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April 2, 2021

Clint Chisler – Permit Lead, GR086EM
Mining Act Reclamation Program (“MARF”)
New Mexico Mining and Minerals Division

RE: Agency Review Comments and Request for Additional Information, Permit Tracking No. GR086EM, Bronco Creek Exploration, Malone Exploration Project in Grant County, NM

Mr. Chisler:

In response to your letter of March 23, 2021, we would like to address the five items identified and commented on by the Mines and Minerals Division that require additional information in order to make our application for a permit for a Minimal Impact Exploration Operation permit technically complete. In addition, we would also like to address the comments, concerns, and requirements that were submitted by other agencies during the comment period for this application in order to ensure that our permit meets, and in many cases exceeds the requirements and guidelines for the State of New Mexico.

New Mexico Mining and Minerals Division comments:

- 1. Please provide a grading plan/recommendation design approved by the USFS for reclamation of the drill pad area of site 1.**

Site 1 will require a significant amount of work with heavy equipment to prepare it for use in the drilling program. During this phase we will flatten the site out and use the piles of local material that were used/left over from previous reclamation activities to fix the areas that have washed out in the access road.

After the completion of drilling BCE will work with the USFS personnel to reclaim the site to their standards. The first step in this process will be to recontour the site in a way as to direct the drainage back into its original course which will be through the middle of the proposed site instead of its current location where it has eroded through the previously constructed mitigations and into the road where it has washed out a new channel. The next step in the process will use the large rocks in the area to fortify and armor this redirected drainage so that it stays in the new channel. This may require digging a trench along the recontoured drainage and building a small berm with the rocks so that water does not erode through the reclamation work. The ultimate goal will be to put the drainage back in its original channel prior to the previous reclamation that was done at this location and have it done in a way that it will not escape the channel again in the future.

- 2. Please provide an updated map showing the new overland routes planned for sites 8 and 9 as discussed at the March 9, 2021 site visit.**

The map that both the USFS and the NM MMD currently have for the permit has the correct routes that were established during the initial field visit with USFS personnel and the Bronco Creek Exploration staff. The route that was taken in the field during the site visit on March 9, 2021 was different than the route in the map but it was just a wrong turn taken when walking up one of the drainages and does not reflect the route that is in the permit on the map of the planned operations.

- 3. Provide the approved USFS seed mix for reclamation.**

The Gila National Forest provided the following seed mix for reclamation:

Blue Grama Grass - 40 seeds per square foot – 4.0lb/acre
Side-Oats Grama Grass - 40 seeds per square foot – 4.0lb/acre

- 4. Contact MMD for discussion of relocation of proposed site 11. This drill hole must be a minimum of 100 ft. from the ephemeral drainage.**

Bronco Creek Exploration has decided that rather than moving site 11 a second time and requiring additional work from our staff and from the USFS and NM MMD, that it would be better to eliminate that site from the permit. This will save time and effort from all who are involved and it removes this site as a potential problem due to its proximity to the ephemeral drainage.

- 5. Contact MMD with the preferred Financial Assurance (“FA”) Instrument to start the process of getting the joint FA with MMD and USFS in place.**

Bronco Creek Exploration has been in contact with the MMD regarding the preliminary step for setting up Financial Assurance. BCE will likely utilize a Surety Bond as the Financial Assurance Instrument for the Proposed work plans.

NMED Mining Environmental Compliance Section, Ground Water Quality Bureau

Comments:

- 1. Site 11 is located within 100 ft. of an ephemeral drainage and needs to be moved to another location further away.**

As stated in the reply to comment 4 from the NM MMD above, BCE is willing to eliminate site 11 from the permit which eliminates it as a potential problem due to its proximity to the ephemeral drainage.

- 2. Prior to building the drill pad and doing reclamation at site 1, saturated paste pH's of the waste rock need to be taken prior to any use in reclamation areas. Waste rock**

material that has a low saturated paste pH (<5) cannot be used as reclamation material.

The waste rock material present in the Barranco area, drill pad KM-P-1, was already utilized in past reclamation efforts and road closures by the previous operator, and then at a later date by the Gila National Forest, respectively. These materials are locally derived and have been exposed at the surface by these past efforts without any detrimental effects to the environment and therefore should be suitable for re-use during this exploration program. BCE should have no responsibility for testing materials left on site by past operators that were then re-distributed by the Gila National Forest.

If this is unacceptable, BCE will simply avoid the waste rock material in the area. Unfortunately, that will likely result in reclamation efforts that are less erosion resistant and less visually appealing.

