

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary Designate

Todd E. Leahy, JD, PhD
Deputy Secretary

Fernando Martinez, Acting Director
Mining and Minerals Division



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CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 14, 2019

Gerald Smith, President
GEO Southwest, LP
P.O. Box 353
9751 Hwy. 86
Silverton, TX

Re: Notice of Non-Compliance, ASARCO Deming Mill and Tailing Facility, Permit No. LU009RE, Luna County NM

Dear Mr. Smith,

This is to notify you that you are out of compliance with the NM Mining Act Rules and the NM Mining Act regarding the requirement to maintain adequate financial assurance on a permitted mine site, in the State of NM. The last correspondence we had with you was a letter sent to you from the Mining and Minerals Division (MMD), on November 17, 2017, discussing the steps needed to complete the establishment of financial assurance instruments, to cover the cost estimated for reclamation of the ASARCO Deming site. The established cost estimate, for the ASARCO Deming Mill and Tailings Facility, at the time of the letter, was **\$225,201.00 dollars**. This may require some adjustment now since the FA was never posted, and some time has gone by since the establishment of this amount (September 2014).

In our last correspondence we were discussing the establishment of collateral to cover the \$225,201.00 cost of reclamation. It is my understanding that those sites, to have been used for collateral, are no longer available. GEO Southwest, will now need to provide another form or financial assurance to cover the reclamation costs. Please provide MMD with a plan and schedule for posting the alternate form of financial assurance with **30 days** of receipt of this letter. We will need to hear from you about a viable plan to provide FA, for the ASARCO Deming site, within the timeframe allotted, or we will have to start enforcement action, which will include violations and penalties for lack of adequate financial assurance.

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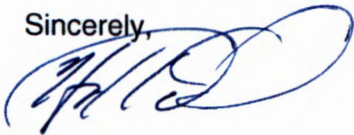
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An alternative to providing adequate financial assurance will be to reclaim/closeout the site in its entirety.

It is important that any discussions addressing financial assurance for the ASARCO Demining site start up again, and that the site is covered by adequate financial assurance.

Please contact me at 505/476-3437, holland.shepherd@state.nm.us

Sincerely,

A handwritten signature in blue ink, appearing to read 'H. Shepherd', enclosed in a light blue rectangular box.

Holland Shepherd
Program Manager
Mining Act Reclamation Program
Mining and Minerals Division

cc: Fernando Martinez, Director, Mining and Minerals Division