

PART 3
MINIMAL IMPACT EXPLORATION OPERATION
PERMIT APPLICATION

Accompanying instructions for this permit application are available from MMD, and on MMD webpage:

<http://www.emnrd.state.nm.us/MMD/MARP/MARPAApplicationandReportingForms.htm>

Send 6 copies of the completed application to:

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Director
Mining and Minerals Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505
Telephone: (505) 476-3400

Webpage: www.emnrd.state.nm.us/MMD/index.htm

CHECK OFF LIST TO DETERMINE YOUR PROJECT'S STATUS AS A MINIMAL IMPACT EXPLORATION OPERATION:

- Yes No My project **will exceed 1000 cubic yards of excavation**, per permit.
- Yes No Surface disturbances for constructed roads, drill pads and mud pits **will exceed 5 acres** total for my project.
- Yes No My project is located in or is expected to have a direct surface impact on wetlands, springs, perennial or intermittent streams, lakes, rivers reservoirs or riparian areas.
- Yes No My project is located in designated critical habitat areas as determined in accordance with the federal Endangered Species Act of 1973 or in areas determined by the Department of Game and Fish likely to result in an adverse impact on an endangered species designated in accordance with the Wildlife Conservation Act, Sections 17-2-37 through 17-2-46 NMSA 1978 or by the State Forestry Division for the Endangered Plants Act, section 75-6-1 NMSA 1978.
- Yes No My project is located in an area designated as Federal Wilderness Area,

Wilderness Study Area, Area of Critical Environmental Concern, or an area within the National Wild and Scenic River System.

- Yes No My project is located in a known cemetery or other burial ground.
- Yes No My project is located in an area with cultural resources listed on either the National Register of Historic Places or the State Register of Cultural Properties.
- Yes No My project will or is expected to have a direct impact on ground water that has a total dissolved solids concentration of less than 10,000 mg/L, except exploratory drilling intersecting ground water may be performed as a minimal impact operation.
- Yes No My project is expected to use or using cyanide, mercury amalgam, heap leaching or dump leaching in its operations.
- Yes No My project is expected to result in point or non-point source surface or subsurface releases of acid or other toxic substances from the permit area.
- Yes No My project requires a variance from any part of the Mining Act Rules as part of the permit application.

If you answer yes to any of the above questions, your project does not qualify as a minimal impact exploration operation.

Confidential Information

- Yes No Is any of the information submitted in this application considered by the applicant to be confidential in nature? If yes, please provide this information separately and marked as “confidential.”

Timeline

- Exploration applications must be provided no less than 45 days prior to the anticipated date of operations desired by the applicant.
- Renewal applications shall be filed at least 30 days preceding expiration of the current permit. Permits are valid for one year.
- Approved permit is valid for one year from the date of approval.

SECTION 1 – OPERATOR INFORMATION (§304.D.1)

Project Name: _____

Nearest Town To Project: _____

Applicant Name and Contact Information (entity obligated under the Mining Act):

Name: _____

Address: _____

Office Phone: _____ Cell Phone: _____

Fax Number: _____ Email: _____

Name of On-Site Contact, Representative, or Consultant:

Name: _____

Address: _____

Office Phone: _____ Cell Phone: _____

Fax Number: _____ Email: _____

SECTION 2 – RIGHT TO ENTER INFORMATION (§302.D.1)

- A. Describe or attach copies of documents that give the applicant the right to enter the property to conduct the exploration and reclamation, include: lease agreements, access agreements, right of way agreements, surface owner agreements, and claim numbers, if applicable.

Attachment _____

- B. List the names and addresses of surface and mineral ownership within the proposed permit area. If the mineral is federal mineral, indicate as federal mineral, but provide the name of the claim holder or lease holder.

Surface Estate Owner(s):

| Name | Address | Phone # |
|--|---------|---------|
| <input type="checkbox"/> U.S. BLM | _____ | _____ |
| | _____ | |
| <input type="checkbox"/> U.S. Forest Service | _____ | _____ |
| | _____ | |
| <input type="checkbox"/> State of NM | _____ | _____ |
| | _____ | |
| <input type="checkbox"/> Private/Corporate | _____ | _____ |
| Name: _____ | _____ | |
| <input type="checkbox"/> Other | _____ | _____ |
| Name: _____ | _____ | |

Lease Holder(s) of Surface Estate (if applicable):

| Name | Address | Phone # |
|-------|---------|---------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Mineral Estate Owner(s):

| Name | Address | Phone # |
|--|---------|---------|
| <input type="checkbox"/> Bureau of Land Management | _____ | _____ |
| | _____ | |
| <input type="checkbox"/> US Forest Service | _____ | _____ |
| | _____ | |
| <input type="checkbox"/> State of NM | _____ | _____ |
| | _____ | |
| <input type="checkbox"/> Claim/Lease Holder | _____ | _____ |
| Name: _____ | _____ | |
| Claim Numbers: _____ | | |
| <input type="checkbox"/> Claim/Lease Holder | _____ | _____ |
| Name: _____ | _____ | |
| Claim Numbers: _____ | | |
| <input type="checkbox"/> Other | _____ | _____ |
| Name: _____ | _____ | |

C. Has a Cultural Resource Survey been performed on the site? Yes No

If yes, please provide the author, title, date and report number, and include a copy of the survey with this application, if possible:

Attachment _____

D. Has a wildlife survey or vegetation survey been performed for the permit area?

Yes No If yes, please provide the author, title, date and report number, and include a copy of the survey with this application, if possible:

Attachment _____

SECTION 3 – MAPS AND PROJECT LOCATION (§302.D.2)

A. Project Location:

Township _____ Range _____ Section _____

Township _____ Range _____ Section _____

Township _____ Range _____ Section _____

List the drill hole/exploration name and the GPS coordinates for each site.

| I.D. Number | Northing / Latitude | Easting / Longitude | I.D. Number | Northing / Latitude | Easting / Longitude |
|-------------|---------------------|---------------------|-------------|---------------------|---------------------|
| | | | | | |

Coordinate system used to collect GPS data points:

- | | |
|--|--|
| <input type="checkbox"/> NAD83 Geographic <input type="checkbox"/> NAD83 UTM Zone 13 (or 12) <input type="checkbox"/> WGS 1984 | <input type="checkbox"/> NAD27 Geographic <input type="checkbox"/> NAD27 UTM Zone 13 (or 12) <input type="checkbox"/> Other: _____ |
|--|--|

Attachment _____ (for listing additional boreholes)

B. Maps (see application form instructions for examples of maps to be included):

Are topographic maps included with the application that show the following items:

- Yes – The boundary of the proposed exploration project Permit Area
- Yes – The proposed exploration locations (i.e., borehole locations)
- Yes – Existing roads, new roads and overland travel routes
- Yes N/A – Areas of proposed road improvement

Attachments _____

Are maps or figures included with the application showing the approximate dimensions and locations of drill pads and other disturbances:

- Yes – Drill pad dimensions and constructed drill pad locations

Attachments _____

C. Provide detailed driving directions to access the site:

SECTION 4 – EXPLORATION DESCRIPTION (§302.D.3 & 4)

A. Anticipated exploration: Start Date: _____ End Date: _____

B. List the mineral(s)/element(s) to be explored for: _____

C. Proposed method(s) of exploration:

Air drilling (air rotary, coring, etc.):

_____ # of holes _____ Depth (ft.) _____ Diameter (in.)

_____ # of drill pads _____ Length (ft.) _____ Width (ft.)

Will drill pads be graded/bladed or overland: Graded/bladed Overland

Will drill pads need some mechanical leveling (grading/blading): Yes No

Approx. Weight of Drill Rig (lbs.) _____ Number of Axles: _____

Total length of drill stem that can be carried on the rig: _____

Is a support pipe truck anticipated? Yes No _____ Weight (lbs.)

Weight of support compressor (lbs.): _____ Trailer mounted? _____

Anticipated Drilling Contractor: _____ License No. _____

Mud/fluid drilling:

_____ # of holes _____ Depth (ft.) _____ Diameter (in.)

_____ # of drill pads _____ Length (ft.) _____ Width (ft.)

Will drill pads be graded/bladed or overland: Graded/bladed Overland

Will drill pads need some mechanical leveling (grading/blading): Yes No

Will a closed loop system be used or will mud/fluid pits be used? _____

If mud/fluid pits are proposed:

_____ # of pits _____ Length (ft.) _____ Width (ft.) _____ Depth (ft.)

Anticipated excavating equipment: _____

How will excavating equipment be transported to the site (i.e., driven, low-boy, etc.):

Will mud pits be lined?: Yes No

If yes, proposed material to line the mud pits: _____

Approx. Weight of Drill Rig (lbs.) _____ Number of Axles: _____

Anticipated Drilling Contractor: _____ License No. _____

Test pits / exploratory trenches:

_____ # of pits _____ Length (ft.) _____ Width (ft.) _____ Depth (ft.)

Anticipated excavating equipment: _____

How will excavating equipment be transported to the site (i.e., driven, low-boy, etc.):

Other methods of exploration (i.e., cuts, shafts, tunnels, adits, declines, blasting, etc.). Indicate method and details:

TOTAL ACREAGE TO BE DISTURBED DUE TO DRILL PADS = _____ acres
(to convert to acres, multiply total square footage of drill pads by 0.0000229)

D. Disposal of drill cuttings

If this exploration project is for uranium or other radioactive elements/minerals, applicant agrees to perform a gamma radiation survey at each drill site prior to, and after, exploration activities. Applicant/Owner/Operator agrees to restore gamma radiation levels at each drill site to pre-exploration levels. Yes No N/A

Will excess drill cuttings be buried at each drill site location or within a single disposal pit?
 At each drill pad location Within a single disposal pit

If a single disposal pit is proposed, please provide the following:

Description or GPS coordinates of the proposed cuttings disposal pit location:

Dimensions of the single proposed cuttings disposal pit (length, width, and depth):

_____ Length (ft.) _____ Width (ft.) _____ Depth (ft.)

TOTAL ACREAGE TO BE DISTURBED DUE TO DISPOSAL PIT = _____ acres
(to convert to acres, multiply total square footage of disposal pit by 0.0000229)

