

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Michelle Lujan Grisham**  
Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Dylan Fuge**  
Acting Deputy Cabinet Secretary

**Albert Chang, Director**  
Mining and Minerals Division



October 30, 2023

Mr. Ken Balsler  
Peloton Group, LLC  
3014 W. Uintah Street  
Colorado Springs, CO 80904

**RE: Agency Review Comments and Request for Additional Information, Peloton Group – Drolte Hole, Sierra County, New Mexico, Permit Tracking No. SI057EM**

Dear Mr. Balsler,

The New Mexico Mining and Minerals Division (“MMD”) has reviewed the Permit Application Package (“PAP”) submitted by Peloton Group, LLC, (“Permittee”) for the Peloton Group – Drolte Hole exploration project located in Sierra County, New Mexico. In accordance with 19.10.3.302.G NMAC, MMD requested comments on the PAP from cooperating state and federal agencies.

Enclosed with this letter are the reviewing agency comment letters submitted by the following state agencies: the New Mexico Environment Department (“NMED”), the New Mexico Department of Game and Fish (“NMDG&F”), the New Mexico Department of Cultural Affairs - Historic Preservation Division (“NMDCA/HPD”), the New Mexico Energy, Minerals, and Natural Resources Department – Forestry Division (“Forestry”).

**General Comments:**

MMD has reviewed the PAP and has found it to be *technically complete* contingent on the Permittee’s response to the following comments by reviewing agencies. Please respond to any comments or recommendations in writing within 30 days.

**NMED Mining Environmental Compliance Section, Ground Water Quality Bureau Comments (“MECS”)**

Please review the comment letter received from NMED MECS Ground Water Quality and respond to any concerns.

**NMED Surface Water Quality Bureau Comments:**

Please review the comment letter received from NMED Surface Water Quality Bureau and respond to any concerns.

**NMED Air Quality Bureau Comments:**

Please review the comment letter received from NMED Air Quality Bureau and respond to any concerns.

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**NMDG&F Comments:**

Please review the comment letter received from NMDG&F and respond to all concerns and recommendations raised.

**Forestry Comments:**

Please review the comment letter received from Forestry and respond to any concerns.

**NMDCA/HPD Comments:**

Please review the comment letter received from NMDCA/HPD and respond to any concerns.

If you have any questions, please contact me at (505) 470-5354, or via email at [kevin.barnes@emnrd.nm.gov](mailto:kevin.barnes@emnrd.nm.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kevin Barnes', with a long horizontal flourish extending to the right.

Kevin Barnes, Permit Lead  
Mining Act Reclamation Program (“MARF”)

Enclosures: Agency Letters

Cc w/o enclosures: David “DJ” Ennis, Program Manager, MARP/MMD  
File (SI057EM)



## Electronic Transmission

### MEMORANDUM

Date: October 6, 2023

To: David Ennis, Program Manager, Mining Act Reclamation Program

Through: Anne Maurer, Mining Act Team Leader, Mining Environmental Compliance Section (MECS)

From: David Mercer, MECS  
Susan Styer, Surface Water Quality Bureau (SWQB)  
Sufi Mustafa, Air Quality Bureau (AQB)

Subject: **New Mexico Environment Department (NMED) Comments, Peloton Group Drolte Hole Exploration, New Minimal Impact Exploration Permit Application, The Peloton Group, LLC, Sierra County, New Mexico, Mining Act Permit No. SI057EM**

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The New Mexico Environment Department (NMED) received correspondence from the Mining and Minerals Division (MMD) on August 21, 2023 requesting that NMED review and provide comments on the above-referenced MMD permitting action. Pursuant to the Mining Act, the Peloton Group Drolte Hole Project is a new minimal impact exploration permit. MMD requested comments on the application within 20 days of receipt of the request for comments. NMED requested an extension to submit comments by October 5, 2023. NMED has the following comments.

#### **Background**

The Peloton Group, LLC (applicant) proposes exploration activities in an existing underground mine on Bureau of Land Management (BLM) land. There are no surface disturbances anticipated. The applicant proposes to mine material out of existing underground workings. The applicant does not anticipate encountering groundwater in the boreholes. This site is located approximately 3 miles east of Caballo Reservoir in New Mexico.

