

State of New Mexico
Energy, Minerals and Natural Resources Department

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Mining and Minerals Division



August 26, 2020

Gerald Smith, President
GEO Southwest, LP
P.O. Box 353
9751 Hwy. 86
Silverton, TX 79257

RE: Status Update for 1) Long-Term Financial Assurance, 2) Updated Closeout Plan and 3) Modification for Vegetation Reference Area for the Deming Mill and Tailing Facility; Permit No. LU009RE, Luna County, NM

Dear Mr. Smith:

In response to the Mining and Minerals Division's (MMD) June 7, 2019 Financial Assurance and Closeout Plan letter for the Deming Mill and Tailing Facility, Permit No. LU009RE, GeoSouthwest Inc. provided MMD a July 16, 2019 letter and Deed of Trust as interim financial assurance (FA). On September 24, 2019, GeoSouthwest requested a 120-day extension of time for establishment of the long-term FA and updated closeout plan. This extension ran its course by mid-April, 2020, and a pending sale of the former mill property has not been completed. In recent conversations, MMD indicated the importance of fulfilling the requirements for the long-term FA and updating the closeout plan, which are detailed in the MMD June 7, 2019 letter to GeoSouthwest. This letter resets deadlines of the updated closeout plan, which must be submitted no later than October 15, 2020, and the long-term FA requirements must be in place by December 15, 2020.

As a separate issue from FA and closeout plan, GeoSouthwest expressed interest to pursue financial assurance release based upon vegetation surveys compared to a reference area. The establishment of the reference area requires a modification to the MMD permit. GeoSouthwest must submit a letter request/application along with payment of \$1,000 for processing the modification. GeoSouthwest has indicated a willingness to incorporate the reference area into the permit, and MMD cannot evaluate a permit modification without the payment of the fee, plus a written request/application.

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MMD would like to move forward on completion of the updated FA and closeout plan. The sale of the mill property is pending since the fall of 2019, and the highest priorities for MMD permit No. LU009RE are the resolution the long-term FA and updated closeout plan. In an effort to follow the progress of the above permitting issues, MMD will offer the start of monthly telemeetings beginning in early September.

If you have any questions concerning this letter, please call 505-490-0726.

Sincerely,



Kevin Myers

Hydrologist, Permit Lead MMD No. LU009RE

Mining Act Reclamation Program/MMD

cc (via email): Mine File - Permit LU009RE
Dana David, Assistant General Counsel, MMD
Holland Shepherd, Program Manager, MARP/MMD