

**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](http://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<br><input type="checkbox"/> NAD83 UTM Zone 13 (or 12)<br><input type="checkbox"/> WGS 1984 | <input type="checkbox"/> NAD27 Geographic<br><input type="checkbox"/> NAD27 UTM Zone 13 (or 12)<br><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)
<b>TOTAL ACRES DISTURBED BY NEW ROAD CONSTRUCTION :</b>			

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)
<b>TOTAL ACRES DISTURBED BY ROAD IMPROVEMENTS :</b>			

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)
<b>TOTAL ACRES DISTURBED BY OVERLAND TRAVEL :</b>			

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 (§302.3 & 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: 

Name (type or print): Robert Newcomer

Title/Position: Consultant / Agent

Date: March 17, 2024



**Table 1. Coordinates for North Cebolleta Exploration Project Drilling Locations**

PART 3 MINIMAL IMPACT EXPLORATION OPERATION PERMIT APPLICATION

North Cebolleta Exploration Project

March 14, 2024

HOLE ID	Latitude	Longitude	NAD27 State Plane NM West		NAD83 UTM Zone 13	
	North	West	Easting	Northing	Easting	Northing
RLB158	35.190083	-107.311103	656216	1524848	289627	3896365
RLB160	35.19035503	-107.3111399	656207	1524940	289575	3896600
RLB161	35.19061936	-107.3112315	656179	1525036	289567	3896629
RLB164	35.190836	-107.311439	656115	1525122	289599	3896450
RLB166	35.19024	-107.311473	656106	1524905	289594	3896384
RLB176	35.191946	-107.311463	656106	1525526	289599	3896573
RLB177	35.191654	-107.311441	656113	1525420	289601	3896541
RLB182	35.19024	-107.313125	655612	1524902	289444	3896387
RLB183	35.190534	-107.313131	655610	1525009	289444	3896420
RLB184	35.190806	-107.313129	655610	1525108	289445	3896450
RLB187	35.191082	-107.313139	655607	1525209	289444	3896481
RLB189	35.19163066	-107.3131403	655607	1525401	289396	3896745
RLB191	35.19049927	-107.3138187	655407	1524988	289331	3896621
RLB192	35.19078947	-107.3138039	655410	1525094	289333	3896653
RLB203	35.192207	-107.31118	656005	1525620	289569	3896603
RLB209	35.19108	-107.31447	655211	1525199	289274	3896687
RLB210	35.191387	-107.314474	655207	1525318	289324	3896517
RLB218	35.190519	-107.3091290	656805	1525010	289808	3896409
RLB221	35.19049237	-107.3094854	656701	1524992	289726	3896611
RLB222	35.19021997	-107.3094864	656702	1524893	289725	3896581
RLB223	35.19076085	-107.3091526	656800	1525091	289757	3896640
RLB253	35.19079849	-107.314815	655108	1525096	289241	3896657
RLB407	35.1924838	-107.3118034	656005	1525714	289520	3896837
RLB413	35.18967731	-107.3111489	656206	1524693	289572	3896524
RLB416	35.192493	-107.312113	655911	1525724	289541	3896635

**ATTACHMENT A**  
**RIGHT TO ENTER INFORMATION**

## Attachment A

### North Cebolleta Exploration Project

#### Right of Entry

The applicant, Cibola Resources, LLC (Cibola) is based in Cortez, Colorado and is a wholly owned subsidiary of American Future Fuel Corporation (AFF) based in Vancouver, British Columbia, Canada. AFF is a public company listed on the Canadian Securities Exchange (<https://thecse.com/listings/american-future-fuel-corporation/>). Cibola's is leaseholder and operator of a mining lease with the Cebolleta Land Grant (CLG). Cibola is the same entity that holds the active Part 3 Permit No. CI018EM and the previously approved Part 4 Permit No. CI014ER-R4.

The North Cebolleta Exploration Project is located on property owned by the Cebolleta Land Grant (CLG). Since 2007, Cibola has held the lease with CLG granting rights to conduct exploration, mining and reclamation operations on the lands subject to this application. The proposed activities under this application are on the same lands as Cibola's active Part 3 Permit No. CI018EM and previously approved Part 4 Permit No. CI014ER-R4. The lease has been in good standing since its inception in 2007 and subsequent amendments.

