

**PERMIT MODIFICATION 21-1 To PERMIT NO. MK008ME
MESA VERDE HUMATES PUEBLO ALTO MINE
MINIMAL IMPACT EXISTING MINING OPERATION**

**MINING AND MINERALS DIVISION
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

This Modification 21-1 ("Modification 21-1") to Permit No. MK008ME ("Permit") is issued by the Director of the Mining and Minerals Division ("MMD") of the New Mexico Energy, Minerals and Natural Resources Department to:

Mesa Verde Humates, LLC
P.O. Box 785
Bernalillo, New Mexico 87004

Whose correct address is:

("Permittee") for the Pueblo Alto Mine, located in McKinley County, New Mexico.

This Modification 21-1:

1. Reduces the size of the Mesa Verde Humates Pueblo Alto Permit Area by approximately 64.8 acres;
2. Approves the final release of approximately 25.45 acres of partial reclamation from permit number MK008ME (Mesa Verde Humates LLC) to permit number MK054MN (Arroyo Solar LLC) for an industrial/commercial post-mining land use;
2. Releases \$12,216.00 in financial assurance from permit number MK008ME, which is being assumed under permit number MK054MN.

In order to accomplish the approval contemplated by this Modification 21-1, the following subparagraphs are added to Permit No. MK008ME:

Section 1 (21-1). STATUTES AND REGULATIONS

- A. This Permit modification is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993, as amended through 2021) ("Act") and New Mexico Mining Act Rules, Title 19, Chapter 10 of the New Mexico Administrative Code ("NMAC" or "Rules" or "Regulations").
- B. This Permit modification is subject to the Act, the Rules, and any other regulations which are now or hereafter in force under the Act; and all such regulations are made a part of this Permit by this reference.

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Section 1a (21-1). PERMIT APPLICATION PACKAGE

- A. The permit application package for Modification 21-1 ("21-1 PMP") consists of:
1. A written request dated April 26, 2021 entitled "Request for a Permanent Release of ~65 Acres of the Permit Area" submitted by Mesa Verde Humates;
 2. An email from Mesa Verde Humates dated May 3, 2021 with the legal description of the approximate 64.8 acre permit area reduction;
 3. A written request dated March 30, 2021 from Arroyo Solar LLC requesting partial permit transfer of the northern portion of the Pueblo Alto permit area, constituting approximately 64.8 acres.

Section 2 (21-1). PERMIT AREA

- A. The Permittee is authorized to conduct mining, exploration, and reclamation operations only on those lands that are specifically designated and authorized within the permitted area ("Permit Area") and within the design limit. For this Permit, the Permit area is defined as:
1. No more than approximately 120.2 acres of land located within Section 15, T20N, R7W ("Pueblo Alto Mine Permit Area"); and
 2. No more than 80 acres of land located in the south half of the southwest quarter of Section 8, T20, R7W ("Cottonwood Extension Permit Area").
- B. The design limits are defined as:
1. No more than 10 acres of mining and exploration related disturbance within the 120.2 acre Pueblo Alto Mine Permit Area; and
 2. No more than 12.7 acres of mining related disturbance within the 80 acre Cottonwood Extension Permit Area.

Section 3 (21-1). FINDINGS OF FACT

- A. The legal description of the approximate 64.8 acre reduction in Permit Area for permit number MK008ME is as described below:

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1. A tract of land lying in the County of McKinley, State of New Mexico, being a portion of Section 15, all in Township 20 North, Range 7 West, New Mexico Principal Meridian; and being a part of the lands owned now or formerly by Tanner, Inc. A New Mexico Corporation, (Recorded in the McKinley County Clerk's office in Deed Records Book 17, Page 658); Said tract of land being described by metes and bounds as follows:
 2. BEGINNING at a Found 1/2" Rebar at the Northwest corner of Section 15; THENCE along the Northerly line of said Section N89°49'36"E a distance of 1,775.50'; THENCE departing said Northerly line and traversing through the aforementioned Tanner, Inc. lands S00°09'35"W a distance of 1,601.74'; THENCE N89°50'25"W a distance of 1,763.50' to a point on the Westerly line of said Section 15; THENCE N00°16'17"W a distance of 1,591.47' to the POINT OF BEGINNING.
 3. Containing in all an area of 2,825,164 Square Feet, or 64.857 Acres, more or less.
- B. The Permittee has paid the permit modification fee of \$250.00 as required by §19.10.2.201 of the Rules.
- C. The application for permit modification has been reviewed in accordance with §19.10.5.505 of the Rules. The application for permit modification is complete, accurate, and complies with the requirements for permit modifications under §19.10.5.505 of the Rules.
- D. Pursuant to §19.10.5.505.B of the Rules, the proposed change does not require public notice nor the opportunity for public hearing.
- E. Pursuant to §19.10.5.505.B(1) of the Rules, the proposed changes would not have a significant environmental impact.
- F. The Director has provided notice of this application to other government agencies deemed appropriate, in accordance with §19.10.5.505.B(3) NMAC.
- G. Within the 64.8 acre permit area that is being released to Arroyo Solar LLC, Mesa Verde Humates LLC conducted approximately 25.45 acres of partial reclamation consisting of:
1. Approximately 8.65 acres under Modification 10-1 (north mine area);
 2. Approximately 5.6 acres under Modification 11-1;
 3. Approximately 7.5 acres under Modification 12-2; and