Mr. David Ennis  
Peloton Group Drolte Hole, SI057EM  
October 6, 2023

### **Air Quality Bureau**

The Air Quality Bureau comments are attached.

### **Surface Water Quality Bureau**

The Surface Water Quality Bureau comments are attached.

### **Mining Environmental Compliance Section (MECS)**

The MECS has the following comments:

1. The applicant requests to use an existing underground mine working. They are not going to drill any boreholes, and the project is not expected to encounter any groundwater as its expected total depth appears to be significantly above the water table (e.g., project is at 160 feet below ground surface (bgs) and estimated depth to water is at least 500 ft bgs based on the application). If groundwater is encountered during exploration, the applicant should take a water sample, have it analyzed for total dissolved solids, and submit those results to the GWQB-MECS.
2. The applicant states that they might use a product called Dexpan to break up the rock formation in lieu of blasting. It appears that this product is a lime slaking agent with high pH. The applicant should submit MSDS information about the product to demonstrate that it would not adversely impact groundwater if it reached the water table.
3. The applicant states that ore and other rock materials removed from the workings will be removed offsite. However, the application does not detail how long the excavated ore or other materials will be left on-site. The applicant should provide a detailed explanation of stockpile material handling, such as duration the material will be left in place and best management practices utilized to limit displacement of material through erosion or leaching from water. The application states that the ore should not contain sulfides, but it would contain metals. If for any reason material is stockpiled, the material needs to be managed and contained to prevent runoff and infiltration into groundwater.

### **NMED Summary Comment**

NMED has determined that the activities proposed in the application will be protective of the environment.

If you have any questions, please contact Anne Maurer at (505) 660-8878.

cc: Joseph Fox, Program Manager, NMED-MECS  
Shelly Lemon, Bureau Chief, NMED-SWQB  
Elizabeth Bisbey-Kuehn, Bureau Chief, NMED-AQB



MICHELLE LUJAN GRISHAM  
GOVERNOR

JAMES C. KENNEY  
CABINET SECRETARY

## MEMORANDUM

Date: October 3, 2023

To: Anne Maurer, Mining Act Team Leader  
Mining Environmental Compliance Section  
Ground Water Quality Bureau (GWQB)

From: Susan Styer  
Watershed Protection Section  
Surface Water Quality Bureau (SWQB)

Subject: **Request for Review and Comment, Minimal Impact Exploration Permit Application, Peloton Group Drolte Hole Operation, Sierra Co., NM, Permit Tracking No. S1057EM.**

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On August 21, 2023 NMED received a request for comments regarding a new minimal impact exploration permit application submitted by The Peloton Group, LLC. ("Applicant"). The project is on public lands managed by the Bureau of Land Management (BLM). It is approximately 13 air miles south of Truth or Consequences in Sierra County and approximately 2 miles east of Caballo Reservoir. SWQB received a request for review and comment on September 12, 2023 and attended a site inspection with Mining Act Reclamation Program (MARF), Mining and Environmental Compliance Section (MECS), and BLM staff on September 14, 2023.

### Summary of Proposed Action

The Applicant seeks to explore for copper, gold, and silver metals at one existing mine shaft location within the Drolte Hole project area using low tech mining operations. The mine is primarily underground, and ore will be brought to the surface using a mobile hoist crane. All ore grade rock and mine materials developed in the mine will be taken off-site for processing, and any non-ore materials will be left in place in a dry and non-reactive environment. The applicant will conduct supporting surface mining activities within existing disturbed areas and complete minor earthwork improvements to divert storm water and manage general erosion and sediment control. The Applicant has stated, in their Plan of Operation to the BLM dated May 20, 2023, they will reclaim the area by plugging the shaft, welding a steel lid to the top of the pipe, and backfilling the shaft area with material from adjacent piles of previously excavated materials to an elevation that will result in positive drainage to shed precipitation and minimize infiltration. The fill will be graded to match preexisting topography, seeded, fertilized, and covered in weed free straw which will be crimped and tackified in place. During the site visit on September 14 SWQB observed that the existing road had become unpassable due to a large precipitation event resulting in eroded roadway and exposed boulders. If conditions of the project change to disturb more than one acre, the Applicant may be required to obtain coverage for storm water discharges under either the U.S. Environmental Protection Agency (USEPA) National Pollutant Discharge Elimination System (NPDES) Construction General Permit (CGP) or under USEPA's Multi-Sector General Permit (MSGP) under Sector G Metal Mining.