E. Other Supporting Equipment (check all that apply):

- | | | |
|---|----------------|-------|
| <input type="checkbox"/> 4x4 Trucks/Vehicles | Quantity: | _____ |
| <input type="checkbox"/> Water Truck | Weight (lbs.): | _____ |
| <input type="checkbox"/> Geophysical Truck | Weight (lbs.): | _____ |
| <input type="checkbox"/> Pipe Truck (rig support) | Weight (lbs.): | _____ |
| <input type="checkbox"/> Bulldozer | Type: | _____ |
| <input type="checkbox"/> Backhoe | Type: | _____ |
| <input type="checkbox"/> Trackhoe | Type: | _____ |
| <input type="checkbox"/> Scaper/Grader | Type: | _____ |
| <input type="checkbox"/> Trailers | Quantity/Type: | _____ |
| <input type="checkbox"/> Portable Toilet | Quantity: | _____ |
| <input type="checkbox"/> Other | List: | _____ |
| | | _____ |
| | | _____ |
| | | _____ |
| | | _____ |

F. Roads and Overland Travel:

List of new roads to be constructed for this exploration project:

| Description of <i>NEW</i> Roads | Length (ft.) | Width (ft.) | Total Acres (length x width x 0.0000229) |
|---|-----------------|----------------|---|
| | | | |
| TOTAL ACRES DISTURBED BY NEW ROAD CONSTRUCTION : | | | |

Describe how new roads will be constructed:

List for extension or widening of existing roads:

| Description of Modification to <i>EXISTING</i> Roads | Length (ft.) | Width (ft.) | Total Acres (length x width x 0.0000229) |
|--|-----------------|----------------|---|
| | | | |
| TOTAL ACRES DISTURBED BY ROAD IMPROVEMENTS : | | | |

Describe how existing roads will be extended or widened:

List for routes of overland travel:

| Description of <i>OVERLAND TRAVEL</i> Routes | Length (ft.) | Width (ft.) | Total Acres (length x width x 0.0000229) |
|---|-----------------|----------------|---|
| | | | |
| TOTAL ACRES DISTURBED BY OVERLAND TRAVEL : | | | |

G. Support Facilities

Describe (location and size) any support facility disturbances (equipment staging, equipment and material storage and/or lay down areas, vehicle parking, temporary housing and/or trailers) to be created or situated on the site during exploration operations.

H. **TOTAL ACREAGE TO BE DISTURBED BY PROJECT = _____ acres**
 (include all disturbed acreage from drill pads, cuttings disposal pit, new roads, improved roads and overland travel routes)

SECTION 5 – CHEMICAL USE (§302.D.4)

A. Check any and all chemicals that will be used for this project.

| | | |
|--|----------------|-------|
| <input type="checkbox"/> Drilling Mud (i.e., EZ Mud) | Type/Quantity: | _____ |
| <input type="checkbox"/> Diesel Fuel | Quantity: | _____ |
| <input type="checkbox"/> Down-hole Lubricants | Type/Quantity: | _____ |
| <input type="checkbox"/> Lost Circulation Materials | Type/Quantity: | _____ |
| <input type="checkbox"/> Oils/Grease | Quantity: | _____ |
| <input type="checkbox"/> Gasoline | Quantity: | _____ |
| <input type="checkbox"/> Hydraulic Fluid | Quantity: | _____ |
| <input type="checkbox"/> Ethylene Glycol | Quantity: | _____ |
| <input type="checkbox"/> Cement | Type/Quantity: | _____ |
| <input type="checkbox"/> Water | Source: | _____ |
| <input type="checkbox"/> Bentonite | Quantity: | _____ |
| <input type="checkbox"/> Fertilizer | Type/Quantity: | _____ |
| <input type="checkbox"/> Other | Type/Quantity: | _____ |
| | | _____ |
| | | _____ |
| | | _____ |

B. Describe, in detail, a plan for the containment, use and disposal of all chemicals listed above:

C. Describe where equipment fueling/refueling will occur:

D. Describe how hazardous material spills/leaks will be handled:

E. Identify spill cleanup materials that will be kept on-site (check all that apply):

- Bentonite clay or cat litter
- Adsorbent pads, rolls, mats, socks, pillows, dikes, etc.
- Drum or barrel for containing contaminated soil/adsorbent materials
- Other/list: _____
- Other/list: _____
- Other/list: _____

F. Applicant/owner/representative agrees to immediately notify the State of New Mexico immediately of any spills of hazardous materials (see page 1 of this application for phone numbers to notify): Yes No

**SECTION 6 – GROUNDWATER/SURFACE WATER INFORMATION
(§302.D.5)**

- A. Provide an estimate of depth to ground water and the total dissolved solids (TDS) concentration.

Depth to groundwater (ft.): _____ TDS concentration (mg/L): _____

Describe the source of this information:

- B. Will dewatering activities be conducted: Yes No

If yes, please describe:

- C. Is groundwater anticipated to be encountered during exploration: Yes No

If YES:

Have you completed Form WR-07 (Application for permit to drill a well with no consumptive use of water) and mailed it to the District Office of the State Engineer? Yes

Have you completed Form WD-08 (Well plugging plan of operations) and mailed it to the District Office of the State Engineer? Yes

Attachment _____ (copies of the completed WR-07 and WD-08 forms)

- D. Exploration Borehole Abandonment

Dry Boreholes

- Dry hole abandonment (option 1): 100% bentonite pellets/chips (i.e. HOLEPLUG® manufactured by Baroid Industrial Products), dropped from surface then hydrated in place according to the manufacturer's recommendations, emplaced from total depth to within 12 feet of the original ground surface, followed by 10 feet of neat cement, followed by 2 feet of topsoil/topdressing.

- Dry hole abandonment (option 2): Neat cement slurry, mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 2 feet of the original ground surface, followed by 2 feet of topsoil/topdressing.
- Dry hole abandonment (option 3): Cement + 6% bentonite slurry, mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 2 feet of the original ground surface, followed by 2 feet of topsoil/topdressing.
- Dry hole abandonment (option 4): High-density bentonite clay ($\geq 20\%$ active solids; i.e. QUIK-GROUT® manufactured by Baroid Industrial Products), mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 12 feet of the original ground surface, followed by 10 feet of neat cement, followed by 2 feet of topsoil/topdressing.
- Dry hole abandonment (option 5): Other materials / describe and justify use:

Wet Boreholes

- Wet hole abandonment (option 1): Neat cement slurry, mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 2 feet of the original ground surface, followed by 2 feet of topsoil/topdressing.
- Wet hole abandonment (option 2): High-density bentonite clay ($\geq 20\%$ active solids; i.e. QUIK-GROUT® manufactured by Baroid Industrial Products), mixed according to the manufacturer's recommendations, emplaced with a tremie pipe from total depth to within 12 feet of the original ground surface, followed by 10 feet of neat cement, followed by 2 feet of topsoil/topdressing.
- Wet hole abandonment (option 3): Other sealing material approved by the Office of the State Engineer. Describe and include well plugging plan approval by the State Engineer:

- D. Applicant agrees to contain any water produced from the exploration borehole at the drill site and acknowledges that discharge of this water to a watercourse may be a violation of the Federal Clean Water Act: Yes No

E. Is any drilling proposed to occur within the channel of any perennial, intermittent, or ephemeral streams? Yes No

F. Is any drilling anticipated to occur within 100 feet of any perennial, intermittent, or ephemeral streams? Yes No

**SECTION 7 – RECLAMATION & OPERATION PLAN
(§302.D.6 AND 302.I.K)**

A. Salvage/Preservation of Topsoil

Before any grading/blading or similar activities occur in relation to this project, operator agrees to salvage and preserve all topsoil and topdressing for use in future reclamation of this project Yes No

Describe how topsoil will be salvaged prior to initiation of exploration activities (check all that apply):

- N/A – no construction work will occur, therefore no soil salvage is needed.
- Excavated from drill pads and stored at each drill pad
- Excavated from road improvements/construction and stored adjacent to road
- Excavated from mud/fluid pits and storage at each pit
- Other, describe:

B. Erosion Control

Describe the best management practices that will be implemented to control erosion:

- Silt fencing Location: _____
- Straw wattles Location: _____
- Straw bales Location: _____
- Ditches/swales Location: _____
- Berms/dikes/dams Location: _____
- Sediment basins Location: _____
- Other or N/A Type/Location: _____

C. Wildlife Protection / Noxious Weed Prevention

Will the perimeter of drill pits be fenced to prevent wildlife entrapment? Yes No

Proposed pit perimeter fence material:

Describe how the pit perimeter fencing will be installed and secured (i.e., T-posts, wooden stakes, etc.):

Will at least one side of the interior of the drill pits be sloped at 3:1 as a ramp for wildlife escape? Yes No

If No, will another type of constructed escape ramp be installed? Describe:

Applicant/Owner/Operator commits to pressure-washing or steam-clean all equipment prior to entering the permit area: Yes No

D. Reclamation Details

Describe in general how re-contouring or re-establishment of the surface topography will be restored:

Describe how the reclamation of portals, adits, drilling fluid/mud and/or waste pits, shafts, ponds, roads and other disturbances will be performed:

Is seeding of the reclaimed areas proposed: Yes No

If no, provide a justification as to why no revegetation is needed:

Plant mix to be used in the re-establishment of vegetation:

- US Forest Service specified mix applied through broadcast at their recommended rate
- BLM specified mix applied through broadcast at their recommended rate
- Other:

| Plant Name | Seeding Rate (lbs./acre) |
|------------|--------------------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Broadcast applied or drill-seeded: Broadcast Drill-seeded

Scarification Methods (check all that apply):

- Primary tillage to greater than 6-inches depth of all constructed drill pads and roads
- Secondary tillage of all constructed drill pads and roads, and/or overland travel routes
- Chain drag or tire drag over seeds in areas used for overland travel
- Light raking of soil over seeds in areas used for overland travel
- None
- Other/describe:

Mulch Use:

- Certified weed-free straw mulch will be placed over areas that have been tilled/disc'd or ripped at a rate of 2 tons per acre, and will be crimped in place
- No mulch is proposed

E. Reclamation Timeline

Applicant/Owner/Operator commits to reclamation of the disturbed area as soon as possible following the completion or abandonment of the exploration operation, unless the disturbed area is included within a complete permit application for a new mining permit:

- Yes No

Anticipated Start of Reclamation:

- 0-30 days after completion of drilling
- 31-60 days after completion of drilling
- Other/specify: _____

**SECTION 8 – PERMIT FEES AND FINANCIAL ASSURANCE
(§302.1.2 AND 5)**

A. Financial assurance must be posted with Mining and Minerals Division prior to approval of this application. The acceptable forms of financial assurance are surety bonds, letters of credit, and certificates of deposit. Provide an estimate of, and an instrument for, the proposed financial assurance required by Subpart 3.

