# STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Director

Mining and Minerals Division 1220 South Saint Francis Drive Santa Fe, New Mexico 87505 Telephone: (505) 476-3400

# **MINING INSPECTION REPORT**

Name of Operator: El Capitan Precious Metals Inc.			
Name of Mine: Capitan Iron Mine			
Address: Sections 10, 11, 14, 15 T 8S, R 14E (UTM 13S 0443463, 3720211)			
Permit Number: LI005ME			
Commodity: Magnetite Iron <u>x_SURFACEUNDERGROUND</u>			
Date of Inspection:4/22/2015			
Time of On-Site Inspection: 1030AM to 12 PM			
Weather Conditions: cool/partly cloudy			
Purpose of Inspection: Inspection bi-annual			
Inspector: Chris Eustice			
Present During Inspection: Randy Bouldin, Davena Crosley, Holland Shepherd			
ENFORCEMENT ACTION TAKEN:  NOTICE OF VIOLATION: # YES: NO:  CESSATION ORDER: YES:_X_NO:			
Time: On-Site: 1.5 Permit Review: 0.5 Travel: 7 Report Writing: 1			
TOTAL INSPECTION TIME: 10 HOURS			
<b>NOTE</b> : To get to the site, go north from Capitan on State Highway 246. About 5.5 miles from town, go right (east) on a Forest Road that has a cattle grate but no gate. Just follow the main Forest Road to the mine. There are no locked gates.			

#### **PERMIT UPDATE:**

The Capitan Iron Mine is permitted (1999) as an existing minimal impact mine. The operator submitted a modification proposal in June of 2014 to update the mining and reclamation plans, as well as the associated FA.

#### **INSPECTION**

4/22/2015

## Capitan Iron Mine

#### **INSPECTION NARRATIVE:**

Arrived at the site a few minutes past 1030AM. I accompanied the operator's representatives to observe a newly installed magnetic separator. The separator is not yet running and mining is still inactive as the operator attempts to complete the modification of the permit.

#### PHOTOS:

Digital photos were taken and are available on L:\MARP\LI005ME---Capitan Iron\Capitan Iron Mine photos – 2015.4.22



### **MAINTENANCE ITEMS**

None

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None

<b>INSPECTOR'S SIGNATURE:</b>	 DATE:	
INSPECTOR S SIGNATURE.	DATE	

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## **MINING INSPECTION REPORT**

Name of Operator: El Capitan Precious Metals Inc.			
Name of Mine: Capitan Iron Mine			
<b>Address:</b> Sections 10, 11, 14, 15 T 8S, R 14E (UTM 13S 0443463, 3720211)			
Permit Number: LI005ME			
Commodity:   Magnetite Iron     x_SURFACE  UNDERGROUND			
Date of Inspection: 10/1/2015			
Time of On-Site Inspection: 10AM to 11AM			
Weather Conditions: warm/partly cloudy			
Purpose of Inspection: Inspection bi-annual			
Inspector: Chris Eustice			
<b>Present During Inspection:</b> Randy Bouldin (El Cap), Dave Davidson (El Cap), Terrence Foreback (NM State Mine Inspector), Eric Turbeville (USFS)			
ENFORCEMENT ACTION TAKEN:  NOTICE OF VIOLATION: # YES:NO:  CESSATION ORDER: YES:_X_NO:			
Time: On-Site: 1 hr Permit Review: 0.5 Travel: 7 Report Writing: 2			
TOTAL INSPECTION TIME: 10 HOURS			
<b>NOTE:</b> To get to the site, go north from Capitan on State Highway 246. About 5.5 miles from town, go right (east) on a Forest Road that has a cattle grate with gate. Just follow the main			

#### **PERMIT UPDATE:**

The Capitan Iron Mine is permitted (1999) as an existing minimal impact mine. The operator submitted a modification proposal in June of 2014 to update the mining and reclamation plans, as well as the associated FA.

### INSPECTION 10/1/2015

Capitan Iron Mine

#### **INSPECTION NARRATIVE:**

Arrived at the site a few minutes past 10AM. MMD-MARP has recently received numerous complaints and reports from nearby residences of loud noises from the mining activity. The complaints include claims that the operator is using explosives. The Lincoln County Manager (Nita Taylor) too has called to inform MMD-MARP of similar complaints the county of Lincoln has received.

I accompanied the operator's representatives to observe the mine disturbance, the processing equipment, and stockpiled overburden and vegetation.

The mining is occurring in a pit created by using a pneumatic hammer mounted on a trackhoe. The current dimensions of the active pit is approximately 30 feet in length, 20 feet in width, and a maximum depth of 7 feet. I walked the perimeter (fenced) of the disturbance limit. All operations and associated disturbances are occurring within the permitted disturbance limit. There was no evidence of the use of explosives. Furthermore, the operator is adamant that they do not use explosives.

The processing equipment consists of the trackhoe and pneumatic hammer, a 4 inch minus screen, and a combination crusher and magnetic separator. The equipment is still laid out in the same pattern as it was during the April 2015 inspection. Processed concentrate is piled next to the separator and is approximately 3 cubic-yards in volume.

Overburden material is separated in to two piles. One pile is boulder caliche and limestone material that are large and will be used for backfilling the pit. Another pile is salvaged top soil and fines rejected from the magnetic separator. This material will be used for covering the site prior to seeding.

There is a pile of salvaged vegetation material that was cleared and grubbed from the site. The operator will chip this material to amend the soils during reclamation.

The USFS representative stated to the operator that the USFS access road is in good condition and being maintained according the agreement.

 $\frac{\text{PHOTOS:}}{\text{Digital photos were taken and are available on L:}}\\ \text{Digital photos were taken and are available on L:}\\ \text{MARP}\\ \text{LI005ME---Capitan Iron}\\ \text{Capitan Iron}\\ \text{Mine photos}\\ -2015.10.1$ 

Photo below is the current active pit, approximately 30' (L) X 20'(W) X 7' (D)



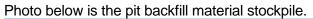




Photo below is the cover material stockpile



Photo below is the trackhoe and pneumatic hammer.



# MAINTENANCE ITEMS None

# ENFORCEMENT ACTIONS TAKEN OR TO BE CONSIDERED None

INSPECTOR'S SIGNATURE:	DATE: