturbed			7.88	
R.T. Hicks Consultants, Ltd 901 Rio Grande Blvd NW, Suite F-142 Albuquerque, NM 87104 505-266-5004		Identifiers for Plate 3A		Plate 3B	
		Gulf Coast Mining Group, LLC. Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims		September, 2011	