

# Toltec Mesa Resources LLC

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March 23, 2017

David J. (DJ) Ennis, P.G.  
Permit Lead – Mining and Minerals Division  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**RE: MENEFEE MINING COMPANY: RESPONSE TO TECHNICAL COMMENTS ON  
CLOSEOUT PLAN MODIFICATION 15-1, MENEFEE MILL, SANDOVAL COUNTY,  
NEW MEXICO, PERMIT NO. SA005ME**

Dear DJ,

The Mining and Minerals Division (MMD) of the New Mexico Energy, Minerals and Natural Resources Division provided comments to a Closeout Plan for Menefee Mining Corporation's (MMC) Menefee Mill (Production Plant) on March 3, 2017. This letter provides MMC's responses to the comments and a proposed revision to the Closeout scenario to support the financial assurance cost estimate. MMC's responses are listed below for each MMD comment; the responses immediately follow the specific comment from the March 3rd letter. A response to the input from cooperating agencies follows the responses to the MMD comments. MMC anticipates once there is agreement on the plan, the cost estimate for the financial assurance will be developed and provided to MMD for review and comment.

**MMD Comment 1:**

The south stormwater pond is both currently in use and is proposed to be used at closeout of the facility. As such, the south stormwater pond shall be included within the permit area and reclaimed at closeout. Please address this comment by providing a revised map of the proposed permit area to include the south stormwater pond as well as details about how this pond will be reclaimed at closure.

**MMC Response:**

*MMC has included the south stormwater pond within an adjusted permit boundary and will include the pond as part of closeout of the facility. The post-mining land use (PMLU) of the pond at closeout will be for stormwater control both during reclamation and to support the proposed industrial PMLU of part of the permit area. A map of the proposed facility showing the proposed permit boundary, PMLUs and reclaim areas and borrow area is attached.*

**MMD Comment 2a and 2b:**

The closeout plan is unclear about whether any remaining humate stockpiles on-site at closure will be buried in an incised pit (below ground disposal) or whether borrow soil will be excavated and used to grade and cover remaining stockpiles in-place (above ground disposal). Please clarify the plan. Financial assurance will be required to enact one of these scenarios depending on what is proposed. If a soil borrow area is proposed for above ground disposal, please also describe how the borrow area

will be reclaimed after use (e.g. contoured, ripped and seeded, etc.).

A map showing the location of either an incised pit location for below ground disposal or a borrow source for above ground disposal is required. The acreage of a proposed incised pit or a borrow source shall also be included within the proposed permit area. Please provide a revised map of the proposed permit area including these areas.

**MMC Response:**

*The remaining humate stockpiles will be closed on-site by regrading to slope the piles so they drain to the south toward the south stormwater pond and covering them with a borrow soil excavated from a proposed borrow source area west of the facility within the expanded permit boundary. Financial assurance will be developed to excavate the borrow soil, regrade and cover the stockpiles. The proposed disturbance associated with the development of the borrow area will be contoured, ripped and seeded and the depression will be incorporated into the stormwater management of the facility. The same seed mix as proposed for the reclamation of the reclaimed humate stockpiles will be used.*

*The attached map shows the location of the proposed changes associated with the permit modification, as well as proposed reclamation and borrow areas associated with the closeout plan. The important acreages of the proposed closeout plan include:*

- *Permit Area – 35 acres (an expansion from current 9.6 acres)*
- *Borrow Area – 2.85 acres (included in the new permit area)*
- *Reclaimed Humate Stockpile Area – 9.4 acres (an increase in the disturbed acreage from 6.1 acres and a reduction from the 15.7 acres estimated in the draft closeout plan and letter from MMC to MMD dated December 6, 2016; this acreage is based on the current distribution of humate stockpile material on the property)*

**MMD Comment 2c:**

The closeout plan on page 7 states that "any trash, debris and equipment, machinery and vehicles, etc. will be removed from the site. Wastes will be transported to permitted facilities for proper disposal. Fuel storage tanks will be closed in accordance with permits and the tanks removed." The financial assurance estimate is required to include completion of these tasks by a third-party contractor, particularly the removal of tanks, equipment and machinery that is specific to mining and would not be part of a typical Industrial post-mining land use ("PMLU"). If there is equipment, machinery, etc. present that is to remain on-site as part of the industrial PMLU, then this equipment should be inventoried with a brief written justification describing plausible non-mining uses for that equipment. Equipment and other machinery that is specific to mining will have to have a third-party financial assurance cost estimate for removal under the closeout plan.