- Surety Bond
- Letter of Credit
- Cash Account / Certificate of Deposit

Estimated amount of financial assurance: _____

Or

Applicant will provide the amount of financial assurance calculated by MMD.

B. Attach the permit fees as determined pursuant to Subpart 2. The application fee for a minimal impact exploration permit is \$500.00.

- Money Order/Cashier's Check
- Check

Check Number : _____

Financial Institution: _____

SECTION 9 – CERTIFICATION REQUIREMENT (§302.1.3 & 4)

I certify that I have personally examined and am familiar with the information submitted herein, and based on my inquiry of those individuals responsible for obtaining the information; I believe the submitted information is true, accurate, and complete. I agree to comply with the reclamation requirements set forth in this permit application and related correspondence, the New Mexico Mining Act and the Rules. Further, I certify that I am not in violation of any other obligation under the New Mexico Mining Act or the Rules adopted pursuant to that Act and I allow the Director to enter the permit area, without delay, for the purposes of conducting inspections during exploration and reclamation.

Signature of Permittee or Authorized Agent: Ken Balse

Name (type or print): KEN BALSER

Title/Position: CEO The Peloton Group, LLC

Date: 8/3/23

PELTON GROUP PROJECT

PLAN OF OPERATIONS

Submitted to the U.S. Department of the Interior,
Bureau of Land Management
Las Cruces, New Mexico
District Office

Prepared by: Ken Balser & Duran Bokich Enterprises, LLC

Peloton Group, LLC
3014 W. Uintah Street
Colorado Springs, CO 80904
719-761-1535

2011.02.03

PELTON GROUP
Underground Mining Project
Sierra County, New Mexico

Plan Of Operations

Submitted to the Bureau of Land Management
Las Cruces District Office
1800 Marquess St.
Las Cruces, NM 22005

Peloton Group, LLC
3014 W. Uintah Street
Colorado Springs, CO 80904
719-761-1535

May 20, 2023

Prepared by: Ken Balsler & Duran Bokich
Enterprises, LLC

Introduction

This Plan of Operations is submitted to the BLM (US Department of the Interior, Bureau of Land Management), Las Cruces District Office for the Peloton Group Project, a proposed underground mining operation to further develop and expand existing underground operations conducted by another operator in the 1970's.

The proposed Peloton Group Drolte Hole Project is located on the west flank of the Caballo Mountains, about three (3) miles east of Caballo Reservoir in Sierra County, New Mexico. The project is located in T16S, R4W, Sections 3 and 4 NMPM, at Latitude N32° 56' 36", Longitude W107° 14' 56". The area is a semi-arid, high Chihuahuan Desert environment, with winter high temperatures averaging in the high 50's to low 60's F, and lows in the mid-20's F. Average annual precipitation is about 10 inches, most of which generally falls during the summer monsoon period ranging from mid-June to the end of September.

The project is owned by The Peloton Group, LLC, of Colorado Springs, Colorado, and is a project to reenter the existing mine shaft that was constructed in the 1970's, known as the Drolte Hole, which was developed and worked by a previous operator.

The Peloton Group Drolte Hole Project will be a low tech mining operation utilizing existing surface facilities, virtually none other than a cleared and somewhat leveled area around the shaft, hand and hand operated power tools in underground operations and mobile equipment on the surface. There are no plans for any surface facilities, stockpiles or other surface disturbance, other than some minor earthwork to improve surface water diversion, and overall erosion and sediment control. This operation will not require the use of any chemicals, or result in , nor presently have , acid mine drainage.

This Plan of Operations is being submitted consistent with the requirements of 43 CFR 3809. An application for a Minimal Impact Exploration Operation is being concurrently submitted to the New Mexico Department of Energy, Minerals and Natural Resources Department (EMNRD). They will assign a Permit Number to the Peloton Group Project if that application is approved. A copy of the Permit Application is included as Appendix C of this Plan of Operations. At no time is surface disturbance of more than one (1) acre anticipated.

Operator Information

The Peloton Group, LLC (Drolte Hole Operation, <1 acre disturbance site)

Contact: Ken Balsler, CEO and President

3014 W. Uintah Street

Colorado Springs, Colorado 80904

Ph: 719-761-1535

Email: cobiker35@gmail.com

Federal Taxpayer ID No.: 20-8622374 (NM foreign Corp registration # 5969662 in Good Standing)

BLM Mineral Claim Serial Numbers for the Peloton Group Project are: Load Claim: Peloton Group NMMC 167937 and NMMC 197557.

Tunnel Site Claim: NMMC 197558. All claims are located in Sections 3 & 4, T16S, R4W, NMPM (within Pittsburg mining district)

Description of Operations

Maps showing the location of the proposed operations, as well as figures showing existing disturbance, pre and post operations topography, designs and cross sections are included in Appendix A.

Mining will consist initially of removing mined material that was left in mine workings developed in a Pre-Act ("Pre-Act" refers to before promulgation of the New Mexico Mining Act of 1993) shaft and surrounding underground workings accessed via the Drolte Hole, which was developed and worked sometime before the 1980's. Existing mined and crudely concentrated ore material will be loaded with hand tools, shovels, picks, wheelbarrows, etc., into hoisting containers (e.g. buckets), to be hoisted to the surface in a "man cage" utilizing a mobile hoist/crane. In addition, some work may be done with drills, either electric or pneumatic, to take additional materials out of mineral veins. If determined necessary, a product named Dexpan may be employed to assist in loosening rock for mine development. Dexpan is a non-explosive, controlled demolition agent, a powder that generates up to 18,000 psi expansive strength when mixed with water. Dexpan is used in drilled holes where explosive would have been used, and breaks rock with no explosion or sound. (see www.dexpan.com)

Power for mine lighting and ventilation will be provided by portable generators located on the surface during operating hours. It is anticipated that this work can be done within the existing road prism; using road as it exists. Reclamation of the road after operations may require some disturbance outside of the existing road prism in order to achieve drainage of precipitation off of the road to minimize the potential for erosion.

Additional grading will be done within existing, Pre-Act boundaries of areas that have already been disturbed, including minor work within the area immediately adjacent to the shaft. To minimize potential effects to surface waters in the area of the project, Best Management Practices (BMP's) such as a low, wide and drivable berm will be maintained on the entry to the shaft work area (east side) to divert run-on from entering the site. In addition, should it prove necessary, other BMP's such as waddles, straw bales or silt fence may be installed downgradient of any trafficked areas to minimize potential effects from the project.

At completion of the project, when no additional existing mined material is remaining and additional underground testing determines that ore grade material is no longer available, the shaft will be permanently closed. The first step of closure and reclamation will consist of construction and in-situ ten (10) foot plug of polyurethane foam (PUF), into the shaft. First, a metal platform will be welded into the 36 inch steel pipe at 10 feet below the surface. Then a bulkhead to support the PUF will be constructed at approximately the same level in the annulus of the shaft surrounding the 36 inch pipe. Then approximately enough mixed PUF solution will be added to result in approximately 30 cubic yards of complete PUF, distributed inside of the pipe and in the annulus surrounding the pipe to the shaft walls. The PUF plug will be installed in lifts, with only enough PUF added to achieve a 12 to 18 inch lift at one time. This lift will be allowed to set and then the next lift will be added. At completion of the construction of the PUF plug, the area between the top of the PUF plug and the inside edge of the steel lid will be filled with concrete. When the concrete has set, the steel lid will be closed and welded in the closed position, and the entire area will be backfilled with surrounding dirt and rock to an elevation that will result in positive drainage to shed precipitation and minimize infiltration. The volume of fill required to achieve this cover and positive drainage is approximately 1,000 cubic yards, which is available from the project area from material that was excavated by previous, Pre-Act operations. This material will be placed in the depression over the sealed shaft using a bulldozer, excavator and front end loader. The fill will be graded to blend into the rock face to the north, and then tie into slopes on the west, south and east. The fill will then be lightly scarified and hand broadcast with the seed mix described in this application. A commercial fertilizer applied at the rate of 100 pounds per acre, and the area will have 2-tons per acre of weed-free straw applied and crimped or tackified in place.

At completion of these actions, the entire project area, other than the existing pre-act roadway, will be fenced with a three strand barbed wire fence to keep livestock from grazing the area until the revegetation is established. This fencing will be removed after three years.

Stormwater BMPs will be retained for a three year period and then removed if necessary.

Location Maps and figures depicting Pre-Act existing disturbance, Topography and Cross Sections, as well as Post-Reclamation Topography and Cross Sections are provided in Appendix B of this application.

Maps showing the location of the Project Area are provided in Appendix B. Plan views and cross sections of the Project Area as it currently exists are also provided in Appendix B. There are currently no surface mined areas within the project area other than that pre-existing from Pre-Act operators, and no additional surface mining activities are planned. No processing facilities, waste or tailings disposal areas are included in project plans, as all materials brought out of the mine will be transported off-site for processing.

Water management will be done primarily by control of surface water with diversion berms to prevent run-on into the Project Area. Stormwater BMP's (Best Management Practices) will be put in place downgradient of operations to minimize the potential for downgradient effects. The Project Area will be revegetated after operations, including the pre-existing disturbed areas, which will enhance the surface water regime of the area. No groundwater will be encountered or affected by this Project.

The rock in the Project Area, and within the potential ore zone of the project, is intrusive granite. This granite is oxidized in chemical nature with no indications of any sulfide mineralization. In any event, all

ore grade rock and mine materials developed in the mine will be removed and taken off-site for processing, and any non-ore materials will be left in place underground in a dry and non-reactive environment.

Quality assurance will be achieved through following good mining practice consistent with Mine Safety and Health Administration (MSHA) requirements, as well as requirements and practices of federal and state agencies that have been developed for the protection of environmental resources. There will be no surface facilities, no on-site fuel storage or storage of any other materials on the surface.

Since there will be no on-site fuel, chemical or other materials storage, the spill contingency will only address potential spills of fueling mobile equipment, generators or compressors. Volumes are small, and should a spill occur, it will be contained by berming and adsorbent materials. A Spill Kit will be maintained on one of the mine vehicles and on-site at all times during operations. Soils affected will be excavated and placed in 55-gallon drums and removed to an approved landfill for disposal. Records will be maintained of incidents of spills, estimated volumes and measures to address and dispose of materials.

