

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Susana Martinez  
Governor

Ken McQueen  
Cabinet Secretary

Matthias Sayer  
Deputy Cabinet Secretary

Fernando Martinez, Director  
Mining and Minerals Division



March 14, 2018

Mr. David Davidson  
Gulf Coast Mining Group, LLC  
P.O. Box 5148  
Scottsdale, AZ 85261

**RE: Comments on Permit Modification 17-1, Permit No. OT006MN, Iron Duke Mine**

Dear Mr. Davidson,

This letter pertains to the Iron Duke permit modification application (Mod 17-1 to OT006MN) submitted to the the New Mexico Mining and Minerals Division ("MMD") via email on December 6, 2017. David Hamilton of R.T. Hicks Consultants sent more information on February 14, 2018 and we provided feedback by email to you on March 6<sup>th</sup> and to Mr. Hamilton by phone on March 12<sup>th</sup>. This letter is meant to summarize the remaining concerns:

Permit Boundary

The Bureau of Land Management ("BLM") and Gulf Coast Mining have not acknowledged the areas of disturbance outside of the permit boundary are located on BLM land. The areas known as the "Lower Iron Duke Pad" and "Access Road to Lower Iron Duke Waste Rock" were constructed for this mining operation but are not shown to be within the permit area. Please amend the permit area boundary to include them with a map showing the new permit boundary and provide authorization from the BLM to indicate compliance. The same goes for the "Pad Connecting Road". MMD has not received a response from the BLM about this issue.

Also, please submit the survey drawings when they become available.

Access Road

In order to resolve a condition in the approved permit (Section 10, Subsection CC), it is necessary to obtain a copy of the memorandum of agreement between Otero County and the BLM that pertains to the access road disagreement from six years ago. Please provide documentation from the BLM indicating that the dispute over the access road has been satisfactorily resolved with Otero County.

### Current Area of Disturbance

Dividing the disturbance up into two phases is allowed as long as the disturbance is never more than 10.0 acres at any one time. As your permit stipulates, any reclamation is required to be inspected and approved by MMD before starting the Phase II disturbance.

### Vegetation Reference Area

Plate 4 shows the Vegetative Reference Area. This location appears to be acceptable. Please put permanent markers such as metal stakes in the ground to demark the corners of this area for future reference.

### Cost Estimate for Reclamation

MMD expects the financial assurance to correspond to the modification application details. For reference, here is some information about disturbance on the ground:

- Approved permit limits existing disturbance to 6.9 acres;
- Measured disturbance from site visit on 1/9/18 was 6.7 acres;
- Permit Modification application asks to increase disturbance to 9.18 acres;
- Mod Application Update dated 2/13/18 proposes to have two phases of disturbance, the first one being 6.18 acres and once a portion of that is reclaimed and revegetated a second phase of 6.17 acres would be disturbed.

The financial assurance should match the requested 9.18 acres of disturbance or we should amend the application to declare that there will be no increase above the approved 6.9-acre limit. But in either case, we need to update the financial assurance based on the cost estimate calculation criteria in our last letter.

Please contact me at (505) 476-3437 or Mike Tompson of my staff at (505) 476-3427 if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'H. Shepherd', with a stylized flourish at the end.

Holland Shepherd, Manager  
Mining Act Reclamation Program ("MARF")

cc: David Hamilton, *R.T. Hicks Consultants, Ltd.*  
Bill Childress, *BLM District Manager*  
Leighandra Keeven, *BLM Las Cruces Geologist*