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MINING & MINERALS DIVISION

**OJO ENCINO MINE
PERMIT MODIFICATION 17-1 TO PERMIT NO. MK043MN
MINIMAL IMPACT NEW MINING OPERATION**

**MINING AND MINERALS DIVISION
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

This Modification 17-1 ("Modification 17-1") to Permit No. MK043MN ("Permit") is issued by the Director of the Mining and Minerals Division ("MMD") of the New Mexico Energy, Minerals and Natural Resources Department to:

Whose correct address is: Broken Pick Proprietary, LLC
P.O. Box 21342
Albuquerque, NM 87154

("Permittee") for the Ojo Encino Mine, McKinley County, New Mexico.

Modification 17-1:

1. Approves the release of approximately 8.25 acres of reclamation within the NW¼ of Section 9, Township 19 North, Range 5 West, except for revegetation, and transfers the existing Financial Assurance ("FA") into future disturbance within the Ojo Encino Mine design limit;
2. Reduces the design limit from 10 acres to 9.25 acres of total disturbance. The table in Appendix 1 on page 6 of this modification summarizes the FA required and held by MMD for this site.

In order to accomplish the approval contemplated by this Modification 17-1, the following subparagraphs are added to Permit No. MK043MN:

Section 1 (Modification 17-1). STATUTES AND REGULATIONS

- A. Modification 17-1 is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993, as amended through 2016) ("Act") and New Mexico Mining Act Rules, Title 19, Chapter 10 of the New Mexico Administrative Code ("NMAC" or "Rules" or "Regulations").
- B. Modification 17-1 is subject to the Act, the Rules, and any other regulations which are now or hereafter in force under the Act; and all such regulations are made a part of this Permit by this reference.

Section 2 (Modification 17-1). PERMIT APPLICATION PACKAGE

- A. The permit application package for Modification 17-1 ("17-1 PMP") consists of:

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1. A written request from the Permittee, received by MMD on August 18, 2017, for the partial release of FA associated with approximately 8.25 acres of reclamation within the NW¼ of Section 9, Township 19 North, Range 5 West. The request includes a map of the reclaimed area and a brief description of the reclamation work performed.
2. A written request from the Permittee, received by MMD on October 2, 2017, for the reduction of the design limit from 10 acres to approximately 9.25 acres.

Section 3 (Modification 17-1). PERMIT AREA AND DESIGN LIMIT

- A. The Permit Area remains defined as 120 acres comprised of the N½ of the NW¼; SW¼ of the NW¼ of Section 9, Township 19 North, Range 5 West in McKinley County, New Mexico.
- B. The design limit is reduced from 10 acres to 9.25 acres.

Section 4 (Modification 17-1). FINDINGS OF FACT

The Permit Application Package

- A. The Permittee has paid the permit modification fee of \$250.00 as required by §19.10.2.201 of the Rules.
- B. The application for permit modification has been reviewed in accordance with §19.10.6.608 of the Rules. The application for permit modification is complete, accurate, and complies with the requirements for permit modifications under §19.10.6.608 of the Rules.
- C. Pursuant to §19.10.6.608.D and §19.10.9 of the Rules, the proposed change does not require public notice nor the opportunity for public hearing.
- D. Pursuant to §19.10.6.608.D(1) of the Rules, the proposed changes would not have a significant environmental impact.
- E. Pursuant to §19.10.6.608.D(2) of the Rules, 17-1 PMP was accompanied by sufficient information for the Director to determine whether any of the factors listed in §19.10.6.608 NMAC are present.

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MMD's Request for Comments to the Agencies and Tribes

- F. The Director has provided notice of this application to other government agencies deemed appropriate, in accordance with §19.10.6.608.D(3) NMAC.

Agency Comments and Site Inspection

- G. An inspection and evaluation of the acreage requested for partial FA release was conducted by MMD and New Mexico Department of Game and Fish personnel on September 8, 2017. The inspection determined the reclaimed acreage to be approximately equal to the amount requested by the Permittee.
- H. The inspection was conducted within 30-days of receipt of the application for FA release, in accordance with §19.10.12.1210.B NMAC.

Financial Assurance

- I. The Permittee has provided FA to cover the costs of reclamation as required by §19.10.3.304.J(3) NMAC. The FA was transferred from the release of approximately 8.25 acres of reclamation, minus \$3,960.00 for vegetative success on the 8.25 acres, to cover the design limit of 9.25 acres of future mining disturbances and to allow for future exploration activities to be conducted.
- J. The total amount of FA for this project is \$62,964.64, which has been determined by MMD to be sufficient to meet the requirements of the Act, Rules, and the Permit. The table in Appendix 1 of this permit modification summarizes the FA required and held by MMD for this project.

Section 11 (Modification 17-1).

CONCLUSIONS OF LAW

- A. The request for permit modification is complete and accurate and complies with the requirements of the Act and §19.10.3.304 NMAC.


All other provisions, modifications, and revisions for mining and reclamation contained in the Ojo Encino Mine Permit, Permit No. MK043MN, remain unchanged.

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CERTIFICATION

I certify that I have read, understand and will comply with the requirements of the Permit, this Permit Modification, the Act and the Rules, including without limitation that I will allow the Director to enter the Permit Area as required by the Permit and/or the Rules and/or as otherwise required by law.

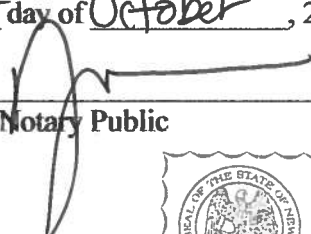


Authorized Representative of the Permittee
Regulatory Representative

Title
Broken Pick

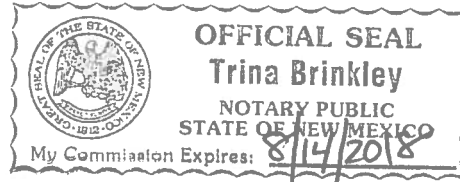
Company

Subscribed and sworn to before me this 30th day of October, 2017



Notary Public

My Commission Expires
August 14, 2018




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ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that the Director approves Permit Modification 17-1 to the Ojo Encino Mine, Permit No. MK043MN, located in McKinley County, New Mexico. The approval partially releases FA associated with 8.25 acres of reclamation and holds \$62,964.64 in total FA for a design limit of up to 9.25 acres and revegetation of approximately 8.25 acres of reclamation.

By Order of the Director, Mining and Minerals Division of the New Mexico Energy, Minerals and Natural Resources Department, of the State of New Mexico.

By: 

Fernando Martinez, Director
Mining and Minerals Division
Energy, Minerals and Natural Resources Department

Date: 11/6/2017

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Appendix 1 – Table Showing Calculated Financial Assurance

Surface Disturbance

Total Design Limit Acres:	9.25
1 st Acre:	\$8,900.00
Next 8.25 Acres:	\$40,425.00
Subtotal:	\$49,325.00
TOTAL: With five year escalation at 2.5%:	\$55,806.71

Boreholes

Number	Depth (ft)	\$ Per Foot	Cost
25	20	\$6.00	\$3,000.00

Revegetation Failure @ 5%/year of \$800 per acre

Acres	Years	\$ Per Acre	Cost	Notes
<u>8.25</u>	12	\$480	<u>\$3,960.00</u>	Mod 17-1, release of 8.25 acres
8.25			\$3,960.00	

TOTAL FA REQUIRED:	\$62,766.71
TOTAL FA HELD:	\$62,964.64