Operations will be initiated when approval from all regulatory agencies has been granted. Operations will be initiated by moving a mobile crane / hoist onto site and lowering equipment for lighting, ventilation and underground mining operations into the existing shaft. Personnel will be lowered into the existing mine with this mobile crane / hoist in a man cage. Mining operations will commence by loading of existing mine materials into buckets or other containers and hoisted to the surface. These materials will be taken off-site for storage and then transported to an as yet undetermined processing facility. Any materials removed from the mine will be recorded by measure of volume, date, and transfer location, and signed by a Peloton Group representative. As mining underground continues and existing mine materials are removed, additional materials will be drilled, broken utilizing Dexpan if necessary, and then removed from the mine in the same manner. The length of time that these activities will continue is unknown at this time, but are expected to continue for up to five (5) years from initiation of operations. At the completion of mining activities, the shaft will be plugged and closed as described above, and the depression where the shaft is located, as well as the pre-existing trench to the west will be backfilled, graded, seeded, mulched and fenced. These closure and reclamation operations are expected to last approximately three (3) weeks.

Reclamation Plan

There are currently no plans to drill any surface holes for mineral exploration, so no drill hole plugging or abandonment is applicable. Should this change in the future and drill holes be considered necessary for mine expansion, The Peloton Group will submit an amendment to this Plan of Operations to the BLM at least four (4) months in advance of those activities.

Grading and shaping of land after the completion of mining operations is discussed previously in this Plan of Operations. In general, areas that were previously excavated by other operations and used by the Peloton Group will be backfilled utilizing materials that were taken out of the excavations. The location of these excavations and excavated materials are shown in the Plan Views and Cross Sections included in Appendix B.

Grading and shaping will be done to result in the backfilled materials blending into surrounding topography and being graded to provide for positive drainage. Run-on will be diverted from around backfilled areas, and backfilled areas will be graded to mostly shed precipitation that falls onto those areas.

Since no topsoil or growth media was salvaged by the previous operators that dug the existing excavations, there will be no identified topsoil or growth media to replace. However, the species of plants selected for revegetation are native to the area and are of cultivars that will enhance the potential for revegetation of the reclaimed areas. In addition, the area will be mulched with a weed-free straw mulch after seeding, and the area fenced with barbed wire to allow maximum potential for revegetation establishment.

There are no riparian areas or habitat on or near the Project Area. The area is on the west facing slope of the Caballo Mountains, and vegetation consists of common xeric species occurring in poor, rocky soils of the Chihuahuan Desert region. Common vegetative species include Rabbit-brush (*Chrysothamnus spp.*), Mesquite (*Prosopis juliflora*), Ocotillo (*Fouquieria splendens*), Prickly Pear Cactus (*Opuntia spp.*), and Sotol (*Dasyllirion Wheeleri*), Tar-bush (*Flourensia cernua*), Little-leaf Sumac (*Rhus microphila*), Blue grama grass (*Bouteloua gracilis*) and other desert grasses.

The Project Area is currently overgrazed by livestock and highly disturbed by mining activities from previous operations. Wildlife habitat is generally poor, with wildlife species occurring on the area being representative of rocky soil and xeric vegetation of the Chihuahuan Desert region. Likely species occurring and utilizing the area for other than just a transportation corridor would include the Black-tailed Jackrabbit (*Lepus californicus*), Desert Cottontail Rabbit (*Sylvilagus auduboni*), Rock Squirrel (*Spermophilus variegates*), Deer Mouse (*Peromyscus maniculatus*), White-throated Woodrat (*Neotoma albigula*) and Coyote (*Canis latrans*).

The grass species to be used in the reclamation of the Project Area are native to the region, are species known to do well in revegetation efforts, and are all natural components of the habitat of the region and for the wildlife species that utilize the area.

As discussed previously, since there was no topsoil or growth media salvaged by previous operators who created the existing disturbance, no special handling is possible for these materials.

Revegetation will take place by broadcast seeding of the species listed in Table 1.

| Plant Name | Scientific Name | Variety | Application Rate (per acre) |
|---------------------|-------------------------------|---------|-----------------------------|
| Blue grama | <i>Bouteloua gracilis</i> | Alma | 5.0 |
| Sideoats grama | <i>Bouteloua curtipendula</i> | Vaughn | 3.0 |
| Western wheatgrass | <i>Pascopyrom smithii</i> | Arriba | 3.0 |
| Scarlet globemallow | <i>Spharealcea coccinea</i> | N/A | 1.0 |
| Fourwing Saltbush | <i>Atriplex canescens</i> | N/A | 2.0 |
| | | | |
| | | TOTAL | 14.0 |

After seed is broadcast, weed-free straw mulch will be applied to the area at the approximate rate of 2- tons per acre. Straw will be anchored by crimping or by application of a tackifying agent.

No acid, toxic or deleterious materials, other than fuel (gasoline and/or diesel), lubricants and possibly Dexpan as a non-explosive rock breaking agent, will be used at the project area. As discussed previously, there will be no on-site storage of any of these materials, unless Dexpan is used underground in which case it will be stored underground in a water tight container, and the cover to the shaft closed and locked when Peloton personnel are not present.

Any spills will be contained and cleaned up as soon as possible by berming the area to prevent spread of fluids and applying adsorbent materials from the on-site Spill Kit. Soils or other materials that have come in contact with spilled materials will be placed in 55-gallon steel drums, lids secured, labeled with information on the project name, location, date spilled and cleaned up and name of individuals addressing the spill. The drums will then be transported off-site to an approved disposal facility. At the end of operations, all materials will be removed the Project Area from above ground and below ground.

No buildings, structures or support facilities are proposed for the Peloton Group Project, and therefore no provisions are provided to address removal at the end of operations. Should this change, the Peloton Group will submit

notification and an amendment to this Plan of Operations to the BLM at least four (4) months in advance of placement of any buildings, structures or support facilities, and will not initiate construction until there is written approval by BLM. Should this occur, all such structures would be entirely removed prior to the initiation of reclamation operations of the site.

Monitoring Plan

During the active mining operations, the site will be continually monitored to meet the requirements of this Plan of Operations and all federal and state environmental laws and regulations. Since mining operations will be small scale, and will not include any infrastructure or facilities, other than those that will be mounted on mobile equipment or trailers, the scope of such monitoring is small. Primarily there will be constant surveillance for spills of fuel or lubricants. As discussed previously, should a spill occur, it will be addressed as soon as possible and contained, removed, cleaned up and disposed of properly. The site will also be visually monitored to detect any erosion, which will be addressed and repaired to avoid a larger and costly repair job. No effects to surface or ground waters, air quality stability, noise levels or wildlife mortality are anticipated.

Monitoring of the success of revegetation efforts will be done annually the first three (3) years after reseeded, and again at year eight (8) and year twelve (12). Written results will be provided to the BLM.

Interim Management Plan

The site will be continually monitored during operations to ensure that there are stable workings, control of toxic or deleterious materials, all equipment is in good working condition and is not leaking fuel or lubricants onto the ground, that the area is maintained in a clean and safe condition, that all erosion and stormwater controls and BMP's are in good condition and functioning properly.

Should operations be ceased or the operation closed on a temporary basis, all underground mine workings will be stabilized with any ground support or other actions required. In addition, all fuels, lubricants and other chemical products present in the underground mine workings will be removed and taken off-site for proper storage.

The current shaft cover is constructed of steel and has a lockable doorway with a padlock protection device. This cover will be closed and locked during such temporary closure.

All mobile surface support equipment will be removed to the off-site storage facilities when exploration is not underway. The entire Project Area will be inspected for any trash or other materials and these would be cleaned up and removed. Erosion protection improvements such as run-on diversions will be inspected and maintained as necessary to ensure proper functioning. Stormwater BMP's will similarly be inspected and maintained to ensure proper functioning.

Currently, the schedule for anticipated closure is not known. Peloton Group will notify BLM of expected closure and initiation of closure and reclamation operations as soon as this is determined based on operational results.

Estimate of the cost to fully reclaim the Peloton Group Project

A comprehensive Closure and Reclamation Cost Estimate is provided in Appendix B.