## Relevant State and Federal Water Quality Regulations

Mine activities may affect Surface Waters of the State as defined in 20.6.4.7 NMAC, which includes ephemeral arroyos within the mining operations and are subject to 20.6.4.98 NMAC. Furthermore, operations must ensure protection of surface waters of the state including General Criteria at 20.6.4.13 NMAC, established to sustain and protect existing or attainable uses of surface waters of the State. These general criteria apply to all surface waters of the state at all times. Surface waters of the State shall be free of any water contaminant in such quantity and of such duration as may with reasonable probability injure human health, animal or plant life or property, or unreasonably interfere with the public welfare or the use of property.

The Applicant is required to report all spills immediately to the NMED as required by the New Mexico Water Quality Control Commission regulations (20.6.2.1203 NMAC). For non-emergencies during normal business hours, call 505-428-2500. For non-emergencies after hours, call 866-428-6535 or 505-428-6535 (voice mail, twenty-four hours a day). For emergencies only, call 505-827-9329 twenty-four hours a day (NM Dept of Public Safety).

In addition to the above regulatory standards, SWQB requires the following practices to avoid contamination and to protect surface and groundwater quality:

- Best Management Practice (BMPs) identified in the Plan of Operations submitted to the BLM must be implemented to limit erosion from surface water runoff on your site including access roads that, due to topography, activities, soils, cover, materials, or other factors are likely to experience erosion. At no time should construction materials including fuel, oil, grease, or other contaminants be staged or stored in flood prone areas during the summer monsoon season, typically July- September.
- If any water is produced during operations, it must be contained on-site and not discharged to adjacent drainages unless a discharge permit has been secured from the USEPA.
- Mineralized native rock should be hauled off-site prior to reclamation or left in place in a dry and non-reactive environment as stated in your application.
- Fuel, oil, hydraulic fluid, lubricants, and other petrochemicals must have a secondary containment system to prevent spills. Store these materials outside of the flood-prone zone.
- Perform all work, when practicable, in the dry season and postpone work during wet and muddy conditions.
- Appropriate spill clean-up materials such as absorbent pads must be available on-site at all times during road construction, site preparations, and reclamation to address potential spills.
- Provide a minimum 50' setback from existing drainages to staging areas.

If you have any questions, please phone Susan Styer (NMED-SWQB) at 505-819-9923.



## MEMORANDUM

DATE: October 3, 2023

TO: Anne Maurer, Mining Act Team Leader, Mining Environmental Compliance Section, NMED

FROM: Sufi Mustafa, Staff Manager, Air Dispersion Modeling and Emission Inventory Section, Air Quality Bureau.

### **Request for Review and Comment, Peleton Group Drolte Hole, Sierra County, New Mexico, Mining Act Permit No. SI057EM**

The New Mexico Air Quality Bureau (AQB) has completed its review of the above-mentioned mining project. Pursuant to the New Mexico Mining Act Rules, the AQB provides the following comments.

#### **Details**

The applicant has requested a mining operation in an existing closed mine. This operation will not involve any ground surface disturbance. Vehicle traffic is expected from this operation.

#### **Air Quality Requirements**

The New Mexico Mining Act of 1993 states that "Nothing in the New Mexico Mining Act shall supersede current or future requirements and standards of any other applicable federal or state law." Thus, the applicant is expected to comply with all requirements of federal and state laws pertaining to air quality.

