



March 13, 2020

Clint Chisler, Permit Lead

via email: Clinton.Chisler@State.NM.US

New Mexico Energy, Minerals and Natural Resources Department
Mining Act Reclamation Program
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Banner Mill; Permit No. H1001RE, Draft Permit Revision Application for Standby Status

Mr. Chisler,

Pyramid Peak Mining LLC (PPM) hereby submits a draft Permit Revision Application for Standby Status for the Banner Mill.

Please contact Sandra Carson at Sandra.carson@elkomininggroupp.com or 928-565-2226 ext. 262 with comments on the draft application and guidance on the public comment procedure.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Martini", is written over a horizontal line. The signature is stylized and cursive.

Joseph Martini

Director of Environmental Affairs

9650 Gateway Drive, Suite 202
Reno, NV 89521
775-826-7567

Banner Mine and Mill Site

Renewal Application for Standby Status

Permit Revision 20-1

Permit Number HI001RE

SLR Ref: 123.01970.00015

March 2020

Revision Schedule:

Revision Number:	Date:	Description:	Prepared By:	Reviewed By:	Approved By:
1	3/6/2020	Draft	JSC, TP	JSC	
2	3/12/2020	Final	JSC, TP	JSC	Origin
3					
4					

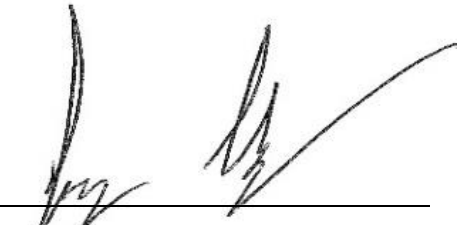
**Banner Mine and Mill Site
Renewal Application for Standby Status
Permit Revision 20-1
Permit Number HI001RE**

Prepared for:



Pyramid Peak Mining, LLC
1219 Banner Mine Road
Lordsburg, NM 88045

This document has been prepared by SLR International Corporation. The material and data in this report were prepared under the supervision and direction of the undersigned.



Jeremy Scott Collyard, PMP
SLR Project Manager

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Attachment

- Attachment A Public Notice (English Version)
- Attachment B Public Notice (Spanish Version)
- Attachment C Evidence of Required Notification Compliance

ACRONYMS

PPM	Pyramid Peak Mining, LLC
TSF	Tailings Storage Facility
LMC	Lordsburg Mining Company
MMD	New Mexico Mining and Minerals Division
NMAC	New Mexico Administrative Code
NMED	New Mexico Environmental Department
HDPE	High Density Polyethylene
USEPA	United States Environmental Protection Agency
NPDES	National Pollutant Discharge Elimination System
MSGP	Multi-Sector General Permit

1. INTRODUCTION

1.1 REGULATORY INITIATIVE

Pyramid Peak Mining, LLC (PPM) is hereby making application for Standby Status and Permit Revision 20-1 for Permit No. HI001RE related to the Banner Mill and Mine site (Site) for compliance of New Mexico Administrative Code Title 19, Chapter 10 Part 7 (NMAC 19.10.7), NMAC 19.10.5.505, and NMAC 19.10.6.608. All of the Mine Units listed in the permit are expected to remain on standby for the following 5 years including the mill area, the milling facility and ancillary buildings including coarse and fine ore stockpiles, decant cells, dry stack area, tailings impoundment, mill site pond, and diversion channels.

An application for Standby Status and permit revision (Permit Revision 15-1) was submitted on August 5, 2015 by Lordsburg Mining Company (LMC); however, LMC filed for bankruptcy and entered Chapter 11 proceedings which resulted in the dissolution of LMC. As a result, Permit Revision 15-1 was suspended.

The New Mexico Mining and Minerals Division (MMD) requested additional information regarding Permit Revision 15-1 in a letter (Request for Additional Information, Permit Revision 15-1 Application for Standby Status MMD Permit No. HI001RE –Banner Mill Complex Hidalgo County, New Mexico) on February 6, 2018 provided in **Attachment A**. The letter states that MMD anticipates following through with the approval of Permit Revision 15-1 and that PPM must provide additional information requested by other state of New Mexico agencies.

The Site has been inactive since 2013, which was followed by an application for Standby Status which was immediately followed by LMC filing for bankruptcy in 2015. The term for this application for Standby Status is five years and is due to current commodity prices. It is the goal of PPM to resume operations prior to five years, but at this time a resumption date is indeterminate. Prior to the end of the five year term, if operations have not resumed, or no other permit revisions and revised plan of operation is in process to re-establish operations, the Site will be evaluated whether to begin immediately to bring the Site into post mine land use, or to apply for a continuance of Standby Status. PPM may also elect to begin placement of individual mine units into post mine land use at any time within the five-year period. PPM will notify MMD prior to commencement of reclamation and/or post mine land use activities. In the meantime, PPM will maintain the mine in a state of care and maintenance to ensure compliance with NMAC 19.10.