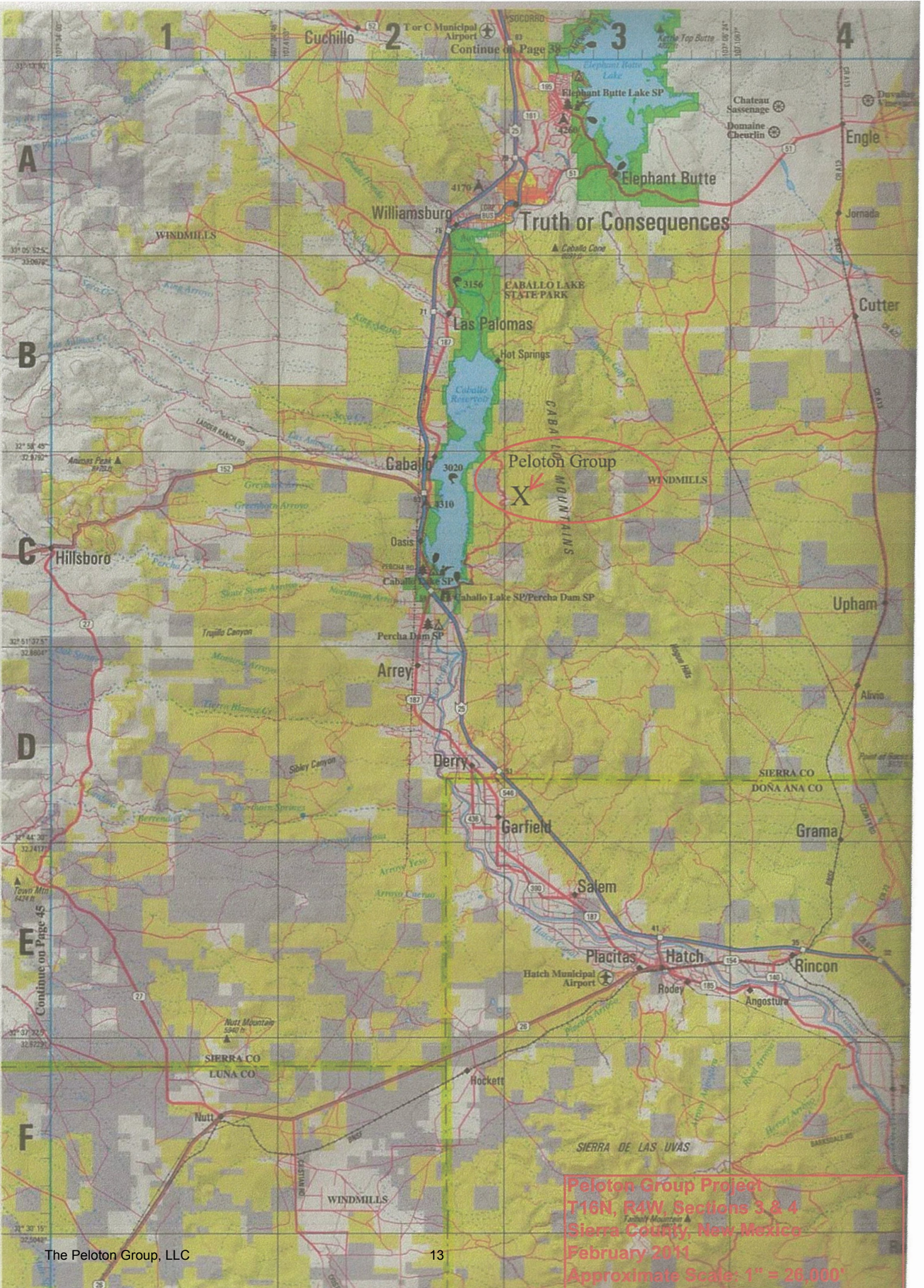
APPENDIX A

Peloton Group Project

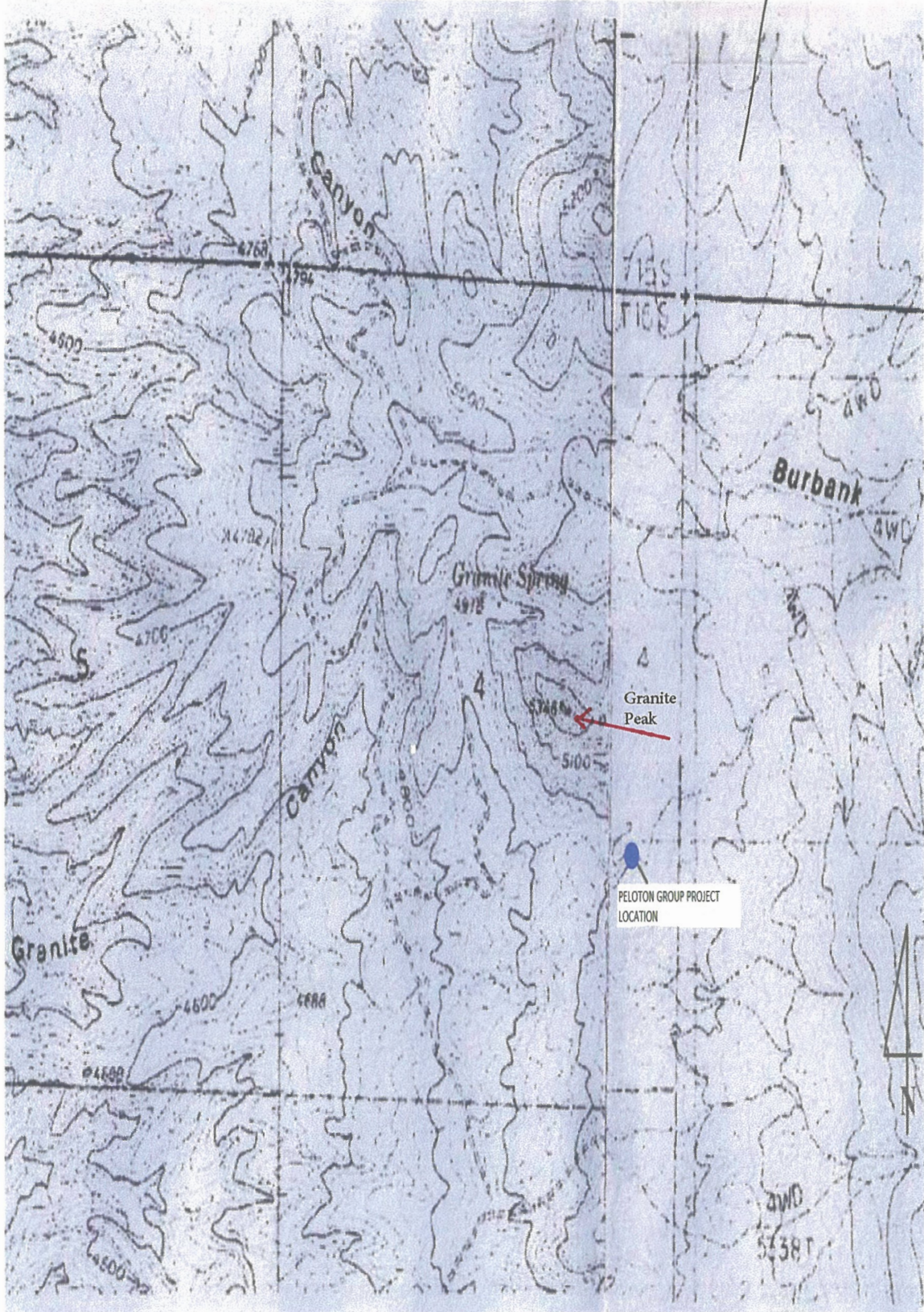
Maps, Figures, Topography and Cross Sections