20.2.15 NMAC, *Pumice, Mica and Perlite Processing*. Including 20.2.15.110 NMAC, *Other*

*Particulate Control*: "The owner or operator of pumice, mica or perlite process equipment shall not permit, cause, suffer or allow any material to be handled, transported, stored or disposed of or a building or road to be used, constructed, altered or demolished without taking reasonable precautions to prevent particulate matter from becoming airborne."

Paragraph (1) of Subsection A of 20.2.72.200 NMAC, *Application for Construction, Modification, NSPS, and NESHAP - Permits and Revisions*, states that air quality permits must be obtained by:

“Any person constructing a stationary source which has a potential emission rate greater than 10 pounds per hour or 25 tons per year of any regulated air contaminant for which there is a National or New Mexico Ambient Air Quality Standard. If the specified threshold in this subsection is exceeded for any one regulated air contaminant, all regulated air contaminants with National or New Mexico Ambient Air Quality Standards emitted are subject to permit review.”

Further, Paragraph (3) of this subsection states that air quality permits must be obtained by:

“Any person constructing or modifying any source or installing any equipment which is subject to 20.2.77 NMAC, *New Source Performance Standards*, 20.2.78 NMAC, *Emission Standards for Hazardous Air Pollutants*, or any other New Mexico Air Quality Control Regulation which contains emission limitations for any regulated air contaminant.”

Also, Paragraph (1) of Subsection A of 20.2.73.200 NMAC, *Notice of Intent*, states that:

“Any owner or operator intending to construct a new stationary source which has a potential emission rate greater than 10 tons per year of any regulated air contaminant or 1 ton per year of lead shall file a notice of intent with the department.”

The above is not intended to be an exhaustive list of all requirements that could apply. The applicant should be aware that this evaluation does not supersede the requirements of any current federal or state air quality requirement.

### **Fugitive Dust**

Air emissions from this project should be evaluated to determine if an air quality permit is required pursuant to 20.2.72.200.A NMAC (e.g. 10 lb/hour or 25 TPY). Fugitive dust is a common problem at mining sites and this project will temporarily impact air quality as a result of these emissions. However, with the appropriate dust control measures in place, the increased levels should be minimal. Disturbed surface areas, within and adjacent to the project area, should be reclaimed to avoid long-term problems with erosion and fugitive dust. EPA’s *Compilation of Air Pollutant Emission Factors, AP-42, “Miscellaneous Sources”* lists a variety of control strategies that can be included in a comprehensive facility dust control plan. A few possible control strategies are listed below:

Paved roads: covering of loads in trucks to eliminate truck spillage, paving of access areas to sites, vacuum sweeping, water flushing, and broom sweeping and flushing.

Material handling: wind speed reduction and wet suppression, including watering and application of surfactants (wet suppression should not confound track out problems).

Bulldozing: wet suppression of materials to “optimum moisture” for compaction.



Scraping: wet suppression of scraper travel routes.

Storage piles: enclosure or covering of piles, application of surfactants.

Miscellaneous fugitive dust sources: watering, application of surfactants or reduction of surface wind speed with windbreaks or source enclosures.

### **Recommendation**

The Air Quality Bureau has no objection to this request.

This written evaluation does not supersede the applicability of any forthcoming state or federal regulations.

If you have any questions, please contact me at 505 629 6186

GOVERNOR  
Michelle Lujan Grisham



DIRECTOR AND SECRETARY  
TO THE COMMISSION  
Michael B. Sloane

STATE OF NEW MEXICO  
DEPARTMENT OF GAME & FISH

One Wildlife Way, Santa Fe, NM 87507

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For information call: (888) 248-6866

[www.wildlife.state.nm.us](http://www.wildlife.state.nm.us)

STATE GAME COMMISSION

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Los Ranchos

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Santa Fe

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22 September 2023

Kevin Barnes, Permit Lead  
Mining Act Reclamation Program  
Mining and Minerals Division (MMD)  
1220 South St. Francis Drive  
Santa Fe, NM 87505

***RE: New Minimal Impact Exploration Permit Application, Peloton Group Drolte Hole Exploration Project, Sierra County, New Mexico. Permit No. SI057EM; NMDGF Project No. NMERT-2836.***

