

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Fernando Martinez, Director
Mining and Minerals Division



7012 0470 0000 0880 1233

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

January 13, 2015

Ms. Tyler Lown Vandenburg
Menefee Mining Company
8144 Walnut Hill Lane, Suite 1075
Dallas, TX 75231

RE: Notice of Non-Compliance, Menefee Mill Site, Menefee Mining Company, Sandoval County, New Mexico, Permit No. SA005ME

Dear Ms. Vandenburg,

The Mining and Minerals Division (“MMD”) inspected the Menefee Milling operation located near Cuba, New Mexico in Sandoval County on December 10, 2014. During that inspection, MMD personnel used a hand-held GPS to measure the approximate area of disturbance at the mill site, which was revealed to be approximately 13.3 acres. According to the MMD permit issued for this site (Permit No. SA005ME), the amount of disturbance was not to exceed 6.1 acres. As such, the Menefee mill site is not in compliance with the conditions of Permit No. SA005ME.

A file review for the Menefee Mill performed by MMD indicates that financial assurance in the amount of \$16,000 was provided by Menefee during original permitting of the site in 2000 in order to indemnify 6.1 acres of disturbance. This financial assurance amount is outdated based on today’s costs, and is therefore determined by MMD to be inadequate.

Based on the inspection and review of the conditions outlined in Permit No. SA005ME, MMD requires the following:

1. Update of the reclamation plan for the mill site to include the additional approximate 7.2 acres of disturbance from milling operations. The updated closeout plan shall include:
 - An update to the financial assurance cost estimate using a third-party cost estimate to complete reclamation of the site, including reclamation of the humate stockpiles and milling equipment, and

RE: Notice of Non-Compliance, Menefee Mill Site, Menefee Mining Company,
Sandoval County, New Mexico, Permit No. SA005ME

January 13, 2015

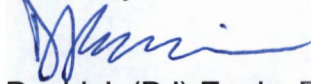
Page 2

- Adequate financial assurance, in accordance with an MMD approved reclamation plan and third-party cost estimate, to cover reclamation of the site, including reclamation of the humate stockpiles and the milling equipment.

The updated reclamation plan and updated financial assurance shall be submitted **within 60-days of receipt of this letter**. MMD recommends that Menefee Mining Company contract with an environmental consulting firm familiar with MMD regulations to provide assistance in completion of the updated reclamation plan. MMD also recommends a phone conference or face-to-face meeting to discuss the required items above.

If you have any questions, please contact me at (505) 476-3434 or by email at david.ennis@state.nm.us.

Sincerely,



David J. (DJ) Ennis, P.G.
Sr. Reclamation Specialist

cc: Holland Shepherd, Program Manager
Davena Crosley, Reclamation Biologist