The following documents demonstrate ownership of Cibola and its rights to conduct the proposed exploration activities for this project:

1. **American Future Fuel Corporation Organization Chart, March 16, 2024** (1 page)
2. **Condensed Interim Consolidated Financial Statements, September 30, 2023** (22 pages)
  - AFF's most recently published financial statements (referencing ownership of Cibola).
3. **Special Warranty Deed, July 7, 1989** (8 pages)
  - Deed severing mineral and surface rights that are subject to this application.
4. **Special Warranty Mineral Deed, July 7, 1989** (7 pages)
  - Deed to the mineral rights subject to this application.
5. **Mining Lease and Agreement, April 6, 2007** (30 pages)
  - The original lease between Neutron Energy Inc. (NEI) and CLG.
6. **Mineral Fee Title Opinion, April 6, 2007** (8 pages)
  - Positive title opinion issued coincident with the execution of the lease.
7. **Assignment of Mining Lease and Agreement, April 27, 2007** (2 pages)
  - Assignment of the lease from NEI to Cibola.
8. **Statement of Actions Affecting Mining Lease Agreement, February 28, 2022** (4 pages)
  - CLG's affirmation of the lease history from 2007-2022.
9. **Memo of the Material Terms of Mining Lease and Agreement, October 27, 2023** (4 pages)
  - The most recent, and current, lease amendment between Cibola and CLG.
10. **Audit confirmation of lease in good standing, February 13, 2024** (2 pages)
  - Confirmation from CLG to AFF and Cibola's auditors that the lease is in good standing.

**Surface Estate Owner(s):****Private/Corporate**

<b>Name</b>	<b>Address</b>	<b>Phone #</b>
Marty Molina, President	La Merced del Pueblo de Cebolleta (Cebolleta Land Grant) HC 77, Box 6 Seboyeta, NM 87014	505-218-0386
Les Tibbs, Ranch Manager	Lupo Lands, LLC (Lobo Ranch) 121 E Front Street, Suite 200 Traverse City, MI 49684	575-760-0650