Dear Mr. Barnes,

The New Mexico Department of Game and Fish (Department) has reviewed the above referenced exploration project submitted by The Peloton Group, LLC. (Peloton). Peloton is proposing to sample ores from an existing mine shaft for analysis of the copper, gold, and silver content. The mine shaft was originally constructed circa 1970. The exploration project will be located in Sections 3 and 4, Township 16S, Range 4W. Peloton proposes to use existing roads and does not plan to cause any additional surface disturbance, other than minimal earthwork to improve surface water diversion away from the mine shaft area and to control erosion. Staff from the Department, MMD, U.S. Bureau of Land Management, New Mexico Environment Department, and the Operator conducted a site inspection on 14 September 2023.

The Department does not anticipate any significant impacts to wildlife or sensitive habitats from the exploration project.

Thank you for the opportunity to review and comment on the proposed exploration project. If you have any questions, please contact Ron Kellermueller, Mining and Energy Habitat Specialist, at (505) 270-6612 or [ronald.kellermueller@dgf.nm.gov](mailto:ronald.kellermueller@dgf.nm.gov).

Sincerely,

Matt Wunder, Ph.D.  
Chief, Ecological and Environmental Planning Division  
cc: USFWS NMES Field Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Michelle Lujan Grisham**  
Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Todd E. Leahy, JD, PhD**  
Deputy Cabinet Secretary

**Laura McCarthy**, State Forester  
Forestry Division



August 24, 2023

Kevin Barnes  
Permit Lead; Mining and Minerals Division  
Energy, Minerals and Natural Resources Department (EMNRD)  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

**RE: Request for Comments on New Minimal Impact Exploration Permit Application, Peloton Group Drolte Hole, Sierra County, New Mexico, Permit No. SI057EM**

Thank you for the opportunity to comment on the above referenced project. I do not anticipate any impacts to New Mexico State Listed Endangered Plants or Federally Listed Endangered or Threatened plants as a result of this new minimum impact disturbance request, as described in the application.

Please let me know if I can be of further help.

Sincerely,

A handwritten signature in blue ink that reads "Erika Rowe".

Erika Rowe  
State Botanist/Endangered Plant Program Coordinator  
EMNRD-Forestry Division  
1220 S. St. Francis Dr.  
Santa Fe, NM 87505  
[erika.rowe@emnrd.nm.gov](mailto:erika.rowe@emnrd.nm.gov) / <http://www.emnrd.state.nm.us/SFD/>  
cell: (505) 699-6371

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Michelle Lujan  
Grisham  
Governor

STATE OF NEW MEXICO  
**DEPARTMENT OF CULTURAL AFFAIRS**  
**HISTORIC PRESERVATION DIVISION**

BATAAN MEMORIAL BUILDING  
407 GALISTEO STREET, SUITE 236  
SANTA FE, NEW MEXICO 87501  
PHONE (505) 827-6320

August 30, 2023

Kevin Barnes  
Reclamation Specialist  
Mining and Minerals Division  
kevin.barnes@emnrd.nm.gov

Re: HPD Log# 120436, Peloton Group Drolte Hole - Request for Comment

Dear Mr. Barnes:

I am writing in response to your request for comment on the above referenced permit renewal application, of which was received by this office on August 21, 2023.

Pursuant to 19.10.4.03 NMAC, Minimal Impact Exploration Operations, the Director shall determine whether a permit modification would have an adverse impact on cultural resources listed on, or eligible for, either the National Register of Historic Places (NRHP) or the State Register of Cultural Properties (SRCP) or be located in a known cemetery or other burial ground.

The drill hole location has not been previously surveyed for the presence of cultural resources, and it does not contain a cultural resource listed on the NRHP or SRCP. It does not contain a known burial ground. The project area is also heavily disturbed by prior mining activities, suggesting that intact, buried, cultural resources are unlikely to be encountered.

However, the permit application indicates that the project location is situated on public land managed by the Bureau of Land Management (BLM). The BLM should be contacted regarding their requirements for archaeological survey of the drill hole project area.

Sincerely,

*Richard Reycraft*

Richard Reycraft  
HPD Staff Archaeologist