**MMC Response:**

*MMC will provide a cost estimates as part of the financial assurance estimate for a third-party contractor to remove any trash, debris and equipment, machinery and vehicles not specifically included as part of a potential industrial PMLU.*

*MMC envisions an industrial PMLU that would utilize the existing equipment at the Production Plant facility. The following is a list of the existing equipment that would remain as part of a proposed industrial PMLU:*

- (4) fork lifts
- (2) front end loaders
- (1) bull dozer
- (1) skid steer
- (3) screening plants units (ideal for aggregate screening – sand and gravel)
- (2) bulk bagging operations (allow for easy storage of excess material)
- (1) high volume spray dryer (easily produce specialty products for highway construction)
- (1) 10,000-gal fuel tank (feeds directly to dryer – essential for dryer to run)
- (3) 500-gal fuel tanks (store fuel for equipment left behind)
- (1) propane tank (for forks left behind)

*This equipment would have value to an industrial PMLU in this rural setting. The anticipated potential industrial land uses include transportation, warehousing, utilities, construction and road maintenance and manufacturing, etc. A specific example is the New Mexico Department of Transportation's Patrol Yard, which is located relatively close to the facility. There is also another humate production facility in Cuba.*

*An estimate will be included in the financial assurance for a third-party contractor to clean out offices (paperwork, trash, computers, etc.) and the maintenance areas (remove miscellaneous parts and other materials not listed above) for removal and disposal in a waste management facility.*

**MMD Comment 3:**

The reclamation seed mix in Table 2, page 6 of the closeout plan was developed in consultation with MMD personnel, however this table contains incorrect average seeding rates. The correct seeding rates for the species in Table 2 will be provided in the permit language of Modification 15-1 when approved by MMD.

**MMC Response:**

*MMC concurs and assumes the corrected seeding rates would not have a significant impact on the financial assurance cost estimate.*

**MMD Comment 4:**

The closeout plan states that "the disturbed areas will be covered with one foot of suitable borrow material and reseeded." MMD requires a minimum of 18-inches of suitable cover at reclamation in order to provide suitable plant root depth, which must be reflected in the financial assurance cost estimate.

**MMC Response:**

*MMC will use a cover thickness of 18 inches to develop the proposed estimate of cover volumes, sizing of the borrow area and materials handling costs for the financial assurance estimate.*

*The resulting swale, created by the excavation in the borrow area, would be regraded and*

*reseeded and would provide for additional stormwater management, as it would capture runoff from the north and west sides of the industrial PMLU that is currently ponded within the fenced area of the facility. This pond, and the conveyances between it and the facility area, would also become part of the industrial PMLU.*

**MMD Comment 5:**

The financial assurance cost estimate must include the cost for an independent engineer or professional building inspector to evaluate and verify that the buildings are in good condition, meets all local ordinances, meets all applicable codes, is structurally sound, meets all zoning requirements, and that all utilities are operable upon implementation of the industrial use PMLU.

**MMC Response:**

*MMC will include in the financial assurance estimate of the cost of an independent engineer or professional building inspector to evaluate and verify the buildings can be used as part of the industrial PMLU relative to MMD requirements.*

**MMC Response to Cooperating Agency Concerns:**

*MMC has reviewed the comments from the cooperating agencies regarding the Modification 15-1. The following are MMC's responses to potential agency concerns described in their responses:*

*Office of the State Engineer – no concerns and no response.*

*New Mexico Environment Department Ground Water Quality Bureau – MMC is addressing concerns regarding the containment of discharges at the facility with the agency under a separate action.*

*New Mexico Environment Department Surface Water Quality Bureau – MMC submitted a Notice of Intent (NOI) on December 19, 2016. MMC was notified by the Environmental Protection Agency (EPA) on January 18, 2017 that the NOI had been accepted and the facility had authorization to discharge under a Multi-Sector General Permit (MSGP) [NPDES ID: NMR053441]. The facility is inspected and monitor in accordance with an existing Storm Water Pollution Prevention Plan (SWPPP) developed July 27, 2015 by MMC, which describes the existing best management practices, stormwater management systems and monitoring at the facility. The proposed closeout plan includes the stormwater management under an MSGP as part of the proposed industrial PMLU for the facility. The stormwater management would include inspections, maintenance and ongoing use of the south stormwater pond and a proposed pond west of the facility as part of the PMLUs for the facility/permit area and in accordance with an applicable MSGP and SWPPP.*

*New Mexico Environment Department Air Quality Bureau – MMC notes that the emissions that may cross the facility fence line are being deposited on lands owned by MMC. MMC further notes that the closure measures proposed will eliminate fugitive dust emissions from the property. In addition, MMC will continue to utilize best management practices to minimize air emissions crossing the permit boundary.*

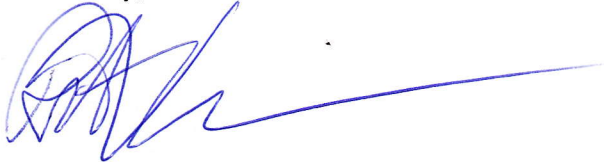
*New Mexico Game and Fish Department – MMC will address the concerns regarding fencing as part of the closeout plan. The facility is currently fenced and bermed along all*

*but the southeastern part of the southern boundary. This section would be fenced at closeout following reclamation of the humate stockpile area.*

*New Mexico Department of Cultural Affairs, Historic Preservation Division – no comments and no historic properties affected.*

If you have any questions or comments, please contact me at (505) 238-4770 or by email at [newcomer.b.tmr@gmail.com](mailto:newcomer.b.tmr@gmail.com).

Sincerely,



Bob Newcomer  
Principal

attach: Revised Closeout Plan illustration for financial assurance cost estimate

cc: Tyler Lown-Vandenburg (via email)  
John Lown (via email)  
Louis Rose (via email)  
Holland Shepherd, Program Manager (via email)



Attachment 1.