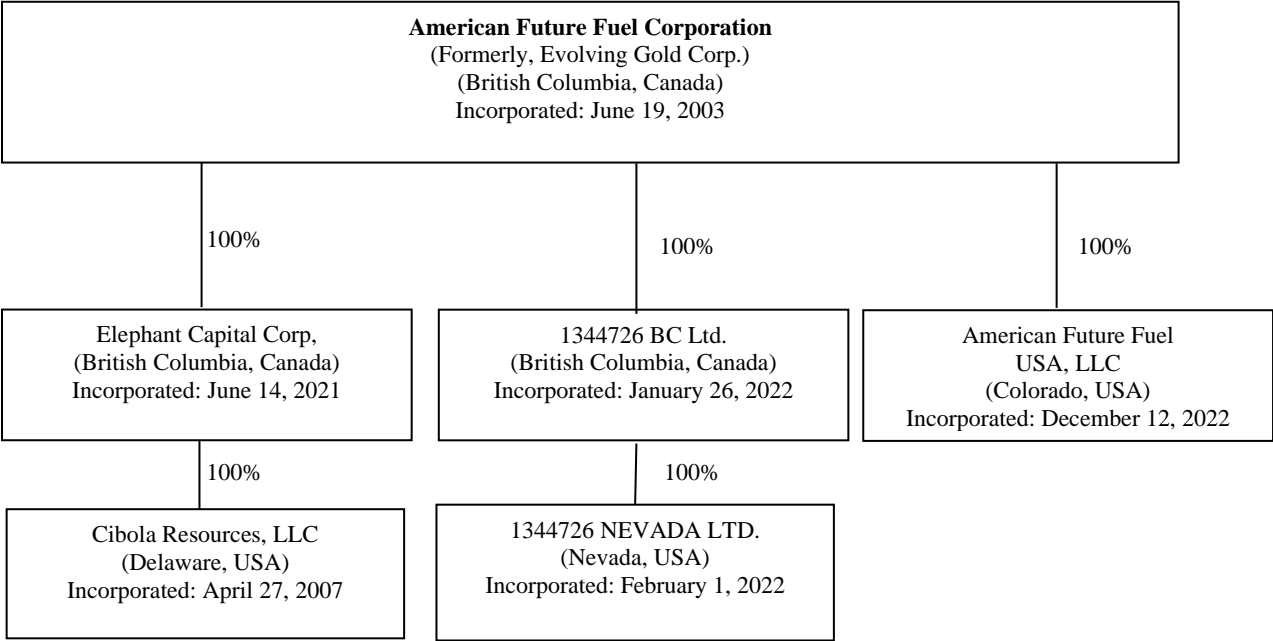
**Lease Holder:**

<b>Name</b>	<b>Address</b>	<b>Phone #</b>
Mike Thompson, Manager	Cibola Resources, LLC 18032 Road G Cortez, CO 81321	505-218-0386

**Mineral Estate Owner:**

<b>Name</b>	<b>Address</b>	<b>Phone #</b>
Marty Molina, President	La Merced del Pueblo de Cebolleta (Cebolleta Land Grant) HC 77, Box 6 Seboyeta, NM 87014	505-218-0386

American Future Fuel Corporation  
Organizational Chart  
March 16, 2024



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**AMERICAN FUTURE FUEL CORPORATION**  
(FORMERLY: FUTURE FUEL CORPORATION)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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**This section has been redacted. 04/15/2024**

031567

SPECIAL WARRANTY DEED

SOHIO WESTERN MINING COMPANY, a Delaware corporation, 200 Public Square, Cleveland, OH 44114 ("Sohio") Grantor, grants to CAPROCK PIPE & SUPPLY, INC., a New Mexico corporation, P. O. Box 1201, Lovington, New Mexico 88241 ("Caprock") Grantee, that certain real estate described below situated in Cibola County, New Mexico, as follows:

A certain tract of land comprising approximately 1400 acres more or less, which is more particularly described in Exhibit "A" which is attached hereto and incorporated herein (hereafter "Subject Lands").

Reservations.

Sohio does hereby reserve from the Subject Lands the following:

1. Water Rights. Water rights as follows:

a. The two wells and pipelines, tanks, equipment and water facilities used in connection therewith which are located near the westerly boundary of the Subject Lands which are sometimes referred to as WW 1 and WW 6 and all water rights related thereto (hereafter "Water Properties").

2. Reclamation Material. The right to explore, develop, mine and remove sufficient gravel, riprap, bedding materials, mancos shale and other construction related materials (hereinafter "Materials") from the Subject Lands which may be required or considered to be necessary or desirable by the NRC, the EPA or other governmental authorities for use in connection with the

Aug 10, 1988

reclamation of the NRC Tract (described as Tract 1 on Exhibit B which is attached hereto and incorporated herein) and its surrounding lands and for related purposes for a period of twenty (20) years from the date of this Special Warranty Deed. These rights include the right to remove and strip mine the surface, crushing, excavating and blasting. Sohio reserves the right to conduct all the foregoing operations and to make all reasonable uses of the surface of the Subject Lands for the above and related purposes, in connection with such operations without compensation to Caprock. Related purposes referred to herein shall include but not be limited to the use of Materials for the construction, reconstruction, repair, maintenance, replacement and use of any utilities or roads and any buildings, structures or improvements thereon upon, across or over the Subject Lands. Sohio agrees that it will at its cost remove any structure or buildings and where feasible, facilities and equipment at the expiration of the rights reserved in this paragraph.

