



Comexico LLC (wholly owned
subsidiary of)
New World
RESOURCES

David Otori, Permit Lead
Mining Act Reclamation Program
Mining and Minerals Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

November 19, 2021

Re: Jones Hill Exploration Drilling Project
Comexico Response to Agency Comments, October 25, 2021

Dear Mr. Otori,

Enclosed is our response to additional agency comments that you requested in an email dated October 25 and November 11, 2021. We believe that, with exception of the analytical results for the sampling performed at Jones Hill on October 1, these responses provide all of the additional information that allows the Mining and Minerals Division to proceed to approval of Comexico's permit application for its Jones Hill Exploration Project.

We look forward to assisting you in any manner possible to help expedite the hearing and permit approval process. It's our hope that we can yet mobilize to the field after the end of the Mexican Spotted Owl breeding and nesting season, on September 1 2022, as we have previously committed to operation only in the Months of September through February in order to avoid the MSO breeding season. Please let us know if you require additional clarification.

Sincerely,

Pat Siglin,
Exploration Manager, North America
720-258-6329

cc: Shepherd, Holland, EMNRD, holland.shepherd@state.nm.us
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**COMEXICO LLC RESPONSE TO OCTOBER 25, 2021 AGENCY COMMENTS ON ITS
PROPOSED JONES HILL EXPLORATION DRILLING PROJECT PERMIT
APPLICATION NO. SF040ER**

**1. MINING & MINERAL DIVISION COMMENTS ON THE HYDROLOGIC
RESOURCES REPORT**

MMD Comment No. 1

Section 7.5, Potential Direct and Indirect Impacts to Soils, page 30 of the Hydro Report states that, “Potential direct and indirect impacts to soils primarily could occur through loss of soil by erosion or through direct compaction in place due to project activities.” MMD requires mitigation of compaction at exploration drill sites and exploration access routes that will be revegetated by ripping or scarification of the compacted areas prior to placement of topsoil and seeding. Also, MMD requires the application of best management practices (BMPs) to prevent erosion from disturbed pads and roads. BMPs must be applied during and after exploration activities have occurred. MMD is currently developing a Guidance for Soil and Cover Material Handling and Suitability for Part 5 Existing Mines (“Soils Guidance”) that may have application to the operation and reclamation of the Project. The Soils Guidance will likely be available in 2022.

Comexico Response:

Comexico agrees that mitigation and best management practices (BMPs) are appropriate to prevent erosion from disturbed pads and roads and to remedy any compaction of soils that occurs as a result of project activities. That is precisely the reason that Comexico has committed to implementation of the many BMPs it has identified in documents such as the Hydrologic Resources Report, the Biological Survey Report, the USFS Plan of Operations and the exploration drilling permit application and various previous response to comments submitted to the MMD and the USFS. For example, Appendix E, Summary of Best Management Practices, was added to the Final Hydrologic Resources Report in response to comments provided by the USFS upon their review to ensure protection of hydrologic and soils resources. Appendix E was extracted from Appendix B, Pecos–Las Vegas Ranger District, Santa Fe National Forest Resource Protection Measures and Best Management Practices, of the Final Biological Survey Report, which was included in the Report in response to USFS comments. This appendix was added to ensure that Comexico conducts its operations on the USFS lands in accordance with USFS approved BMPs. Comexico recognizes and appreciates MMD’s comments in this regard and reaffirms its commitment to conduct its operations using all of the appropriate BMPs/RPMs necessary to be protective of all resources, including soils by using BMPs/RPMs that are responsive to mitigating erosion and compaction.

MMD Comment No. 2

Appendix E, Summary of Best Management Practices Protective of Hydrologic and Soil Resources, Table E1, Summary of RPM’s and BMP’s Protective of Hydrologic and Soil Resources, Number 24 and 29, makes commitments regarding the reclamation of drill pad sites, roads and other areas disturbed by the Project. Please see Comment Number 1, above.