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4. Approximately 3.7 acres under Modification 13-2.
- H. Approximately 25.45 acres of partial reclamation equates to approximately \$12,216.00 of financial assurance that will be released under this Modification 21-1.
- I. Arroyo Solar, LLC has provided \$12,216 in financial assurance under permit number MK054MN for revegetation success on approximately 25.45 acres.
- J. The Permittee has provided FA to cover the costs of reclamation as required by §19.10.3.303.K(3) NMAC. The FA covers the design limit of ten (10) acres of future mining disturbances, exploration activities and revegetation of approximately 15.2 acres. A total of \$70,876.00 in financial assurance instruments for the Pueblo Alto Mine permit number MK008ME is retained in the form of:
1. Certificate of Deposit ("CD") No. 603154428, in the amount of \$22,000.00, issued by First American Bank, 1300 N. White Sands Blvd., Alamogordo, NM 88310; and
 2. CD No. 603154431, in the amount of \$21,051.00, issued by First American Bank, 1300 N. White Sands Blvd., Alamogordo, NM 88310; and
 3. CD No. 603154437, in the amount of \$27,825.00, issued by First American Bank, 1300 N. White Sands Blvd., Alamogordo, NM 88310.
- H. FA in the amount of \$70,876.00 is in place and has been determined by MMD to be sufficient to meet the requirements of the Act, Rules, and the Permit.

Section 10 (21-1).

CONCLUSIONS OF LAW

- A. The request for permit modification is complete and accurate and complies with the requirements of the Act and §19.10.3.303 NMAC.

All other provisions, modifications, and revisions for mining and reclamation contained in the Pueblo Alto Permit, Permit No. MK008ME, remain unchanged.

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CERTIFICATION

I certify that I have read, understand and will comply with the requirements of the Permit, this Permit Modification, the Act and the Rules, including without limitation that I will allow the Director to enter the Permit Area as required by the Permit and/or the Rules and/or as otherwise required by law.

Lyndon W. Smith
Authorized Representative of the Permittee

Lyndon W. Smith, General Manager
Title

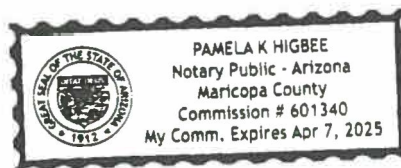
Mesa Verde Humates, LLC
Company

Subscribed and sworn to before me this 2nd day of August, 2021

Pamela K. Higbee
Notary Public

My Commission Expires

4/7, 2025



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ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that the Director approves Permit Modification 21-1 to the Pueblo Alto Mine, Permit No. MK008ME, located in McKinley County, New Mexico. The approval reduces the Pueblo Alto Mine permit area by approximately 64.8 acres and releases 25.45 acres of partial reclamation from MK008ME by way of transference to MK054MN.

By Order of the Director, Mining and Minerals Division of the New Mexico Energy, Minerals and Natural Resources Department, of the State of New Mexico.

By:



Jerry Schoeppner, Director
Mining and Minerals Division
Energy, Minerals and Natural Resources Department