3. Easements. Sohio reserves and excepts from this conveyance perpetual easements and rights of access (except as hereafter provided) along existing roads or rights-of-way if feasible to be selected by Sohio for roadways and utilities upon, across and under the Subject Lands, to erect roads, buildings or other structures or improvements including the right to construct, reconstruct, maintain and remove the same for the purpose of facilitating the use of:

- a. The NRC Tract;

Deed Book 3  
Page 7395

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Rec: 2/14/94

ALL RIGHTS RESERVED BY THE STATE OF OHIO...  
 August 20, 1994



b. Lands described as Tract 4 (including access roads and utility easements) and the Water Properties located thereon described on Exhibit "C" attached hereto and incorporated herein.

c. The Water Properties, including the maintenance, replacement, construction or reconstruction of any wells, pipelines or other facilities thereon.

The transporting of Materials from or across the Subject Lands (whether such Materials are removed from the Subject Lands or other lands).

d. All easements shall be 40 feet wide excepting those easements for Water Properties on the Subject Lands which shall be 200 feet wide.

e. All easements for road utility purposes shall be over the nearest accessible and usable routes or, in case of any said tracts or Water Properties which are already served by an existing road, which provides a reasonably direct accessible and usable route, then only over and under said existing road.

f. When the rights of Sohio or others to take or to use certain tracts of land, or Materials for which easements and rights of access are provided in this paragraph are limited in duration, such easements and rights of access respecting same shall terminate when said rights to take or use expire.

g. The easements and rights of access provided in this paragraph shall be nonexclusive, that is that Caprock may use the lands subject to said easements in any manner which does not interfere with the purposes for which said easements are reserved.

All representations made by the grantor in this deed are true and correct to the best of his knowledge and belief and he is not aware of any facts which would render them untrue. This deed is being recorded as a voluntary conveyance.

Subj. to: C. 10-24-89

OTHER EXCEPTIONS:

The Subject Lands are subject to the following additional matters:

1. All ad valorem taxes for 1989 and subsequent years.
2. U.S. Patent reservations, existing easements not granted by grantor and all other reservations, restrictions and easements of record.
3. Building, zoning or other governmental laws, regulations, ordinances and restrictions, if any.
4. Oil, gas and mineral rights and all oil, gas and mineral leases, if any, together with the right to explore, develop, mine and remove the same and to make reasonable use of the surface as may be desirable or necessary in connection therewith.
5. Those three water rights suits pending in the following courts: Federal District Court in Albuquerque (CIV 82-1466 BB) and two actions in state district courts (Cibola County CB-83-220-CV and San Juan County CB 83-190-CV).

MISCELLANEOUS PROVISIONS:

1. Assignment. All rights granted or reserved in this Special Warranty Deed and all obligations hereunder shall inure to the benefit of and be binding upon the successors, transferees and assigns of the parties hereto.
2. Disclaimers, Warranties, Indemnities and Other Provisions. Sohio previously sold other portions of the L-Bar Ranch to Caprock. Sohio and Caprock, in connection with that transaction, entered into an Offer To Purchase (and Addendum

thereto) dated December 23, 1988 and recorded in the records of Cibola County, New Mexico on March 20, 1989 in Volume 1, Miscellaneous, pages 8405 to 8428, inclusive. All of the disclaimers of representations and warranties by Sohio as seller therein and all of the indemnities and other provisions of paragraphs 3, 5, 6, 9 and 13 of said Offer to Purchase and the full paragraph on page 3 of the Addendum relating to the conditions and maintenance of water wells, etc., shall apply to the subject lands. This includes the conditions, water wells and other improvements on the Subject Lands. All provisions of the paragraphs described above in the Offer To Purchase and Addendum which apply to the seller and to the buyer therein shall apply to Sohio as seller and Caprock as buyer, respectively in this transaction and all of the applicable provisions thereof which survived the closing of that transaction pursuant to the Survival Agreement between the parties dated February 28, 1989, recorded in the office of the County Clerk of Cibola County, New Mexico, on March 20, 1989 in Book 1 Misc. pages 8403-8428, shall similarly survive the closing of this transaction.

3. Prior Rights Unaffected. Nothing herein shall affect the rights reserved to Sohio under that certain Special Warranty Deed from Sohio to Caprock recorded in the office of the County Clerk of McKinley County, New Mexico on March 3, 1989 in Book 43 JKT of the Deed Records on pages 015 to 034, inclusive.