Comexico Response:

Comexico appreciates MMD's concerns regarding protection of soils resources. MMD notes specifically, BMPs no. 24 and 29 of Appendix B regarding reclamation of drill pad sites, roads and other disturbed areas. As noted in Comexico's response to MMD Comment No. 1, above, Comexico is committed to implementing all of the appropriate BMPs/RPMs necessary to be protective of all resources, including soils. Comexico notes that the RMPs/BMPs identified in Appendix E that are responsive to mitigating erosion and compaction are more extensive than just items RPM No. 24 and 29. Measures that will prevent or mitigate erosion include:

- E-1. Vehicles restricted to existing roads and predetermined overland routes.*
- E-2. Decommissioning of overland routes.*
- E-3, E-10. Use of disturbed areas where possible.*
- E-5. Adherence to Stormwater Pollution Prevention Plan if required.*
- E-9. Use of USFS techniques for management of surface water drainage on roads.*
- E-11. Reclamation of disturbed areas.*
- E-12, E-13, E-14. Establishment and management of activities in 100-foot riparian/aquatic management zones.*
- E-15. Avoidance of travel during wet weather.*
- E-16. Restriction of staging/storage to laydown area.*
- E-23. Restriction on slash piles.*
- E-24. Reclamation, including scarification, seeding, and recontouring.*
- E-25. Use of specific erosion control measures in disturbed areas.*
- E-26. Maintenance of specific erosion control measures in disturbed areas.*
- E-27. Maintenance of roads.*
- E-28. Use of erosion control measures for stockpiled topsoil.*
- E-29. Reclamation of drill sites.*

2. FORESTRY DIVISION COMMENTS ON THE BIOLOGICAL RESOURCES REPORT

Forestry Division Comment No. 1

In general [the Forestry Division] concurs with a 'No Effect' determination on state listed endangered plants, but the document is often confusing with respect to survey location and dates as well as committed conservation measures. Some clarifications are needed.

Comexico Response:

Comexico appreciates concurrence with the "No Effect" determination on state listed endanger plants and apologizes for the confusion noted in relation to survey location and dates and committed conservation measures. By way of explanation for the confusion (but not to excuse), Comexico has made its best efforts to minimize the confusion that can result when preparing multiple versions of documents in response to the various comments by participating constituent agencies over a protracted period of time. We have worked diligently to provide the best information possible to address agency comments. Nonetheless, the process can be, and often does, cause confusion, particularly with the passage of time. We hope that our response to these recent comments provides the clarification sought.



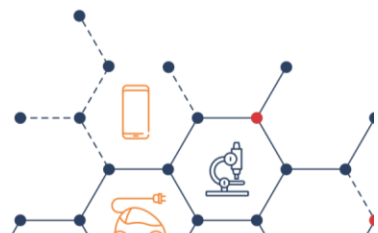
Forestry Division Comment No. 2

As described, it appears that species specific rare plant surveys were conducted on the project site only on 8/30/2019, in the project area and vicinity of Jones Hill, which does not appear to include access roads.

Comexico Response:

SWCA has conducted several other HGI rare plant surveys since 2019. Initially, at the outset of Comexico's Jones Hill Exploration Project proposal, SWCA conducted general biological surveys in the project area in July 2019, including one for Holy Ghost Ipomopsis (HGI). HGI was not observed during the general biological surveys. Upon sharing that information with Santa Fe National Forest (SFNF) and the NM State Forestry Division, Comexico was informed that there was a high potential for HGI to occur in and around the proposed project location, particularly along access roads as well as roads on-site. It was suggested that certain areas along Forest Road FR 192 were likely locations that had the best potential habitat for HGI because of the steep, south-and southwest-facing slopes that exist at the location. Following coordination with the SFNF and the Forestry Division, a survey (identified in the Biological Survey Report as the "Formal Survey") for HGI was conducted on August 30, 2019 during the HGI flowering season in the Jones Hill project area and along the forest roads, including the access road FR 192. The Formal Survey also included surveys along Forest Roads FR 120, FR 120K, FR 120KA, FR 120KB, FR 120KBA, FR 120KC, FR 120KD, FR 120KDA and FR 120KE. Figures 1 and 2, below, identify all of the project's SFNF forest roads that may be utilized at the Jones Hill Exploration Project. The access roads included in the Formal Survey (and subsequent surveying are marked in red on these maps. Ian Dolly and Nathan Peterson of SWCA conducted the survey in accordance with required protocols. HGI was not observed during the August 30 Formal Survey.