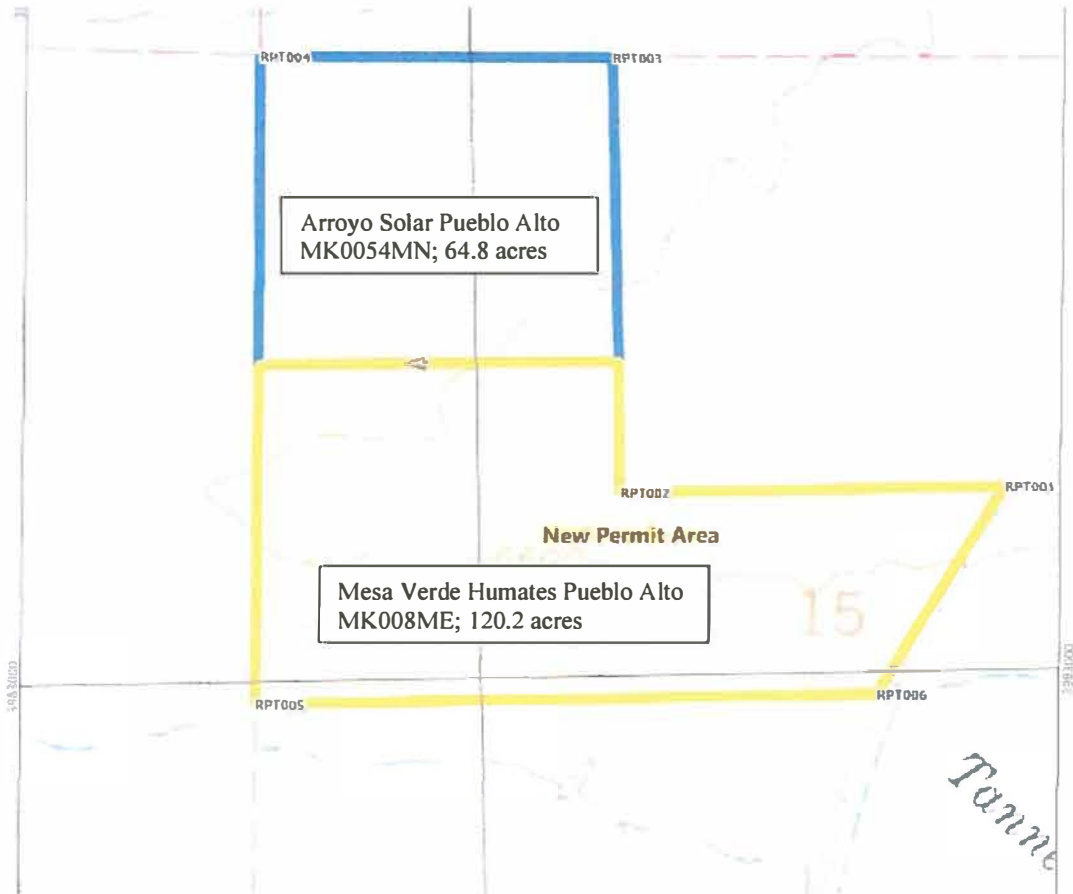
Date: 8/13/2021

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Figure 1 -- Approximate Permit Areas for MK008ME (Mesa Verde Pueblo Alto) and MK054MN (Arroyo Solar Pueblo Alto) in Section 15. Cottonwood Extension Permit Area not shown on this map;



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Appendix 1 – Table Showing Calculated Financial Assurance

PUEBLO ALTO MAIN PERMIT AREA – SECTION 15

Reclaim 10 acres of existing and future disturbance

Acres	\$ Per Acre	Cost	
1	\$8,900	\$8,900	first acre
<u>9</u>	\$4,900	<u>\$44,100</u>	remaining 9 acres
10		\$53,000	
With 5-year escalation at 2.5%		\$59,965	

Revegetation Failure @ 5%/year of \$800 per acre

Acres	Years	\$ Per Acre	Cost	Notes
3.0	12	\$480	\$1,440	Mod 16-1, 2016 reclamation
4.5	12	\$480	\$2,160	Mod 15-1, 2015 reclamation
<u>7.66</u>	12	\$480	<u>\$3,677</u>	Mod 10-1 (south) reclaimed July - 2010
15.16			\$7,277	

Exploration Activities, phases of 10 boreholes

Boreholes	Depth Each	Total Footage	Cost/Foot	Subtotal	Notes
10	50	500	\$6.00	\$3,000.00	500' of dry holes anticipated per drilling phase

Total FA Required: \$70,242

Existing FA: \$70,876

COTTONWOOD EXTENSION TO PUEBLO ALTO PERMIT AREA – SECTION 8

Reclaim 12.7 acres of existing and future disturbance

Acres	\$ Per Acre	Cost	
1	\$8,900	\$8,900	first acre
<u>11.7</u>	\$4,900	<u>\$57,330</u>	remaining 11.7 acres
12.7		\$66,230	
With 5-year escalation at 2.5%		\$74,933.17	

Total FA Required: \$74,933.17

Existing FA: \$74,933.17 Mod 17-1, CD#1210424827

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