WITH SPECIAL WARRANTY COVENANTS.

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Page 7398

Aug 10, 1989 10-24-89

DATED this 5<sup>th</sup> day of July, 1989.

SOHIO WESTERN MINING COMPANY

By *[Signature]*  
Attorney-in-fact  
Michael B. LaGraff

STATE OF OHIO            )  
                                  ) ss.  
COUNTY OF CUYAHOGA    )

The foregoing Special Warranty Deed was acknowledged before me this 5<sup>th</sup> day of July, 1989, by M. B. LaGraff, Attorney-in-Fact for Sohio Western Mining Company, a Delaware corporation, on behalf of said corporation.

*George S. Stukitz*  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_  
GEORGE S. STUKITZ  
Notary Public, State of Ohio, Cuyahoga City,  
My Commission Expires Feb. 6, 1993

Deed Book 3  
Page 7399

*Aug 10, 1989 10-24-89*

EXHIBIT A

TO SPECIAL WARRANTY DEED BETWEEN SOHIO WESTERN MINING COMPANY AND  
CAPROCK PIPE & SUPPLY, INC.

DESCRIPTION OF "SUBJECT LANDS"

All that portion of the South L-Bar Tract (as the same is described in the reservation of said tract in that certain Special Warranty Deed from Sohio to Reserve Oil and Minerals Corporation recorded in the office of the County Clerk of Cibola County, New Mexico on September 9, 1982 in Deed Book 1, pages 3626 to 3636, inclusive lying east of the easterly boundary of Tract 3 which is attached hereto and incorporated herein. The Subject Lands include that portion of said South L-Bar Tract lying east of the east line of the tract described in and which was erroneously conveyed by Sohio to Caprock previously in the Sohio Deed which is more particularly described on Exhibit B to the Special Warranty Deed between Sohio and Caprock Pipe & Supply, Inc. (the "Sohio Deed") recorded in the office of the County Clerk of McKinley County, New Mexico on March 3, 1989 in Book 43 JKT of the Deed Records on pages 015 to 034, inclusive) as to which erroneously conveyed land this deed shall only be effective as a quitclaim deed.

Deed Book 3  
Page 7400

Aug 10: 10-24-89

KOOGLE & POULS ENGINEERING INC.,  
8338A Comanche NE, Albuquerque, NM 87110

S 89042'27" E, 6,940.32 feet on the north boundary line of the  
aforementioned South L-Bar Ranch, to the northeast  
corner of the tract herein described (set 5/8" aluminum  
rod with aluminum cap stamped "SE Tract 2, NE Tract 3"),  
said corner also being the southeast corner of Tract 2;  
from whence the northeast corner of said South L-Bar  
Ranch (found 3" brass cap on iron pipe in concrete  
stamped "NE/Cor., So. L-Bar, L.S. 4995, 1975"), bears  
S 89042'27" E, 4,865.45 feet; thence,

S 00000'00" E, 10,442.73 feet to the southeast corner of the tract  
herein described (set 5/8" aluminum rod with aluminum  
cap stamped "SE Tract 3/4"), a point on the south  
boundary line of the aforementioned South L-Bar Ranch  
and on the south boundary line of the Cebolleta Grant;  
from whence the closing corner of Section 19, T 11 N, R  
4 W, and Section 24, T 11 N, R 5 W (found brass cap on  
iron pipe stamped "CC, S19, S24, T. 11 N., R. 4 & 5 W.,  
U.S.G.L.O., 1918"), bears S 89054'21" E, 2,420.95 feet;  
thence,

N 89054'21" W, 323.47 feet on the south boundary line of the  
aforementioned South L-Bar Ranch and Cebolleta Grant to  
the 14 1/2 Mile Corner (found 2 1/2" brass cap on iron  
pipe stamped "CG14 1/2M/PPG 1917"); thence,

N 89056'47" W, 2,538.69 feet on the south boundary line of the  
aforementioned South L-Bar Ranch and Cebolleta Grant to  
the closing corner of Sections 23 and 24 (found brass  
cap on iron pipe stamped "CC S23, S24, T 11 N, R 5 W,  
U.S.G.L.O., 1918"); thence,