It is important to note that while the Formal Survey was conducted at the behest of the USFS and the Forestry Division, because of the concern over the possibility that HGI could be present in the area SWCA has continued to survey for its presence since that time during subsequent site visits to the Jones Hill project area as it performed its other surveys for species of special interest such as the Mexican Spotted Owl and the Northern Goshawk. To date, SWCA has conducted addition surveys at the Jones Hill project area during the HGI flowering season in 2020 and 2021. Tables 4.4-4.6, in Section 4.7 of the Biological Report, page 13, present the dates and results of the species specific surveys conducted by SWCA. Table 4.4 identifies the Formal Survey for HGI conducted on August 30, 2019. Table 1 below, identifies some additional date, during the flowering seasons on which SWCA has conducted other biological surveys (MSO and Northern Goshawk) in the project area and along forest access roads, performed in conjunction with other site visit activities. These surveys were also performed by Dolly and Peterson. While not Formal Surveys for HGI, SWCA took care on those occasions to look for the presence of HGI, in particular, along the access roads, the areas of best potential habitat for HGI, and found none.



Proposed Project Area

Santa Fe County

San Miguel County

Macho Canyon

Indian Creek

Sawyer Creek

63

8000 ft

8400 ft

9627 ft

9200 ft

9000 ft

8800 ft

8600 ft

8400 ft

8200 ft

8000 ft

7800 ft

7600 ft

7400 ft

7200 ft

7000 ft

6800 ft

6600 ft

6400 ft

6200 ft

6000 ft

5800 ft

5600 ft

5400 ft

5200 ft

5000 ft

4800 ft

4600 ft

4400 ft

4200 ft

4000 ft

3800 ft

3600 ft

3400 ft

3200 ft

3000 ft

2800 ft

2600 ft

2400 ft

2200 ft

2000 ft

1800 ft

1600 ft

1400 ft

1200 ft

1000 ft

800 ft

600 ft

400 ft

200 ft

0 ft

DALTON

Major Roadway

Access Road

Drill Pad

Laydown Yard

*Drill sites and laydown area are within USFS land

NAD 1983 UTM Zone 13N
35.7137°N 105.7113°W

0 1,000 2,000 Feet
0 420 840 Meters

N

1:40,000

Base Map: ESRI ArcGIS Online,
accessed November 2021
Updated: 11/9/2021
Project No. 54128
Layout: 54128_projVic
Aprx: 54128_working_mbd

