

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**F. David Martin**  
Cabinet Secretary

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Fernando Martinez, Director**  
Mining and Minerals Division



August 1, 2014

Mr. Chuck Motley, Chief Executive  
El Capitan Precious Metals, Inc.  
8390 Via de Ventura, Suite F-110  
Scottsdale, AZ 85258

**RE: Technical Comments on Proposed Modification 14-1 to Permit No. LI005ME, Capitan Iron Mine, Lincoln County, New Mexico**

Dear Mr. Motley,

The Mining and Minerals Division (MMD) has received, on June 9, 2014, a permit application package (PAP) from El Capitan LTD (El Capitan) requesting a permit modification to your existing minimal impact mining permit (No. LI005ME). The PAP proposes to update the mining plan, reclamation plan, and the associated financial assurance for the Capitan Iron Mine located in Lincoln County, approximately 6 miles north of Capitan, New Mexico. Additionally, MMD submitted the PAP to various government agencies for their review and comments in accordance with 19.10.3.304.H NMAC.

MMD has reviewed the proposal and conducted a site visit on July 1, 2014 in conjunction with the submittal. In order for MMD to complete the permit modification process, and pursuant to 19.10.3.304 NMAC, El Capitan must address the following comments and request for additional information. Furthermore, El Capitan must also address the attached agency government agency comments MMD solicited and received in regards to this proposal.

1. Page 8 of the PAP has an unnamed figure depicting the patented claim boundaries, the 3 proposed areas of phased mining, and the general layout of the phased mining operation. Please provide a more detailed map, with scale, for each phase (1-3) of mining to be referred to as the "disturbed area limit(s)".
2. Note, in the PAP it is stated that the "Permit Total Boundary pursuant to the Licensed Survey completed" is based on a survey provide to MMD in an email dated May 7, 2014. That survey boundary will be referred to as the "permit boundary". No response required.
3. Describe what, if any, improvements will be made to Forest Service Road 489A, the apparent primary access to the site.
4. The PAP indicates that access to the west permit boundary and permit disturbance limit(s) will involve using access roads administered by the United States Forest Service – Lincoln National Forest (USFS). Furthermore, it appears some of the proposed disturbance will occur on USFS lands. Per 19.10.3.303.H, please provide evidence that the USFS has approved or acknowledged the proposed access and/or operation.
5. Figure 2 illustrates what "could be the MPPA layout for the MPPA layout for MPPA 2". Please provide the anticipated dimensions for all these pits to be excavated in phases 1, 2, and 3.
6. Please describe how the proposed pits and roads will be reclaimed.
7. Describe how topsoil will be salvaged and utilized for reclamation.

8. Describe all waste or overburden material, and/or waste or overburden piles, expected to be generated, and where and how the waste or overburden and/or waste or overburden piles will be stored, and how the waste or overburden and/or waste or overburden piles will be reclaimed at the conclusion of mining
9. Provide the dimensions (length and width) for all new roads to be developed in the permit area, and the dimensions of the extension, and/or widening, of existing roads within the proposed permit area.
10. 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.
11. Please provide a seed mix that includes two additional forbs and two additional shrubs. Additionally, please provide the rates (lbs/acre) of seed for each species.
12. Will the seed mix be broadcast or drill seeded? Please provide.
13. Please review and respond to the agency comments attached. MMD received comments from New Mexico State Forestry, New Mexico Department of Cultural Affairs, New Mexico Environment Department, and the USFS.

If you have any questions, please contact me at 505-476-3438.

Sincerely,



Chris Eustice, Permit Lead, MARP/MMD  
Mining Act Reclamation Program (MARP)

Cc: Fernando Martinez, Acting Director, MMD  
Holland Shepherd, Program Manager MARP  
Kurt Vollbrecht, NMED  
Dr. Wunder, NMDGF  
Doug Rappuhn, OSE  
Michelle Ensey, DCA  
David Warnack, District Ranger, USFS-Lincoln NF  
Mine File (OT006MN)

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