N 89037'43" W, 85.53 feet on the south boundary line of the  
aforementioned South L-Bar Ranch and Cebolleta Grant to  
the 14 Mile Corner (found 3 1/2" brass cap on iron pipe  
stamped "CG14M/PPG 1917"); thence,

N 89051'00" W, 2,616.41 feet on the south boundary line of the  
aforementioned South L-Bar Ranch and Cebolleta Grant to  
the 13 1/2 Mile Corner (found 2 1/2" brass cap on iron  
pipe stamped "CG13 1/2M/PPG 1917"); thence,

N 89051'28" W, 614.23 feet on the south boundary line of the  
aforementioned South L-Bar Ranch and Cebolleta Grant to  
the southwest corner of the tract herein described and  
the point of beginning;

said Tract 3 contains 1,072.8502 acres, more or less.

Reserved from this Tract 3 are all Prior Rights, Recorded and  
Unrecorded Easements and Public Rights-Of-Way, for which NO search was  
made.

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Page 7402

August 20, 1988

032046

SPECIAL WARRANTY MINERAL DEED

SOHIO WESTERN MINING COMPANY ("Sohio"), a Delaware corporation, whose address is 200 Public Square, Cleveland, Ohio 44114, grants to THE BOARD OF TRUSTEES OF THE CEBOLLETA LAND GRANT ("Cebolleta"), whose address is P.O. Box 307, Seboyeta, New Mexico 87059, all the oil, gas and mineral rights only in that certain real estate described below situated in Townships 11 and 12 N., Ranges 4 and 5 W., Cibola County, New Mexico, as follows:

That certain tract of land more particularly described in Exhibit A which is attached hereto and incorporated herein (hereinafter "Subject Lands.")

SUBJECT TO the following reservations and exceptions:

RESERVATIONS:

Sohio does hereby reserve from the Subject Lands the following:

1. All water rights, water wells, pipelines and water facilities.
2. Reclamation Gravel, Riprap and Bedding Material. The right to explore, develop, mine and remove sufficient gravel, riprap and bedding material (hereinafter "Materials") from the Subject Lands which may be necessary or desirable for use in connection with the reclamation of the NRC Tract (described as Tract 1 on Exhibit B which is attached hereto and incorporated herein) and its surrounding lands and for related purposes until (a) the NRC Tract is deeded to the Nuclear Regulatory Commission ("NRC") or its nominee, or (b) thereafter (if the use of such

Vertical text on the left margin, including a signature and the number 1-580-90.

All maps, plans, drawings, or other documents of any kind, or any part thereof, which are filed in the office of the County Clerk of this County, and which are not a part of a deed, or any other instrument, shall be deemed to be a part of the instrument, and shall be subject to the same provisions of law as the instrument.

Materials may at any time be required by the NRC or any other governmental agency having jurisdiction) for a period of ten (10) years from the date of each deed to the NRC or its nominee whichever (a) or (b) is later. These rights include the right to remove and strip mine the surface, crushing and excavating. Related purposes referred to herein shall include but not be limited to the use of Materials for the construction, reconstruction, repair, maintenance, replacement and use of any utilities or roads and any buildings, structures or improvements thereon upon, across or over the Subject Lands.

EXCEPTIONS:

The Subject Lands are subject to the following additional matters:

1. All ad valorem taxes for 1989 and subsequent years. Cebolleta specifically agrees to pay all taxes applicable to the Subject Lands following transfer to it hereunder.
2. U. S. patent reservations, existing easements and all other reservations, restrictions and easements of record.

MISCELLANEOUS PROVISIONS:

1. Assignment. All rights granted or reserved in this Special Warranty Deed and all obligations hereunder shall inure to the benefit of and be binding upon the successors, transferees and assigns of the parties hereto.
2. Rights and Obligations Unique. All rights and obligations herein pertain to land and are unique and may be specifically enforced.