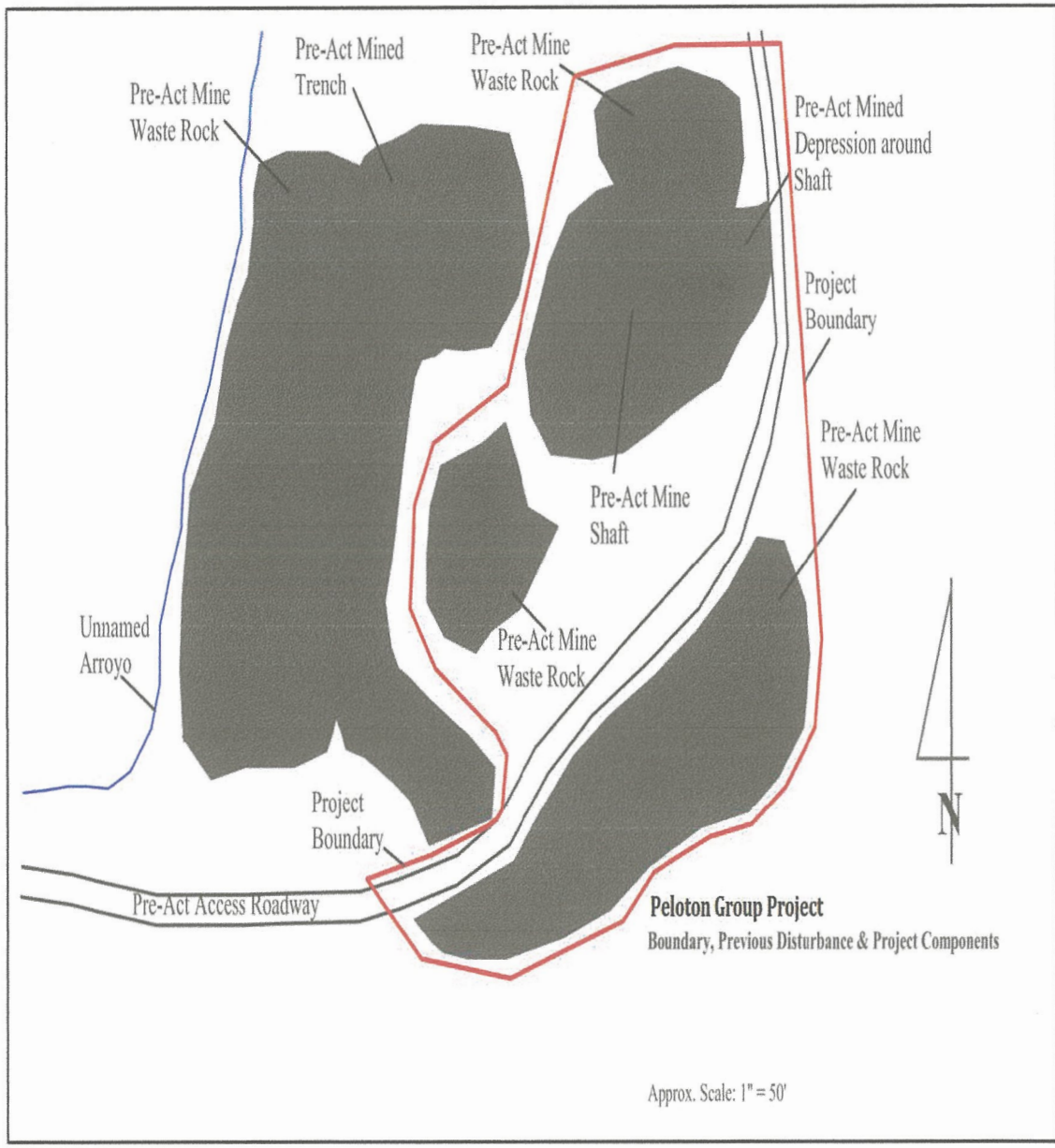
Existing Pre-Act Conditions And

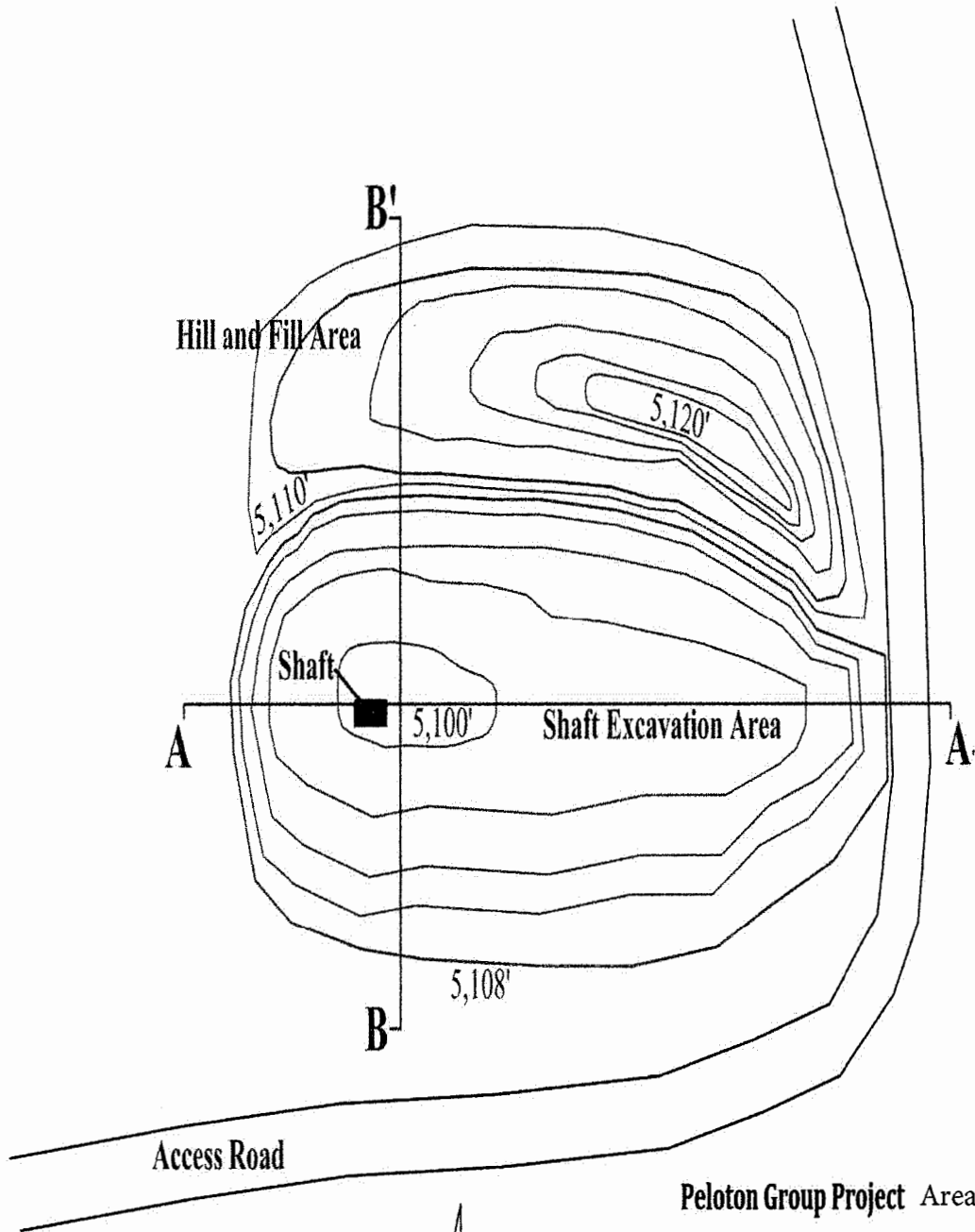
Post Reclamation Topography and Cross Sections



Peloton Group Project
 T16N, R4W, Sections 3 & 4
 Sierra County, New Mexico
 February 2011
 Approximate Scale: 1" = 26,000'



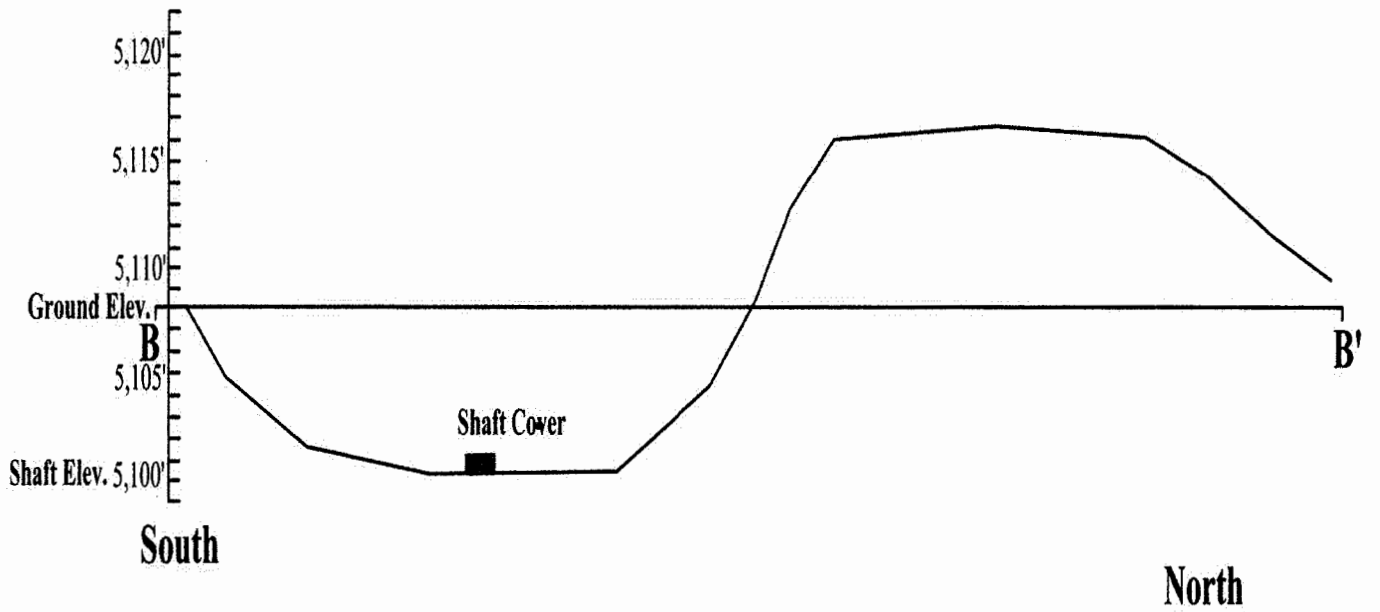




Peloton Group Project Area
Plan View Reclamation Plan
Pre-Act Disturbance & Topography
Approx. Scale: 1" = 12'

Cross Section Locations
February 2011

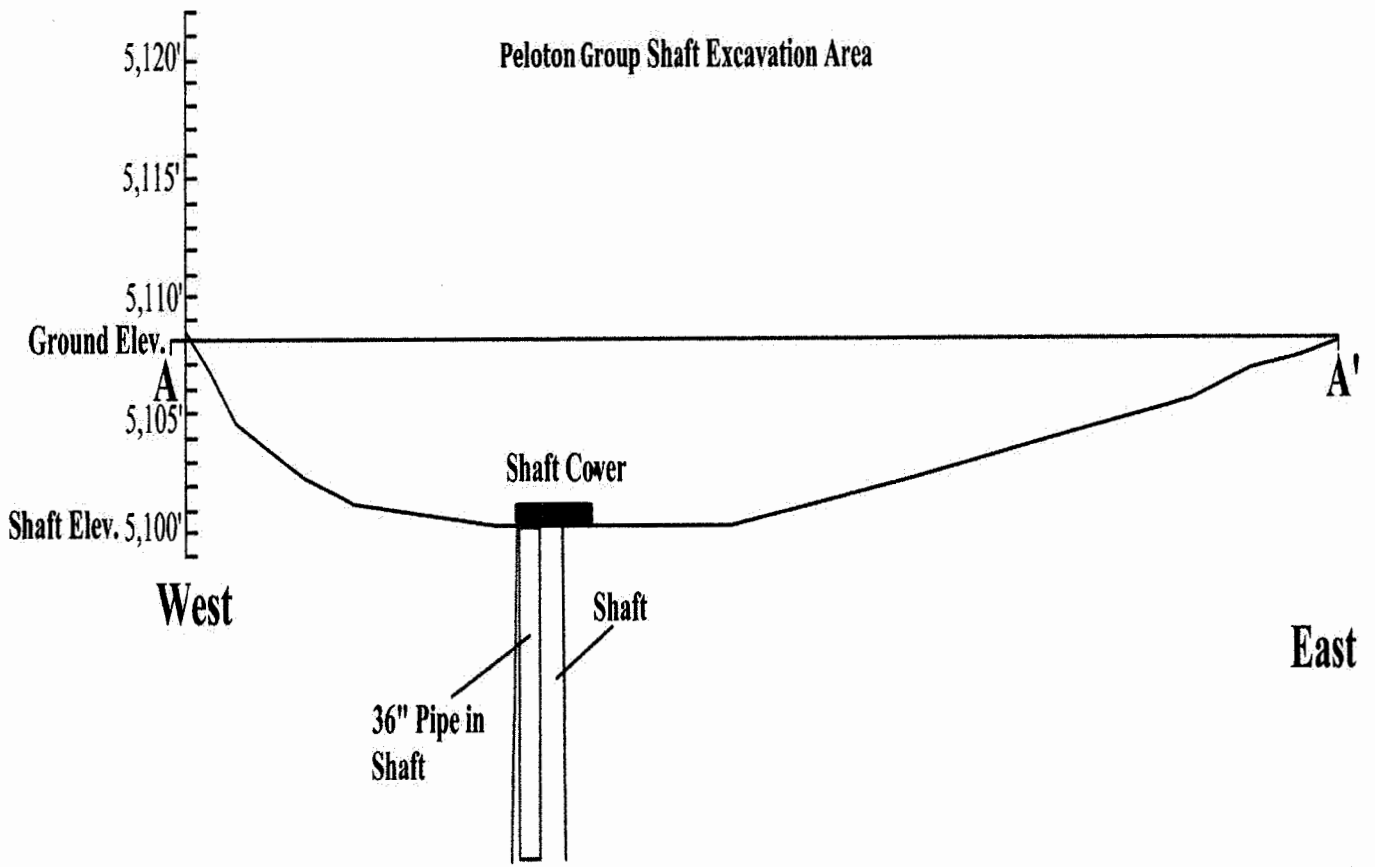
Peloton Group Shaft Excavation Area



Note: Shaft Cover Elevation set at 5,100 ft. as reference only. Not surveyed.