1.2 GENERAL INFORMATION

The Banner Mine and Mill site (Site) encompasses approximately 50 acres located on Banner Mill Road, approximately 4.5 miles southwest of Lordsburg, New Mexico in Section 14 and 23, Township 23S, Range 19W of Hidalgo County. The Site consists of a mill area, the milling facility and ancillary buildings including coarse and fine ore stockpiles, decant cells, dry stack area, tailings impoundment, mill site pond, and diversion channels. The entire Site will be addressed for standby for a term of five years.

2. STANDBY STATUS

2.1 INTRODUCTION

The Site consists of the mill area, the milling facility and ancillary buildings including coarse and fine ore stockpiles, decant cells, dry stack area, tailings impoundment, mill site pond, and diversion channels, all of which will be addressed for standby status. There have been no milling activities at the Site since 2013 and all activities since 2013 have been conducted to comply with applicable federal and state regulations.

2.2 NMAC 19.10.7.701.B(1) IDENTIFY THE PROJECT TERM OF STANDBY STATUS

The Site will be on standby for five years and possibly more. Activities will be conducted during Standby Status to comply with applicable federal and state regulations and to maintain water rights at the Site.

2.3 NMAC 19.10.7.701.B(2) DESCRIBE MEASURES TO BE TAKEN TO REDUCE, TO THE EXTENT PRACTICABLE, THE FORMATION OF ACID AND OTHER TOXIC DRAINAGE AND TO PREVENT RELEASES THAT CAUSE FEDERAL OR STATE ENVIRONMENTAL STANDARDS TO BE EXCEEDED

Prior characterizations of the ores and tailings produced by previous operators indicate that the ores from the Summit mine and as a result the tailings do not have acid formation potential. Only ore from the Summit mine has been milled at the Site. New Mexico Environmental Department (NMED) Discharge Permit DP-1651 includes the TSF and provides the measures to be taken to reduce, to the extent practicable, the formation of acid and other toxic drainage and to prevent the releases that cause federal or state environmental standards to be exceeded. The TSF is contained by a 60 mil High Density Polyethylene (HDPE) liner and is designed to contain the 100-year/24-hour flood event. Stormwater runoff from the TSF is contained in a 60 mil HPDE lined pond.

2.4 NMAC 19.10.7.701.B(3) DESCRIBE HOW APPLICABLE FEDERAL AND STATE ENVIRONMENTAL STANDARDS AND REGULATIONS WILL BE MET DURING THE DURATION OF STANDBY STATUS AND PROVIDE TO THE DIRECTOR A WRITTEN DETERMINATION FROM THE SECRETARY OF THE ENVIRONMENT DEPARTMENT STATING THAT THE PERMITTEE HAS DEMONSTRATED THAT THE OPERATION WILL BE EXPECTED TO ACHIEVE COMPLIANCE WITH ALL APPLICABLE AIR, WATER QUALITY AND OTHER ENVIRONMENTAL STANDARDS OF THE ENVIRONMENT DEPARTMENT DURING STANDBY STATUS IF CARRIED OUT AS DESCRIBED

Applicable Federal and State environmental standards and regulations will be met during the duration of Standby Status by complying with NMED Discharge Permit DP-1651, NMED Air Quality Permit 0882M3, and United States Environmental Protection Agency (USEPA) National Pollutant Discharge Elimination

System (NPDES) Multi-Sector General Permit (MSGP) for Gold and Silver Ores (NMR050000). The Site has not been further disturbed since 2013. All conditions described in the permit were deemed by NMED to be satisfactorily addressed then and have not changed since.

The Secretary of the NMED provided a written determination, dated June 3, 2014, stating that LMC, the Site permit holder at the time, has demonstrated that the activities to be permitted or authorized will be expected to achieve compliance with all applicable air, water quality, and other environmental standards if carried out as described in the Closeout Plan (Draft Permit No. HI001RE Revision 14-1).

2.5 NMAC 19.10.7.701.B(4) DESCRIBE HOW WASTE AND STORAGE UNITS, LEACH PILES, IMPOUNDMENTS AND PITS WILL BE STABILIZED DURING THE DURATION OF STANDBY STATUS

The Site does not include any leach piles or pits. The TSF, dry stack TSF, coarse ore stockpiles, and fine ore stockpiles will be stabilized during the duration of Standby Status by complying with NMED Discharge Permit DP-1651, NMED Air Quality Permit 0882M3, and MSGP for Gold and Silver Ores (NMR050000). The Site has not been further disturbed since 2013; however, the site is monitored/inspected on a weekly basis and maintenance is performed to comply with current state and federal regulations. All conditions described in the permit were deemed by NMED to be satisfactorily addressed then and have not changed since. There has been no indication since 2013 that the Site presents a danger to humans or wildlife. Weekly monitoring/inspections include the fencing surrounding the site and ponds and if necessary, repairs are performed to comply with state and federal regulations.

