

**PERMIT MODIFICATION 17-1 TO PERMIT NO. OT006MN
IRON DUKE MINE
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. OT006MN ("Permit") is issued by the Director of the Mining and Minerals Division ("MMD") of the New Mexico Energy, Minerals and Natural Resources Department to:

GulfCoastMiningGroup, LLC/Larry Lozensky/David Davidson

Whose correct address is: P.O. Box 5148
 Scottsdale, AZ 85261

("Permittee") in order to conduct mining, exploration and reclamation at the Iron Duke Mine located on patented mine claims (Iron Duke, Cinco de Mayo, Virginia, and Barbara) within the Jarilla Mountains of the Orogrande Mining District in Otero County, New Mexico.

This Modification 17-1 allow for the addition of a ball mill to the mine site. The ball mill will use water in a closed loop system.

In order to accomplish the approval contemplated by Modification 17-1, the following subparagraphs are added to Permit No. OT006MN:

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.

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

- A. The permit application package for Modification 17-1 ("17-1 PAP") consists of:
1. A letter dated December 5, 2017 from R.T. Hicks Consultants LTD. requesting a permit modification to allow the use of a ball mill in processing ore at the Iron Duke Mine and to increase the area of disturbance to 9.18 acres. Also attached was a Stormwater Pollution Prevention Plan.
 2. Additional information submitted by R.T. Hicks Consultants LTD on February 14, 2018.
 3. A letter dated April 25, 2018 from Gulf Coast Mining Group.
 4. Additional financial assurance in the amount of \$25,466.52, approved on April 24, 2018.

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

The Permit Area remains the same boundary as described in the permit, which is the area composed of the Iron Duke, Cinco de Mayo, Virginia, and Barbara patented lode mining claims. However, the Permittee is also responsible for the reclamation of all surface disturbance created on BLM land since January 1, 2011 associated with the mining operation. The allowable surface disturbance is limited to 6.7 acres in size.

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 §19.10.2.201.1 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 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.

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- E. Pursuant to §19.10.6.608.D(2) of the Rules, the application for permit modification was accompanied by sufficient information for the Director to determine whether any of the factors listed in §19.10.6.608 NMAC are present.

Financial Assurance

- F. Financial assurance in the amount of \$41,063.52 is in place and has been determined by MMD to be sufficient to meet the requirements of the Act, Rules, and Permit for a period of up to five years from the date of this Permit, for up to 6.7 acres of disturbance within the approved Permit Area. The financial insurance instruments are:
1. Certificate of Deposit number 7120053652, issued by Bank of America on January 31, 2012, in the amount of \$15,597.00;
 2. Certificate of Deposit number 7784138740, issued by Bank of America on April 10, 2018, in the amount of \$25,466.52.

Section 10 (Modification 17-1). GENERAL OBLIGATIONS AND CONDITIONS

- A. The Permittee shall obtain approval of a reclamation plan from the BLM for the road and any other disturbance located on BLM land related to this operation, before such reclamation occurs and the financial assurance held by MMD can be released. Such disturbance would have occurred since 2010, when this operation initiated.
- B. The existing road from the work pad to the upper stockpile shall be bermed and not be used until written permission from the BLM is obtained. The berm shall be sufficient to not allow heavy equipment to pass and shall be kept in place, at all times. No material shall be moved from the upper stockpile location to the work pad using this road until a permit, or notice from the BLM is approved.
- C. The Permittee agrees to modify the permit boundary in this permit modification, No. 17-1, to extend the boundary to include all areas on BLM land disturbed by this mining operation; since 2010.
- D. The Permittee agrees to address, with BLM, all surface disturbance created on BLM land as part of this mining operation since 2010.
- E. The financial assurance amount is based on the existing disturbance on created by this mining operation (6.7 acres), both on the patented mining claims and BLM federal land. The Permittee shall not create any more surface disturbance above this 6.7-acre amount without first modifying the permit and increasing the financial assurance.
- F. The Permittee shall apply for a permit modification before any new roads are created on

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patented mining claims or BLM land. An increase of financial assurance would necessary for such a potential permit modification before any surface disturbance is created.

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 Iron Duke Mine Permit, Permit No. OT006MN, 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

Larry L Lenzky, MANAGER
Title

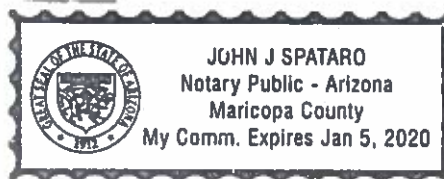
GULF COAST Mining Group, LLC
Company

Subscribed and sworn to before me this 17 day of July, 2018

[Signature]
Notary Public

My Commission Expires

January 5, 2020




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ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that the Director approves Permit Modification 17-1 to the Iron Duke Mine, Permit No. OT006MN, located in Otero County, New Mexico. The approval allows for the addition of a ball mill to the minimal impact mining operation.

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
New Mexico Energy, Minerals and Natural Resources Department

Date: 7/24/2018