ALL MICROPHOTODUPLICATIONS of documents on this film shall be of equivalent quality to the original document as shown in the presence of the same. Certifications on film of this quality. These documents are certified to be true and correct as a necessary condition to the preservation of an historical document.

3. Governing Law. This Special Warranty Deed and all provisions hereof shall be governed by and construed under the laws of the State of New Mexico.

4. Arbitration. All disputes between Cebolleta and Sohio relating to the validity or construction of this Special Warranty Deed or the performance by the parties or either of them hereunder shall be promptly submitted to binding arbitration under the Rules of the American Arbitration Association. Objections to any final decision by the arbitrators or any application to confirm such final decision or any other matter pertaining to such arbitration may, in accordance with the Rules of the American Arbitration Association, be submitted to any State District Court in the State of New Mexico or any Federal District Court within the State having personal jurisdiction over the party against whom such relief is requested.

WITH SPECIAL WARRANTY COVENANTS.

DATED this 5<sup>th</sup> day of July, 1989.

SOHIO WESTERN MINING COMPANY

By [Signature]  
Attorney-in-fact  
Michael B. LaFraff

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[Signature]  
REC. # 21840

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Page 7898

STATE OF OHIO )  
 ) ss.  
COUNTY OF CUYAHOGA )

The foregoing Special Warranty Deed was acknowledged before me this 5<sup>th</sup> day of July, 1989, by M. B. LaGraff, Attorney-in-Fact for Sohio Western Mining Company, a Delaware corporation, on behalf of said corporation.

George S. Stulitz  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

GEORGE S. STULITZ  
Notary Public, State of Ohio, Cuyahoga Cty.  
My Commission Expires Feb. 3, 1993

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Page 7899

All microphotographic images of documents on this file shall be made available to the public in the possession of the State of Ohio. This document is the property of the State of Ohio. It is loaned to you for your use only. It is not to be reproduced or distributed outside the State of Ohio.



KOOGLE & POULS ENGINEERING INC.  
8338A Comanche NE, Albuquerque, NM 87110

TRACT 3

A tract of land, being a portion of the South L-Bar Ranch within the Cebolleta Land Grant, in Township 11 North, Range 5 West, New Mexico Principal Meridian, Cibola County, New Mexico; and being more particularly described by metes and bounds survey as follows:

Beginning at a point on the south boundary line of the Cebolleta Land Grant, on the south boundary line of the South L-Bar Ranch and being the southwest corner of the South L-Bar Ranch (found 3" brass cap on iron pipe in concrete stamped "SW/Cor., So. L-Bar, L.S. 4995, 1975"), as described by metes and bounds survey performed by Douglas F. Sterck, L.S. 4995, and represented as Exhibit B in a special warranty deed between Sohio Western Mining Company and Kap Rock Pipe & Supply, Inc., filed in the office of the McKinley County Clerk, March 3, 1989, and recorded in Book 43JKT on Pages 015 to 034, said point being the southwest corner of the tract herein described; whence the 13 mile corner on the south boundary line of the aforementioned Cebolleta Grant (found 3 1/4" brass cap on iron pipe stamped "CG13M/PPG 1917"), bears N 89050'25" W, 2,012.84 feet; thence,

N 01028'18" W, 704.00 feet on the west line of the aforementioned South L-Bar Ranch to corner "AP-2" of the aforementioned Sterck survey (found 3" brass cap on iron pipe in concrete stamped "A.P. No. 2, West Bdry., So. L-Bar, L.S. 4995, 1975"); thence,

N 09014'06" W, 2,525.42 feet on the west boundary of the aforementioned South L-Bar Ranch to the southwest corner of Tract 1 (set 5/8" aluminum rod with aluminum cap stamped "SE Tract 1"); thence,

N 90000'00" E, 4,184.50 feet on the south boundary line of Tract 1 to the southeast corner of Tract One (set 5/8" aluminum rod with aluminum cap stamped "SE Tract 1"); thence,

N 00000'00" E, 5,297.35 feet on the east boundary line of Tract 1 to the northeast corner of Tract One (set 5/8" aluminum rod with aluminum cap stamped "NE Tract 1"); thence,