2.6 NMAC 19.10.7.701.B(5) DESCRIBE HOW THE APPLICABLE REQUIREMENTS OF THE ACT AND 19.10 NMAC WILL BE MET DURING THE TERM OF THE STANDBY STATUS FOR THE OPERATIONS PROPOSED FOR STANDBY STATUS

PPM will continue to comply with the conditions and provisions of NMED Discharge Permit DP-1651, NMED Air Quality Permit 0882M3, and MSGP for Gold and Silver Ores (NMR050000) and current Closeout Plan and will remain in compliance with NMAC 19.10. Part 7 of the New Mexico Mining Rules. The Site has not been further disturbed since 2013. All conditions described in the permit were deemed by NMED to be satisfactorily addressed then and have not changed since.

2.7 NMAC 19.10.7.701.B(6) PROVIDE AN ANALYSIS OF THE ANTICIPATED FUTURE ECONOMIC VIABILITY OF THE UNITS PROPOSED FOR STANDBY STATUS

The Banner Mill is an integral component to the nearby Summit Mine (Mine), which is owned by PPM. This Site has been specifically constructed to process 60% of the precious metal (gold & silver) bearing ore that is mined from the Summit Mine.

Over the Mine's years of operations, the Site is planned to process 521,625 tons of ore into 46,708 ounces of gold and 3,051,506 ounces of silver. All 521,625 tons of ore sent to the Site will be mined exclusively from the Mine.

The Mine has the following projected economics over its 6.6-years of operations at an assumed gold price of \$1,200:

- Net Operating Income ("NOI"): \$79.3 million
- NPV of the NOI: \$51.8 million
- Net Cumulative Cash Flow: \$36.6 million

At a gold price of \$1,400, which is conservative given the current gold price, the Mine's economics substantially improve to the following:

- NOI: \$110.7 million
- NPV of the NOI: \$72.1 million
- Net Cumulative Cash Flow: \$67.9 million

With positive economics expected to be realized from the Mine, PPM is of the view that the Mine will restart production in the future. However, without the Site it will be impossible for the Mine to realize these economics.

2.8 NOTICES

Copies of the public notices, in English and in Spanish, are provided in **Attachment A** and **Attachment B**. Public notice requirements in compliance with NMAC 19.10.9 are as follows:

- Provided by certified mail to the owners of record, as shown by the most recent property tax schedule, of all properties within 1/2 mile of the property on which the mining, exploration or reclamation operation is located or is proposed to be located on or before the newspaper publication date required by Subsection C of NMAC 19.10.9.903;
- Provided by certified mail to all municipalities and counties and tribal organizations within a 10-mile radius of the property on which the mining, exploration or reclamation operation is or is proposed to be located on or before the newspaper publication date required by Subsection C of NMAC 19.10.9.903;
- Published once in a newspaper of general circulation in each county in which the property on which the mining, exploration or reclamation operation is or is proposed to be located; provided that this notice shall appear in either the classified or legal advertisements section of the newspaper and at one other place in the newspaper calculated to give the general public the most effective notice, and shall be printed in both English and Spanish;
- Posted in at least four publicly accessible and conspicuous places on or before the newspaper publication date required by Subsection C of NMAC 19.10.9.903, including the entrance to the new or existing mining operation or exploration operation if that entrance is publicly accessible and conspicuous;
- Mailed to the mineral lessor, if any, on or before the newspaper publication date required by Subsection C of NMAC 19.10.9.903;

- Mailed to all persons who have made a written request to the Director for notice of this application on or before the newspaper publication date required by Subsection C of NMAC 19.10.9.903;
- Mailed by certified mail to all persons on a list maintained by the Director of individuals and organizations who have requested notice of applications under NMAC 19.10; and
- Mailed to the NMED, the State Engineer, the Department of Game and Fish, the Forestry Division and the State Historic Preservation Division.

Evidence of compliance with required public notice to comply with NMAC 19.10.9.903 is provided in **Attachment C**.

ATTACHMENT A

PUBLIC NOTICE (ENGLISH)

ATTACHMENT B
PUBLIC NOTICE (SPANISH)

ATTACHMENT C

EVIDENCE OF REQUIRED NOTIFICATION COMPLIANCE