

State of New Mexico
Energy, Minerals and Natural Resources Department

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Electronic Transmission

December 22, 2023

Frank Bain, Geologist
2425 Chof Trail
Flagstaff, AZ 86005

**RE: Clarification on Reclamation Cost Estimate and Financial Assurance
Lordsburg Playa Lithium Exploration Project,
Modification 23-1 Permit No. HI018EM – Hidalgo County, New Mexico**

Mr. Bain:

The New Mexico Mining and Minerals Division (MMD) has reviewed your November 16, 2023 response (Letter) to agencies' comments. During the interagency site inspection held on November 29, 2023, and a phone call on December 15, 2023, we discussed the reclamation cost estimate (RCE). On December 18, 2023, the U.S. Bureau of Land Management (BLM) shared concerns you raised by email. Based on these communications, MMD provides this letter to clarify some of the issues surrounding the RCE and the financial assurance (FA) requirements under the New Mexico Mining Act for the minimal impact exploration application numbered Modification 23-1 of Permit No. HI018EM. The clarifications are as follows:

1. From your Letter, the Standardized Reclamation Cost Estimator (SRCE) calculated an amount of financial guarantee totaling \$5,910, which is footnoted to identify its use by the Bureau of Land Management for Notice Level RCE's for Nevada. This SRCE estimate used drill hole plugging cost of \$1.86/foot, which is too low when MMD's guidelines uses \$14 to 25 per foot. The SRCE estimate lacks any disturbance caused by overland travel to access drill sites. The \$5,910 total omits the labor costs (\$1,906) and should be \$7,816. This SRCE Nevada spreadsheet does not use New Mexico unit costs and does not consider New Mexico Mining Act Reclamation Program Guidelines.
2. The RCE for your project is \$28,425 for a phased approach to drill one borehole at a time after OSE well plugging reports are submitted to MMD as outlined in MMD's October 27, 2023 letter.
3. MMD awaits your financial assurance instrument proposal to proceed with the permitting process for Modification 23-1, and this instrument will be held jointly by BLM and MMD as outlined in MMD's October 27, 2023 letter.

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4. In the permit application, email and telephone communications, you have indicated that the routes to boreholes 1 and 2 are on existing roads based on historical topographic maps. Please note that the 2023 USGS 7.5-minute topographic map for Mondel, NM no longer has the routes as existing roads, and the vegetation growth seen during the inspection supports the removal of the two-track from previous maps. MMD treats the routes to boreholes 1 and 2 as overland travel with some potential for damage to vegetation and erosion of soil from the heavier drilling rig and supporting equipment. Provided the drilling takes place when the soil is not wet or saturated as you have indicated, the erosion and vegetation issues should be relatively minimal. MMD expects that reclamation will only be done where necessary along the borehole 1 and 2 overland travel routes. Reclamation will use hand tools with broadcast seeding and mulching rather than larger scale reclamation equipment, which may create a larger disturbance of the soils and vegetation.
5. MMD appreciates that you informed BLM and NMSLO of your concerns about contractor's using the same overland route and parking near your proposed borehole 2 for reclamation activities by NMDOT and NMSLO to mitigate erosion and dust. Photo documentation is recommended before drilling, after drilling and after reclamation.
6. MMD does not regulate non mining activities.

As mentioned above, the MMD guidelines address RCE's and overland travel at minimal impact exploration sites. Follow the links to MMD's website for guidelines on Part 3 exploration permits:

https://www.emnrd.nm.gov/mmd/wp-content/uploads/sites/5/MMD_Part3FAGuidelines_Sept2013.pdf
https://www.emnrd.nm.gov/mmd/wp-content/uploads/sites/5/Part3_Exploration_Instructions.pdf

We look forward to discussion of permitting issues tentatively set for January 8, 2024.

Should you have any questions, comments, or require additional information concerning this letter, please call (505) 490-0726, or email kevin.myers@emnrd.nm.gov.

Sincerely,



Kevin C. Myers, Hydrologist
Permit Lead, HI018EM
Mining Act Reclamation Program (MARF)
New Mexico Mining and Minerals Division

CC: DJ Ennis, Program Manager, MARF/MMD
Carmen Rose, Supervisor, MARF/MMD
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Anthony Hom, Branch Chief, Land & Minerals, BLM
Mine File (HI018EM)