**Cross Section B - B'
February 2011**

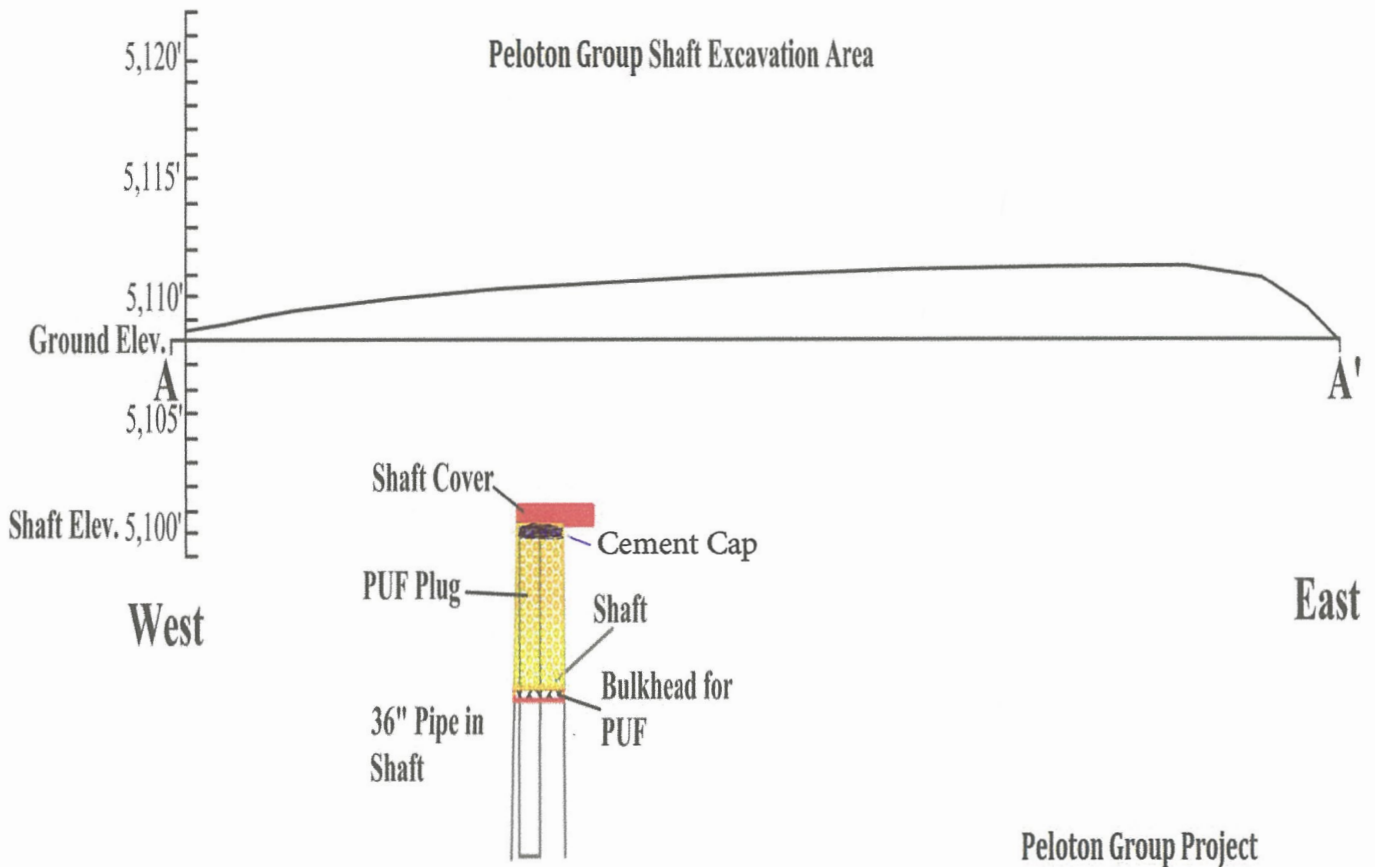
**Peloton Group Project
Plan View Reclamation Plan
Pre-Act Disturbance & Topography
Approx. Scale: 1" = 12'**



Note: Shaft Cover Elevation set at 5,100 ft. as reference only. Not surveyed.

**Cross Section A - A'
February 2011**

**Peloton Group Project
Plan View Reclamation Plan
Pre-Act Disturbance & Topography
Approx. Scale: 1" = 12'**



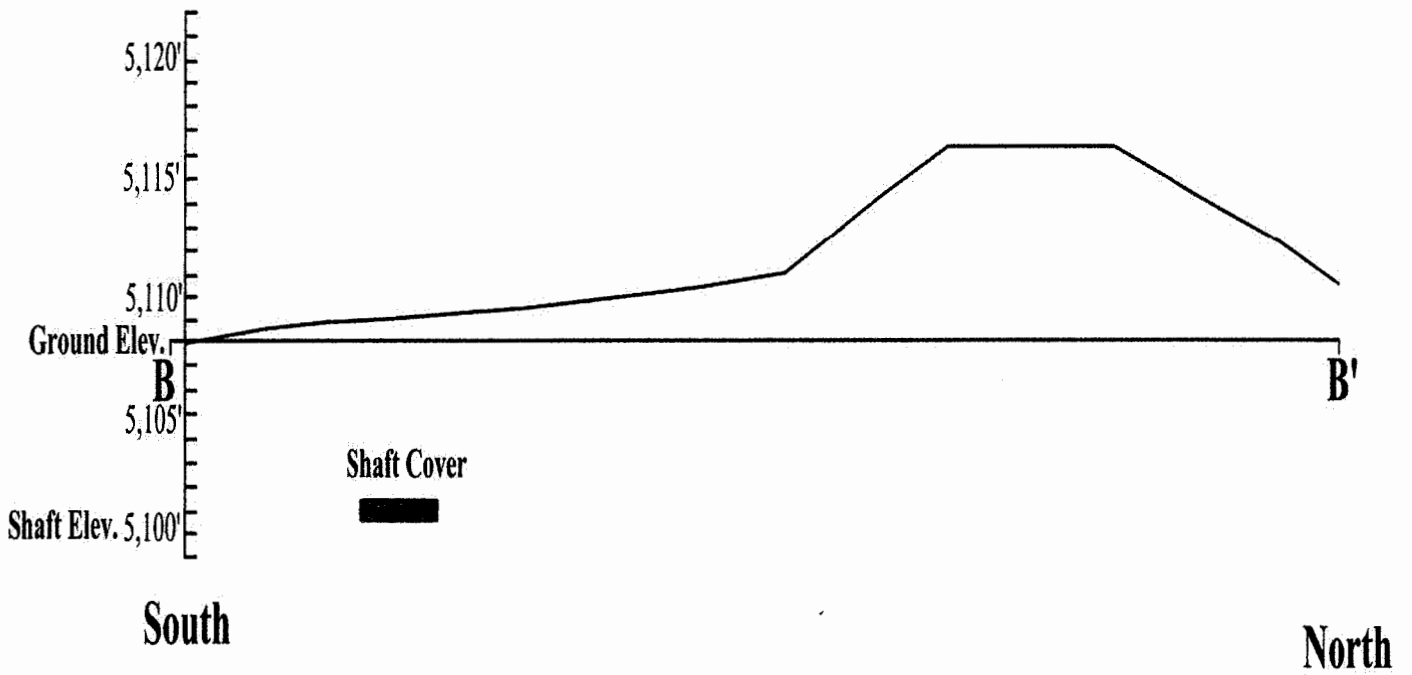
Note: Shaft Cover Elevation set at 5,100 ft. as reference only. Not surveyed.

Cross Section A - A'
February 2011

Peloton Group Project
Plan View Reclamation Plan
Post Reclamation Topography

Prepared by Duran Bokich Enterprises, LLC
Ph: 575.740.2840 Approx. Scale: 1" = 12'

Peloton Group Shaft Excavation Area

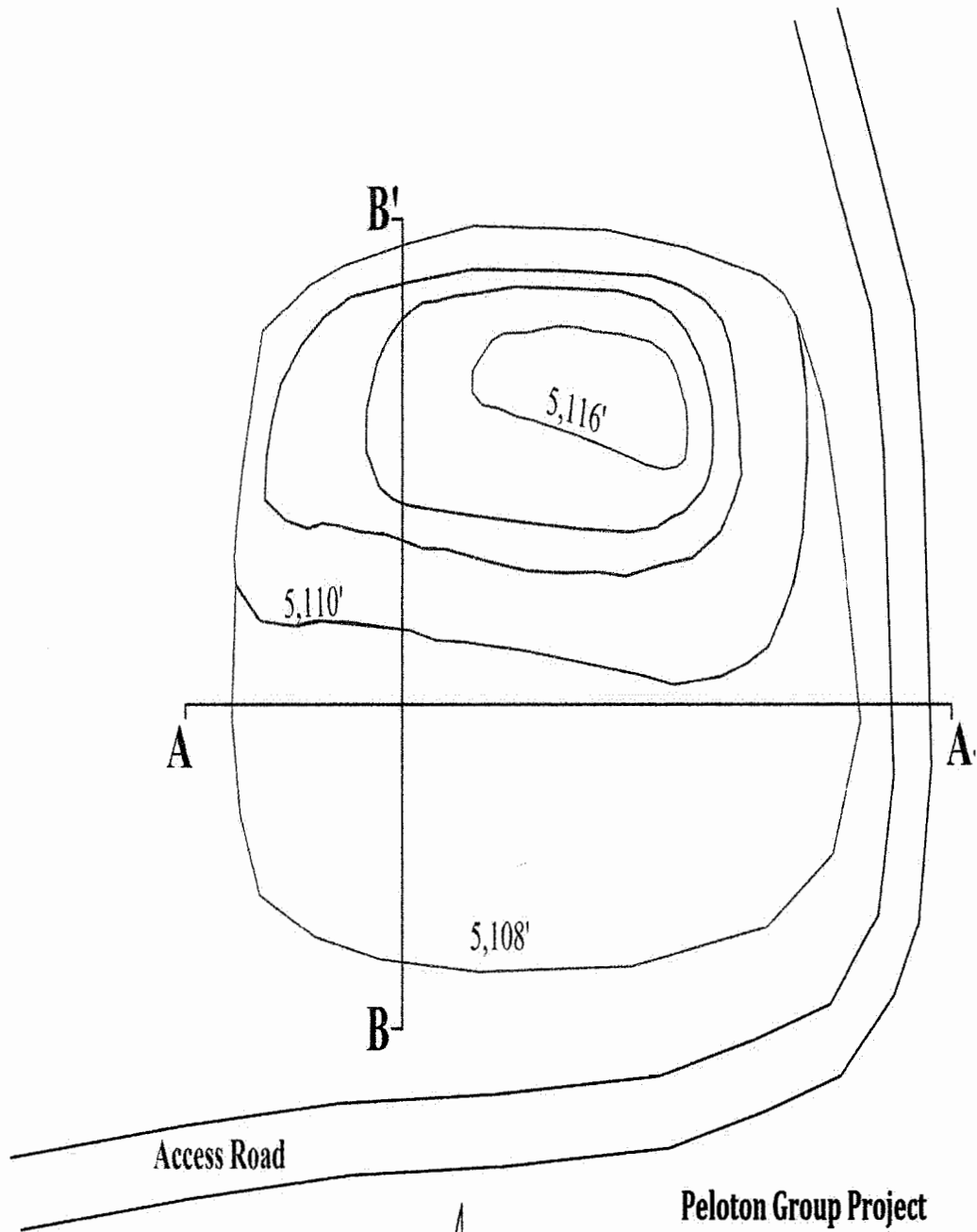


Note: Shaft Cover Elevation set at 5,100 ft. as reference only. Not surveyed.

