



PO Box 196  
761 St. Cloud Mine Road  
Winston, New Mexico 89743  
575-743-5215

James Hollen  
Sr. Mine Reclamation Specialist/Geologist/Archaeologist  
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New Mexico Energy, Minerals & Natural Resources Dept.

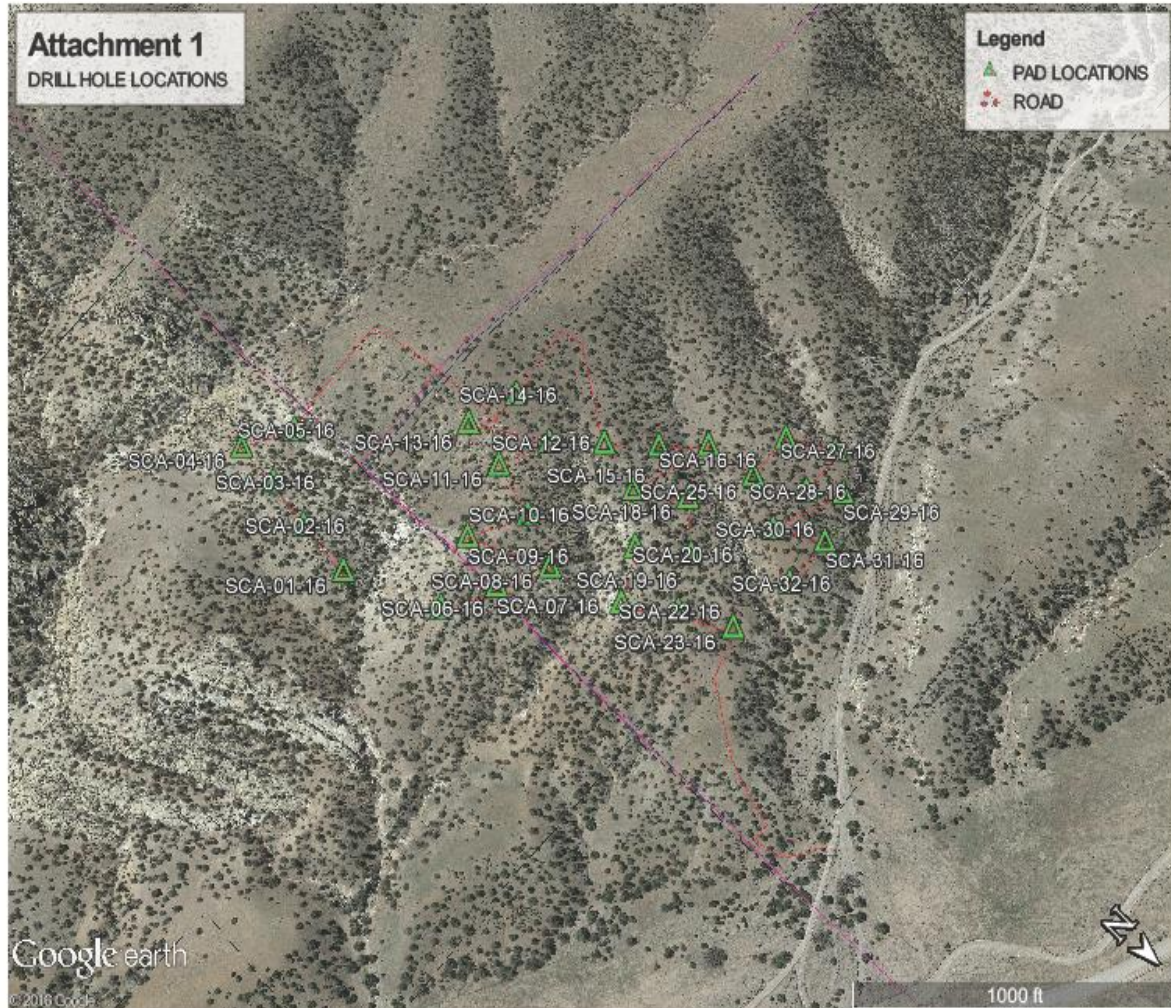
Permit SI039EM - Little Hermosa Exploration Project – drilling of 13 of 18 approved borings have been completed, with all 13 of the drilled holes having been plugged and abandoned, and the surface disturbance of each have also been reclaimed and seeded. You indicated that now you would like to submit a permit modification application requesting the modification of Permit SI039EM in order to move the drilling program to just across the access road in near proximity of the previously drilled holes and complete the remaining 5 borings. I suggested that you submit a proposal to do this and explain the intentions in a permit modification application and we can modify the permit to include drilling in the area across the road. I understand that your reasoning for this modification and to move the holes is to better delineate the underlying zeolite ore body and that previous drilling in the approved area didn't necessarily pan out.

