

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

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Deputy Cabinet Secretary

Jerry Schoeppner PG, Director
Mining and Minerals Division



August 12, 2020

Eric Best
Kennecott Exploration Company
2640 West 1700 South
Salt Lake City, UT 84104

**RE: Exploration Permit Renewal Approval; Kennecott Steeplerock Exploration Project,
Permit No. GR082EM-R1**

Dear Mr. Best:

The New Mexico Mining and Minerals Division (“MMD”) received a letter dated June 17, 2020, from Kennecott Exploration Company (“Permittee”), requesting renewal of the Kennecott Steeplerock Exploration Project, Permit No. GR082EM. This letter acknowledges the renewal of the Minimal Impact Exploration Permit for the Kennecott Steeplerock Exploration Project, Permit No. GR082EM. The permit number designated for the renewal will be GR082EM-R1. The Permittee is authorized to conduct mineral exploration and reclamation operations only on those lands that are specifically designated and authorized within the permitted area (“Permit Area”) and exploration activities shall be limited to the locations identified in the PAP. The Permit Area is located approximately 14 miles north of Duncan, AZ in Grant County, NM on federal lands managed by the BLM on private surface/unpatented mining claim land within Sections 20, 21, 23 of Township 16 S, Range 21 W Grant County, New Mexico, and is designated as the permit area shown on the map within the PAP titled: *Exhibit A, Map*. Based on your renewal request, it is our understanding that the Permittee proposes to continue explorations as previously approved, without significant modification or change in operations.

Findings of Fact:

1. The application for renewal is complete and demonstrates that the renewal of the permit will continue to meet the requirements of reclamation, as identified in Section 19.10.4.405.C of the New Mexico Mining Act Rules (“the Rules”).
2. The Permittee has paid the permit application fee in the amount of \$500.00, as determined by Part 2 of the Rules.

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3. The Permittee has no outstanding violations of the New Mexico Mining Act or 19.10 NMAC.
4. The Permittee has provided a statement from its banking institution verifying that a Surety Bond established by the Permittee as jointly held MMD-BLM financial assurance for the Lordsburg West Exploration Project is valid and presently in effect in the required amount.
5. The Permittee has acknowledged that there has been no change in the amount of proposed disturbance within the proposed permit area or any changes to the plan of operations described in Permit No. GR082EM.
6. The Permittee has provided, as part of the PAP, a signed statement indicating that Permittee agrees to comply with the reclamation requirements of the permit, Part 3 of the Rules, and the New Mexico Mining Act (the Act) and allows the Director to enter the permit area, without delay, for the purpose of conducting inspections during exploration and reclamation.
7. This Permit does not grant or create any property rights. Nor does MMD, by issuing this Permit or otherwise, make any comment on the surface or mineral rights that the Permittee may or may not have in the area covered by the Permit; only that the Permittee has provided a statement of basis on which the Permittee has a right to enter the property to conduct mining and reclamation. Permittee is solely responsible to take whatever steps are necessary to ensure that Permittee has property rights sufficient to support the activities contemplated by the Permit.
8. This Permit does not grant or create any water rights. Nor does MMD, by issuing this Permit or otherwise, make any comment on the water rights that the Permittee may or may not have available for use in the area covered by the Permit. Permittee is solely responsible and obligated to comply with all state and federal laws related to water rights sufficient to support the activities contemplated by the Permit.
9. Since portions of the permit area is on Federal Lands managed by the BLM, the expiration, or termination, of the BLM's authorization to conduct operations on the property automatically suspends the permittee's authority to continue mining operations on the property, although not necessarily reclamation operations required by this permit. The BLM has acknowledged the Permittee's Notice of Intent ("NOI") and has authorized the Permittee to conduct operations on the property pursuant to the current NOI through June 02, 2021.
10. This Permit is issued pursuant to NMSA 1978, Section 69-36-1 et. seq., and Title 19, Chapter 10 NMAC. Permittee may be required to comply with other federal, State, county or local laws or ordinances before or while undertaking the activity that is the subject of this Permit. MMD does not, by issuing this Permit or otherwise, make any

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comment on Permittee's compliance with such other laws. It is Permittee's sole responsibility to investigate and comply with the requirements of such other laws.

11. The Permittee shall comply with all requirements, obligations and conditions and shall conduct mining and reclamation operations at the Kennecott Steeplerock Exploration Project only as described within approved Permit No. GR082EM, originally approved on August 8, 2019.
12. Permit Renewal R1 expires on August 8, 2021, which is one year from the expiration date of the original permit [19.10.405.4.A (1) NMAC]. In addition, at the end of the project you will need to file a termination report based on the requirements of Section 407 of the Rules. If you decide to continue exploration activities beyond that period, you must renew the permit at least 30 days before the date of expiration [19.10.4.405.C (2) NMAC].

If you have any questions, please contact Clint Chisler of my staff, at (505) 467-9589 or via e-mail at: clinton.chisler@state.nm.us.

By Order of the Director,



Jerry Schoeppner
Director
Mining and Minerals Division

cc: Holland Shepherd, Program Manager, MARP
Joseph Navarro, Division of Multi-Resources, Las Cruces District Office, BLM
File No. GR082EM