SWCA
ENVIRONMENTAL CONSULTANTS

Figure 2: SFNF Forest Roads for use at Jones Hill Exploration Project Area

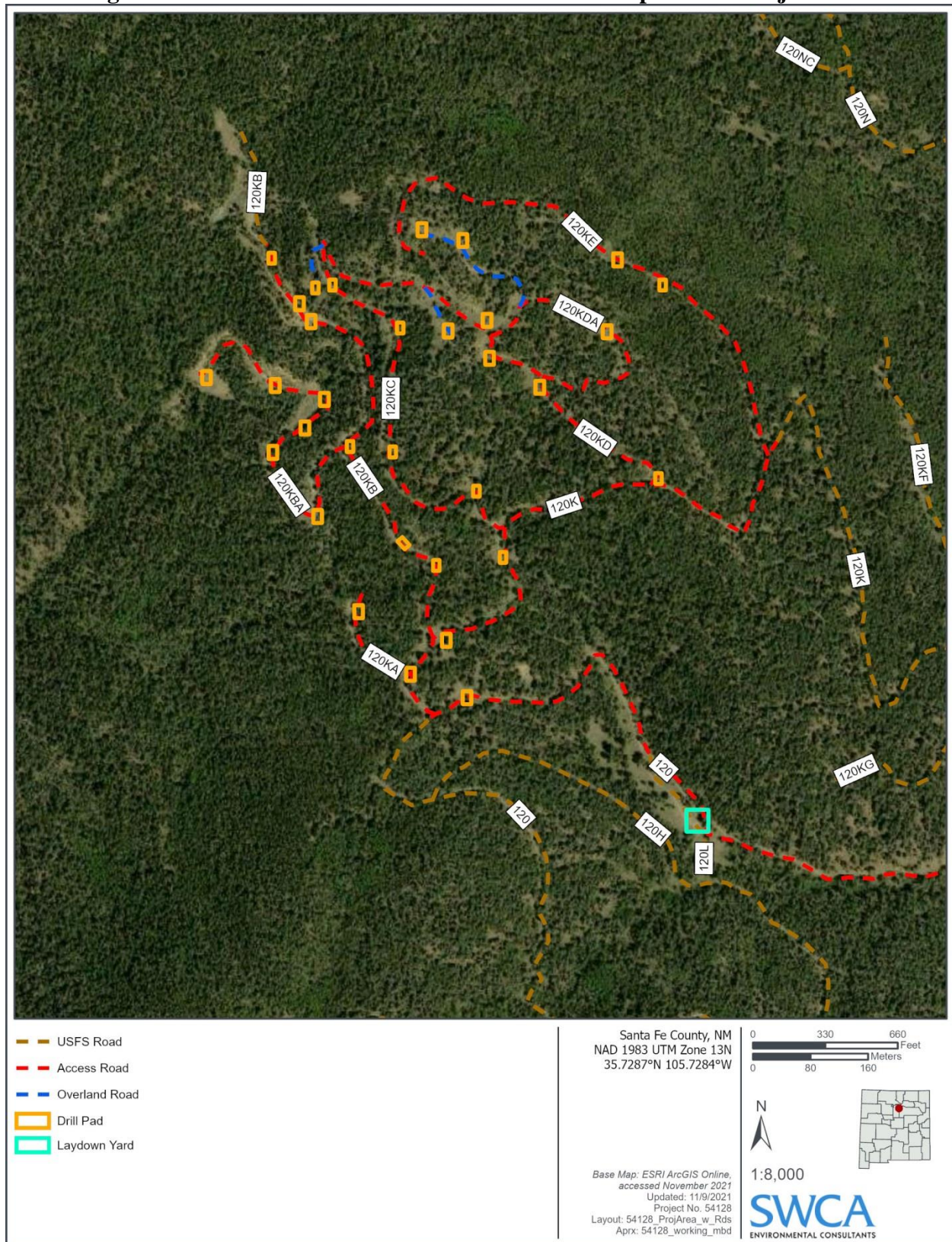


TABLE 1

OTHER SWCA BIOLOGICAL SURVEY DATES	
2019	
July 15	Jones Hill Project Area
July 22–August 9	Jones Hill Project Area
July 26–July 29	Jones Hill Project Area
August 7–August 9	Jones Hill Project Area and Forest Roads
August 30 (Formal Survey)	Jones Hill Project Area and Forest Roads
2020	
July 15–July 17	Jones Hill Project Area and Forest Roads
August 11–August 12	Jones Hill Project Area and Forest Roads
2021	
July 8–July 9	Jones Hill Project Area and Forest Roads
August 5	Jones Hill Project Area and Forest Roads
October 1	Jones Hill Project Area and Forest Roads

Forestry Division Comment No. 3

Based on our current understanding of suitable habitat, the potential for Holy Ghost Ipomopsis occurrences is likely highest along the steep slopes of some of the access roads. Surveys should be conducted along the access roads, wherever habitat is present, as recommended in my 2019 comments provided for this project.

Comexico Response:

As noted in Comexico's response to Forestry Division Comment No. 2, above, Santa Fe National Forest staff informed SWCA of the potential for HGI to occur and stated that FR 192 likely contains the best potential habitat for HGI, where steep, south-and southwest-facing slopes exist. Subsequent to direction given by the USFS in coordination with the MMD Forest Division, SWCA conducted the Forestry Division recommended surveys along the access roads in August 2019 (the Formal Survey) and have been mindful to continue to survey for the species while performing other work during site visits to the Jones Hill project area.

Forestry Division Comment No. 4

In addition, the report weaves in and out with statements that surveys were not conducted during the flowering season (Habitat Analysis, Page 27; Effects Analysis Page 28). It appears there was a formal survey and other, informal surveys? Please explain. Surveys for Holy Ghost Ipomopsis should only be conducted during the flowering season. Others should not be listed here because the plant cannot be identified outside the flowering/fruiting season.