James Hollen,

St. Cloud seeks to renew the Permit SI039EM. Enclosed is a check for \$500.00. St. Cloud also would like to modify the permit to include 32 new holes in attachment 1. These new holes are east of the Little Hermosa area within the Permit pit design limit. There will be 9,237' linear feet road by 8' for a total of 73,896 sq.ft., with 32 pads 10' x 30' for a total of 9,600 sq.ft. Total area disturbed will not exceed 2 acres.

We propose to drill up to 32 holes, with each hole drilled to a 60' depth. St. Cloud will be using an air-track Sosan Drill capable of drill 60', and one F-250 4x4 Ford for service. All drill holes are located at an elevation ranging from 6,060' to 6,160'. After drilling the holes will be backfilled and plugged according to the approved method of using a plastic plug then backfilling to grade with gravel. All areas disturbed will be reclaimed using approved methods in the SI039EM permit.

Audie Padilla  
Superintendent





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DRILL HOLES LOCATIONS							
holes #	Longitude and Latitudes coordinates	Elevations in Ft.	Drilling Depth Ft.	Bottom depth Ft.	Road Level Ft.	Depth below road Ft.	Ground Water depth Ft.
St Cloud Yellowjacket							
SCA-01-16	33°16'38.51"N 107°38'30.89"W	6060	60	6000	5869	5829	50
SCA-02-16	33°16'36.50"N 107°38'30.94"W	6120	60	6060	5869	5829	50
SCA-03-16	33°16'34.63"N 107°38'31.28"W	6164	60	6104	5869	5829	50
SCA-04-16	33°16'32.67"N 107°38'31.45"W	6164	60	6104	5869	5829	50
SCA-05-16	33°16'33.46"N 107°38'33.59"W	6164	60	6104	5869	5829	50
SCA-06-16	33°16'42.06"N 107°38'32.49"W	6164	60	6104	5869	5829	50
SCA-07-16	33°16'42.95"N 107°38'34.64"W	6164	60	6104	5869	5829	50
SCA-08-16	33°16'43.84"N 107°38'36.72"W	6164	60	6104	5869	5829	50
SCA-09-16	33°16'41.08"N 107°38'35.22"W	6164	60	6104	5869	5829	50
SCA-10-16	33°16'42.07"N 107°38'37.60"W	6164	60	6104	5869	5829	
SCA-11-16	33°16'40.16"N 107°38'38.23"W	6164	60	6104	5869	5829	
SCA-12-16	33°16'40.87"N 107°38'40.45"W	6164	60	6104	5900	5860	50
SCA-13-16	33°16'38.24"N 107°38'38.69"W	6164	60	6104	5900	5860	50
SCA-14-16	33°16'38.88"N 107°38'40.89"W	6164	60	6104	5900	5860	50
SCA-15-16	33°16'42.27"N 107°38'42.12"W	6164	60	6104	5900	5860	50
SCA-16-16	33°16'43.72"N 107°38'43.72"W	6164	60	6104	5869	5829	
SCA-17-16	33°16'44.17"N 107°38'41.45"W	6164	60	6104	5869	5829	
SCA-18-16	33°16'45.70"N 107°38'42.92"W	6164	60	6104	5918	5878	50
SCA-19-16	33°16'45.54"N 107°38'39.76"W	6164	60	6104	5918	5878	50
SCA-20-16	33°16'47.08"N 107°38'41.22"W	6164	60	6104	5918	5878	50
SCA-21-16	33°16'46.44"N 107°38'37.70"W	6164	60	6104	5918	5878	50
SCA-22-16	33°16'48.01"N 107°38'39.12"W	6164	60	6104	5869	5829	
SCA-23-16	33°16'49.70"N 107°38'40.29"W	6164	60	6104	5869	5829	
SCA-24-16	33°16'44.88"N 107°38'45.45"W	6164	60	6104	5918	5878	50
SCA-25-16	33°16'46.82"N 107°38'45.72"W	6150	60	6090	5918	5878	50
SCA-26-16	33°16'46.77"N 107°38'48.05"W	6150	60	6090	5918	5878	50
SCA-27-16	33°16'48.24"N 107°38'49.50"W	6150	60	6090	5918	5878	50
SCA-28-16	33°16'48.51"N 107°38'46.90"W	6150	60	6090	5918	5878	50
SCA-29-16	33°16'49.46"N 107°38'48.15"W	6150	60	6090	5918	5878	50
SCA-30-16	33°16'48.52"N 107°38'44.62"W	6150	60	6090	5918	5878	50
SCA-31-16	33°16'50.09"N 107°38'45.89"W	6150	60	6090	5869	5829	50
SCA-32-16	33°16'50.09"N 107°38'43.49"W	6150	60	6090	5869	5829	50
Total			1800				