NMED Surface Water Quality Bureau Comments:

Most of the recommendations set forth in the NMED Surface Water Quality Bureau comments are covered by mitigations already in place in both the permit for the USFS and the permit for the NM MMD. Best management practices will be used on all sites to prevent any discharge from the containments in place at the drill sites. The use of sumps to contain drilling fluids and cuttings on the site as a primary containment is sufficient in most cases but BCE will also employ straw waddles around the downhill portion of the sites to act as secondary containments to prevent any discharge and to help prevent erosion.

All fuel, oil, hydraulic fluid, lubricants, and other petrochemicals will be stored in properly labeled containers that will then be stored inside secondary containment areas that have spill kits, absorbent pads, and cleanup materials for any potential spills.

NMED Air Quality Bureau Comments:

Best practices will be used to mitigate all fugitive dust where proposed new ground disturbance will occur for this permit. In most cases the application of water will be the main mitigation plan for dust and will be used when needed depending on conditions at that time on the site.

NMDCA/HPD Comments:

A cultural resource survey will be conducted by the Gila National Forest personnel to ensure this permit will have no adverse impacts to cultural resources listed on the National or State Registers. This survey will be conducted by qualified personnel on any undisturbed portions of the exploration area that has not been previously surveyed and where proposed new ground disturbance will occur for this permit in order to determine if any historic or archaeological properties are present and if so, to provide documentation of those resources to the NMDCA/HPD.

NMOSE Comments:

Completed forms WR-07 (Application for permit to drill a well with no consumptive use of water) and WD-08 (Well plugging plan of operations) have been filed with the District Office of the State Engineer District 3 Office. Once the permits for exploration have been granted by the USFS and the NM MMD, those applications will be reviewed by the NMOSE. Once they have been granted, we will drill the holes and upon completion of the drilling we will properly abandon and plug the holes according to the NMOSE regulations depending on what is observed in each hole. Dry holes, holes with non-artesian groundwater, and holes with artesian water will be abandoned and plugged according to the guidelines specific to each of those conditions.

NMDG&F Comments:

- 1. To minimize adverse impacts to migratory bird nests, eggs or nestlings during drill pad and access development, the Department recommends that ground disturbance and vegetation removal activities be conducted outside of the primary breeding season for migratory songbirds and raptors (1 March – 1 September). If ground disturbing and clearing activities during the breeding season cannot be avoided, the area should be surveyed for active nest sites (with birds or eggs present in the nesting territory), and when occupied, nest disturbance should be avoided until young have fledged.**

If the BCE exploration project at Malone takes place during the breeding season for migratory songbirds and raptors, BCE will conduct a survey of the proposed areas of disturbance prior to the initiation of ground disturbance and vegetation removal. This survey will be conducted by qualified personnel from either the USFS or if necessary, by a qualified biologist contracted by BCE for this work.

- 2. The Department also recommends that fenced mud pits are also netted to exclude birds and bats. Extruded plastic, knit, or woven netting material is preferred. Monofilament netting should not be used due to its tendency to ensnare wildlife and cause injury or death. The Department recommends a mesh size of 3/8 inch to exclude smaller animal species. Netting material must be held taught over a rigid and adequately supportive frame to prevent sagging into the drilling fluids.**

BCE is committed to using various techniques to mitigate against wildlife becoming entrapped in the sumps. We will build the sump using a 3:1 slope on one side to allow for larger wildlife to walk out of the sumps should they manage to get inside the fences that will be in place. For smaller wildlife, smaller gauge fencing can be used and a 2x6 or 2x8 board can be placed in the sump to act as an escape ramp for smaller species.

The netting that is requested to cover the sump poses a different challenge for this exploration project. Placing netting over a sump on an active site poses a significant safety threat to our personnel and our contractors. Should someone fall into the sump and be wrapped in the netting it could be fatal because they have no way to free themselves and get out of the sump. In addition to this most birds and bats tend to stay away from the active drill sites due to the noise and activity in the area making it less likely that there will be a

problem. Our proposed mitigation is that we do not use the netting during the active drilling of the sites but the sumps will be covered with netting after drilling stops and the netting will stay in place until the sumps are drained and backfilled or reclaimed.

If there are other questions, comments, concerns, or additional information needed to make this application for a Minimal Impact Exploration Operation permit technically complete, please contact me at (307) 871-1655, or via email at: cking@broncocreek.com.

Sincerely,

Caleb A. King
Senior Geologist
Bronco Creek Exploration