Comexico Response:

The report can be somewhat confusing with statements regarding the HGI surveys in attempting to capture the various changes that have occurred over time in response to a variety of agency requests. Hopefully this set of responses helps to clear up the confusion. For example, wherein this Forest Division comment refers to the Habitat Analysis on page 27 of the Report and Effects Analysis on page 28, the statements referring to surveys not being conducted during the

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flowering season refer to the fact that SWCA originally conducted biological surveys at a time when HGI would not have expected to be identifiable, i.e., not in the flowering season. In response to the information provided by the USFS regarding potential HGI habitat at the site and the Forestry Division's request that a Formal Survey for HGI be conducted during the flowering season, SWCA conducted the Formal Survey in August 2019. The results of the Formal Survey support the statement contained in the Report by informing the reader that HGI was also not identified when the August 2019 survey was conducted during the flowering season. Please refer to Comexico's response to Forest Division Comment No. 2 for additional explanation.

Forestry Division Comment No. 5

Please also provide a better explanation where and when all these surveys were conducted (project area only, access roads?). A map depicting the roads that may be used as access roads, including their number as listed in the document (Forest roads 192, 120, 120K, 120KA, 120KB, 120KBA, 120KC, 120KD, 120KDA, and 120KE) is needed to better understand where surveys were conducted. The map provided (Figure A.5.) does not provide that information.

Comexico Response:

Comexico's response to Forestry Division Comment No. 2, above, provides the information requested.

Forestry Division Comment No. 6

On Page 28 the report states that Comexico has committed to refrain from using FR 192, the Indian Creek Road, to minimize potential negative effects. Yet the Indian Creek Rd is listed as a main access road on Page 3. Please clarify which main access road will be used from SR 63

Comexico Response:

The report does, in fact, indicate that Comexico has committed to refrain from using FR 192 to minimize potential negative effects. Indian Creek Road is listed as a main access road on page three of the Report. FR 192 is the preferred route of access to the Jones Hill Exploration Project area that will be utilized. The Forestry Division appears to have taken the commitment stated on page 28 of the report out of context. It has not taken into consideration the entire discussion of the paragraph from which the sentence has been extracted for comment. The entire paragraph discusses HGI habitat and the potential for it to occur in the area. It makes note of the fact that the Formal Survey for HGI was conducted during the flowering season on August 20, 2019, and that the species was not observed within the project area. It also makes note of the fact that the access route, i.e., FR 192, to the project area was walked by SFNF Biologist M.D. Burton and New Mexico State Botanist D. Roth, with no observation of HGI. This paragraph also notes the known presence of the HGI exclosure area located north of the juncture of FR 192 and FR 120.

The discussion further indicates that in the unlikely event that HGI is present in the project area that machinery and equipment activities conducted by the project could inadvertently cause direct mortality of HGI plants by crushing and compaction of soils. It identifies the Resource Protection Measures (RPMs) that will be taken to ensure that HGI is adequately protected during Comexico's proposed activities. SWCA references the Botany: Weeds and Holy Ghost Ipomopsis RPMs in Appendix B, Section D, page B-5 of the report, specifically identifying RPM



No. 5 that seeks to minimize potential negative effects on HGI. This RPM specifically commits that “project activities would not occur within the enclosure for HGI near Indian Creek. The road (FSR 192 upstream of the intersection with FSR 120) that exists immediately adjacent to this enclosure would be closed to associated project use.” Although the HGI enclosure area is located approximately 250 meters from Forest Road 192, Comexico has committed to refraining from use of Forest Road 192 north of the Junction of FR 192 and FR 120. Comexico has not committed to not using FR 192 for access to the site from State Road 63.

3. NEW MEXICO DEPARTMENT OF GAME AND FISH COMMENTS

NMDG&F Comment No. 1

The Department concurs that Comexico should adhere to complying with seasonal restrictions during drilling operations to minimize potential impacts to Mexican spotted owl (*Strix occidentalis lucida*) and other wildlife species during the breeding season. The Department also supports the proposed use of sound dampening panels that enclose the drilling rig to mitigate potential noise disturbance to wildlife.

Comexico Response:

Comexico appreciates your concurring with our commitment to comply with SFNF Ranger District seasonal restriction and use of proposed sound dampening panels to minimize potential impacts to the Mexican Spotted Owl and other wildlife species.

NMGD&F Comment No. 2

In Section 2.1 the Report mentions the use of “nighttime operating lights” but does not address how artificial lighting can adversely affect many wildlife species and ecological communities. Artificial lighting can also have the indirect effect of changing the availability of habitat or food resources. This can be particularly impactful to nocturnal species like the spotted owl. The Department recommends that Comexico implement best practices lighting design for wildlife during drilling operations to limit light spill into the surrounding environment.