**Peloton Group Project
Plan View Reclamation Plan
Post Reclamation Topography**

**Cross Section B - B'
February 2011**

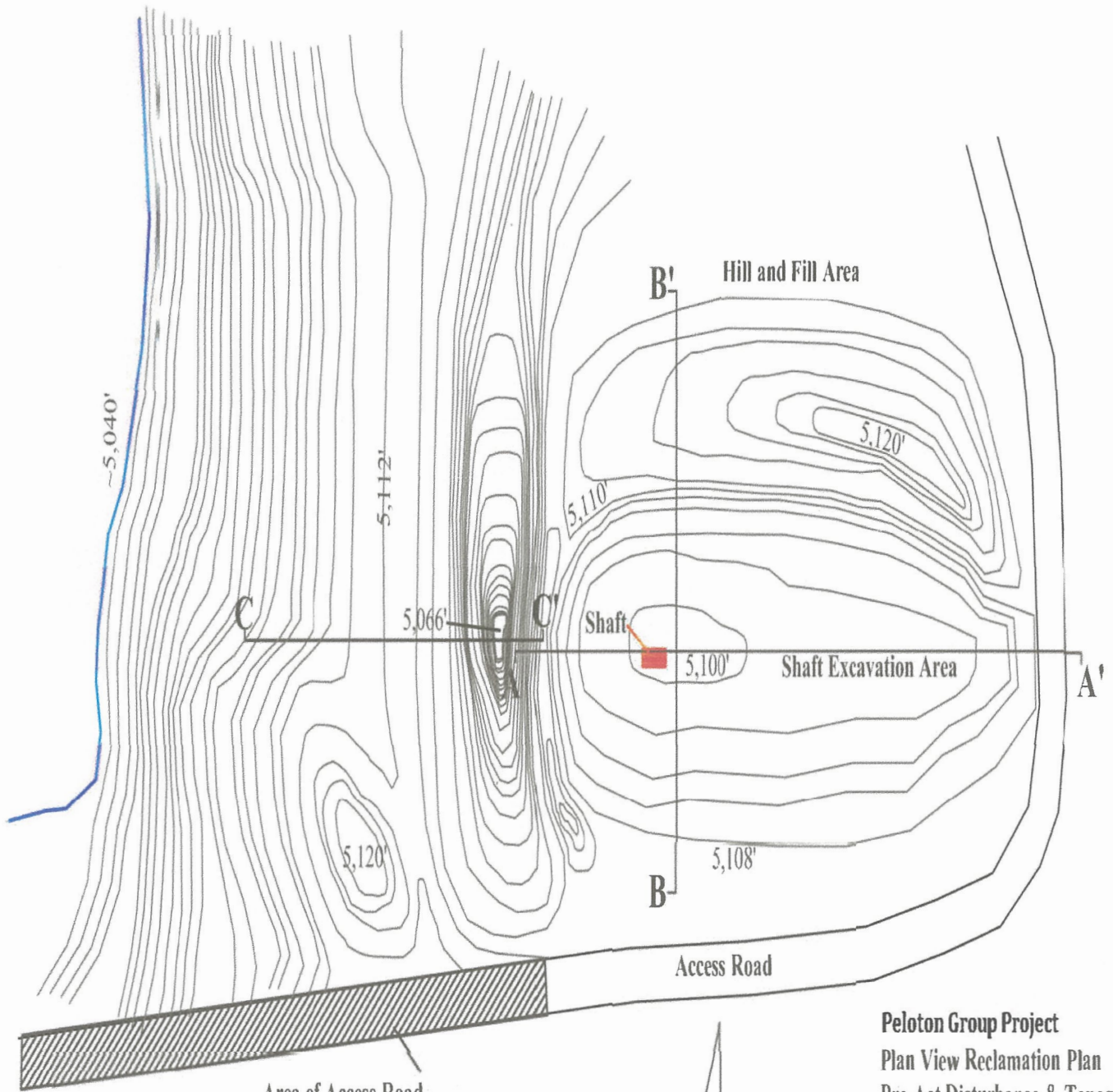
Approx. Scale: 1" = 12'



**Peloton Group Project
Plan View Reclamation Plan
Post Reclamation Topography**

**Cross Section Locations
February 2011**

Approximate Scale: 1" = 12'

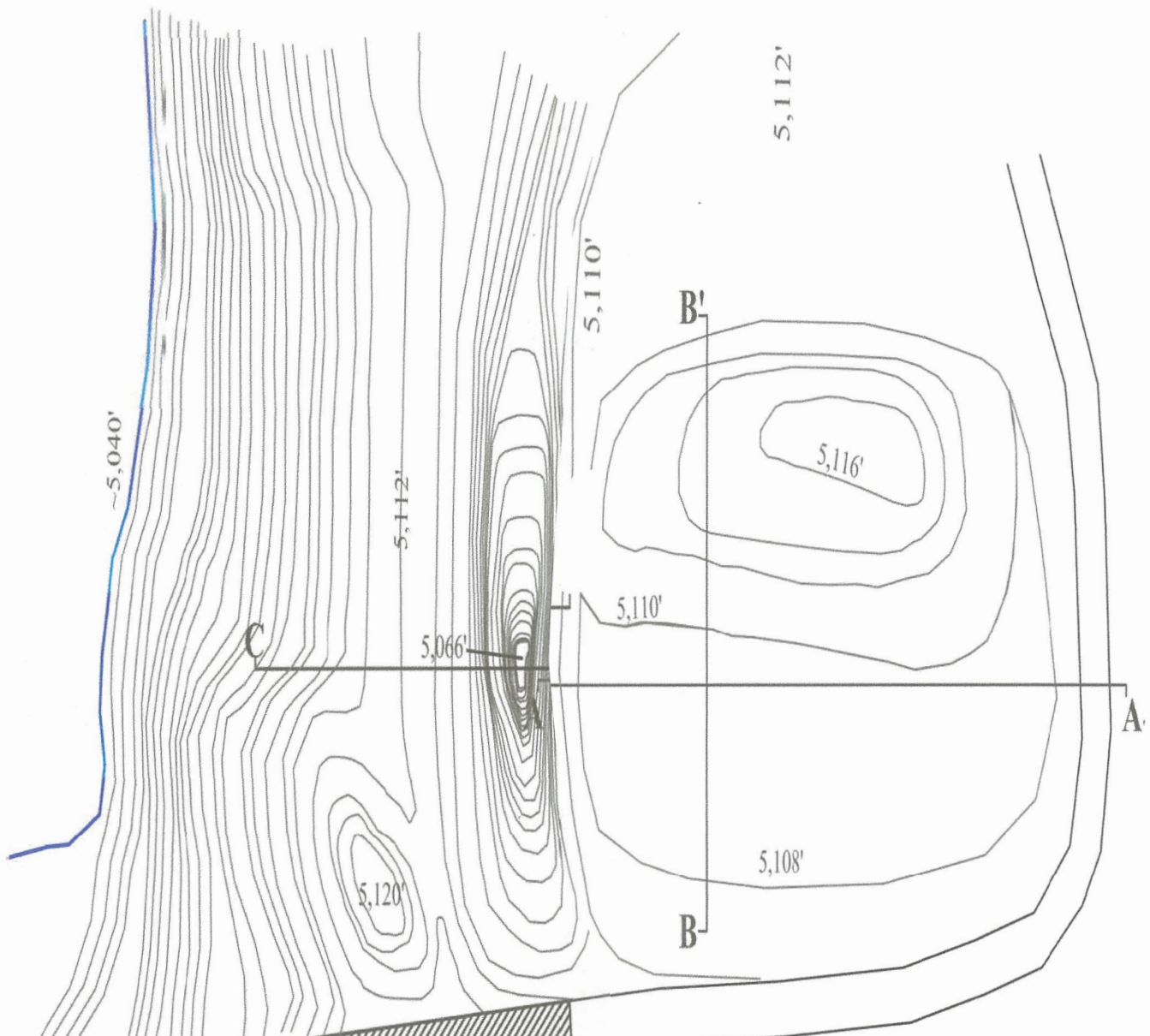


Previously disturbed areas
 A: Pre-Act Shaft Area Excavation
 B: Pre-Act Fill Area From Shaft Area Excavation
 C: Pre-Act Mining Excavation and Fill Area (NOT PART of Peloton Project Area)

Peloton Group Project
 Plan View Reclamation Plan
 Pre-Act Disturbance & Topography
 Approx. Scale: 1" = 12'

Cross Section Locations
 March 2011





Area of Access Road

Previously disturbed areas

Peloton Group Project
 Plan of Operations
 Plan View Reclamation Plan
 Post Reclamation Topography

Cross Section Locations
 March 2011

APPENDIX B

Peloton Group Project Reclamation Cost Estimate

Peloton Group Project

Reclamation Cost Estimate 43 CFR 3809.552 (3809.401 (d))

The Reclamation Cost Estimate is generated to address the closure and reclamation of all disturbances related to the Peloton Group Project, Sierra County, New Mexico. All surface disturbance related to this project occurred with previous operators in the 1970's and earlier, and prior to Peloton Group LLC. having any involvement with the project. Peloton Group LLC. plans operations that will only use mobile equipment on the surface, and will not disturb any additional surface areas that have not already been disturbed by the prior operators. Some minor earthwork may be conducted to level and reclaim areas near the shaft and to improve the access road and to construct berms to divert run-on, but these can be accomplished on already disturbed areas.

Peloton Group LLC. has committed to backfill and reclaim these existing disturbances that Peloton Group utilizes at the completion of their mining operations. This will be accomplished by recovering rock and soil materials that originally were sourced from the existing excavations. Not all of the material that was excavated will be utilized for backfilling to an appropriate slope to provide positive drainage of precipitation and continued diversion of run-on to minimize the potential for erosion.

Because of this, and with the uses of small equipment and an excavator, it is anticipated that all work can be done, and all backfill materials sourced from areas that have already been disturbed. The costs used in the estimate for wages exceed Davis Bacon rates, and NM published wage scales for the area.

DURAN BOKICH ENTERPRISES, LLC

PELTON GROUP PROJECT CLOSURE AND RECLAMATION COST ESTIMATE

Reclamation Cost Estimates Summary

2021)

| Project Area/Facility | Cost |
|------------------------------------|-------------|
| Mobilization | \$3,965.00 |
| Shaft Closure | \$7,608.00 |
| Shaft Area Backfill & Regrade | \$3,138.00 |
| Revegetation | \$1,806.00 |
| Monitoring (Erosion, Revegetation) | \$2886.00 |

TOTAL for recurrence 3 times for period est. 2028 to 2040)

TOTAL: \$19,403.00