Comexico Response:

While Section 2.1 of the Report does not address how artificial lighting can adversely affect wildlife species and ecological communities, Section 5.0, Analysis of Species, does address NMDG&F’s concerns in a number of locations. In addition, Appendix B, Pecos–Las Vegas Ranger District, Santa Fe National Forest Resource Protection Measures and Best Management Practices, provides the RPMs and BMPs that Comexico will utilize to protect wildlife species. In particular, Section C, General Wildlife, RPM No. 8, will be utilized to minimize impacts to bats and owls (including MSO), Project activities would incorporate dark sky–compliant lighting into operations across the entire project to minimize glare, light trespass, and skyglow, to the greatest extent possible. Exterior construction lighting would be shaded for downward display to the extent possible for safety, to prevent lights from being viewed beyond the work area and upwards affecting the night sky. Section 5.1.2, Mexican Spotted Owl, of the Report indicates that lighting for safe work conditions at night could disrupt MSO foraging activities as the species hunts at dusk and throughout the night until just before sunrise. Comexico would shade exterior construction lighting for downward display to the extent possible for safety, to prevent lights from being viewed beyond the work area and upwards affecting the night sky in accordance with



General Wildlife RPM No. 8. Similarly, Section 5.3.7 and 5.3.8 of the Report addresses the same situation for the Townsend's Big-Eared Bat and the Spotted Bat. In sum, Comexico has demonstrated its commitment to implement BMPs designed to protect wildlife by utilizing the SFNF Ranger District RPMs and BMPs, including the lighting RPM.

NMGD&F Comment No. 3

In Section 2.1, the Report states that mud pits will be fenced, netted and designed with an escape ramp to prevent wildlife entrapment or injury. The Department reiterates that a 3/8th inch mesh size is used to exclude smaller animals and that netting material must be held taught over a rigid and adequately supportive frame to prevent sagging into the drilling fluids. Monofilament netting should not be used due to its tendency to ensnare wildlife and cause injury or death. Any damage to the fencing or holes in the netting must be promptly repaired.

Comexico Response:

As previously committed by Comexico, netting will be installed to keep small animals from entering. Comexico will use a 3/8 mesh extruded plastic, knit, or woven netting (not Monofilament nylon) to surround (around and above) and prevent smaller animals from entering the mud pits. During winter months a maximum mesh size of 1.5 inches would be used to prevent snow loading.

4. NEW MEXICO ENVIRONMENT DEPARTMENT COMMENTS

Mining Environmental Compliance Section (MECS)

MECS Comment No. 1

In the January 19, 2021 comment letter to MMD, MECS requested the Applicant perform groundwater sampling of the on-site well and analyze the sample for all applicable 20.6.2.3103 NMAC groundwater standards. The results are to be submitted to NMED prior to any on-site use. In addition, MECS requested the Applicant sample the water present in the adit(s) and submit the water quality results to NMED for review. NMED collected water samples from the well and one adit in tandem with the Applicant's consultant on October 1, 2021. NMED will evaluate the amended Report once results from the sampling event have been received.

Comexico Response:

Comexico appreciates the coordination and cooperation provided by MECS in participating in the sampling event that took place on October 1, 2021 at the Jones Hill project site. The water quality samples collected at the site were agreed to by Comexico in prior submittals. This requirement was fulfilled on October 1, 2021. As you know, these results are a snapshot of possible baseline water quality. At this time, there is no anticipated need to update the final Hydrologic Resources Report. Lab results from the samples will be submitted by Comexico per its prior commitment.

NMED Summary Comment No. 1

NMED understands that the Applicant submitted an amended Report in response to USFS comments and not in response to NMED comments. Additional information is needed prior to



NMED ensuring that the activities as described in the application will achieve compliance with all applicable air, water quality, and other environmental standards.

Comexico Response:

It is unclear what additional information NMED needs prior to NMED ensuring that the activities as described in the application will achieve compliance with all applicable air, water quality and other environmental standards. To our knowledge we have provided all of the information requested with the exception of the water sampling analysis of the sampling event that occurred on October 1, 2021. This information will be submitted in the very near future. Please advise Comexico what other information you require.