N 90000'00" W, 4,536.26 feet on the north boundary line of Tract 1 to the northwest corner of Tract One (set 5/8" aluminum rod with aluminum cap stamped "NW Tract 1"), a point on the west boundary of the aforementioned South L-Bar Ranch; thence,

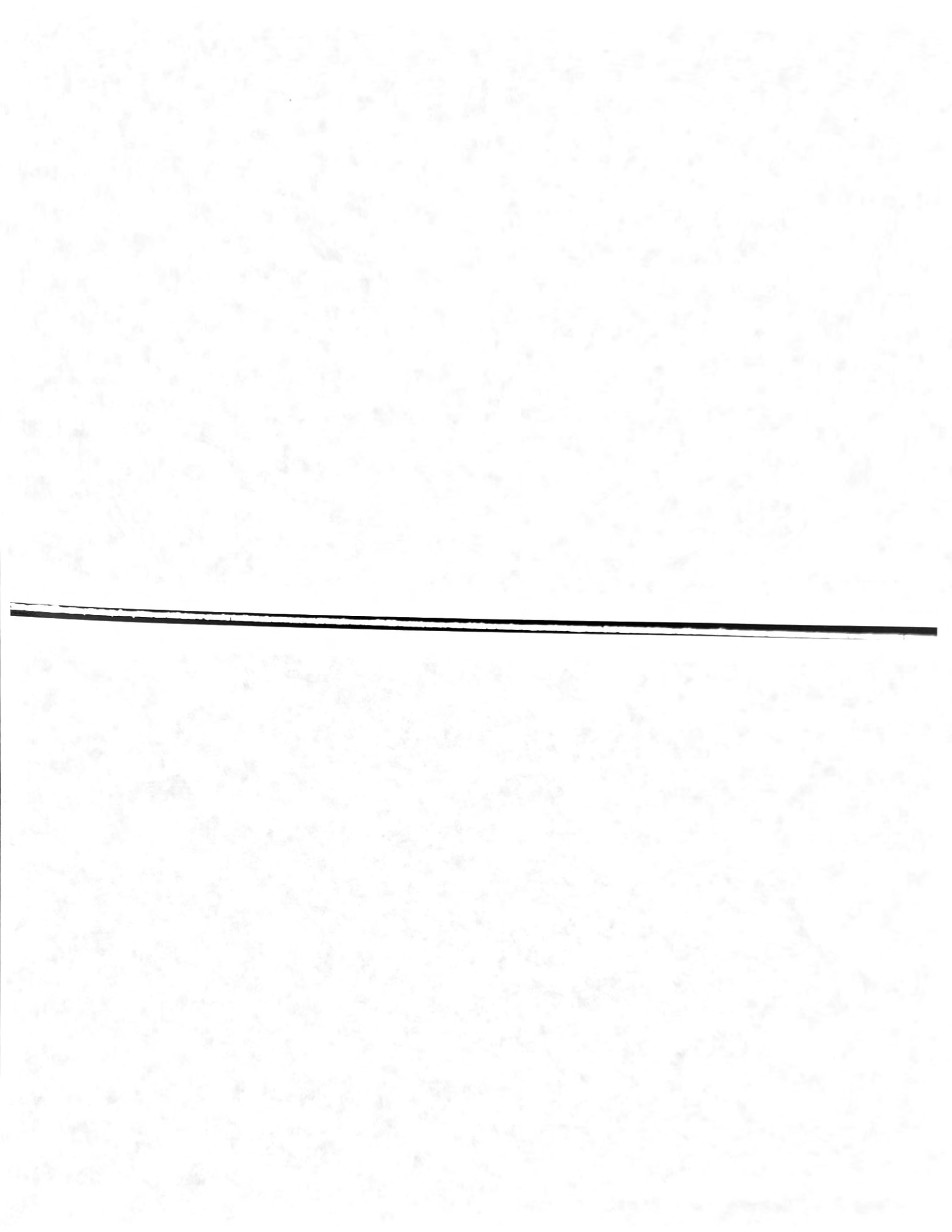
N 00023'02" E, 1,972.55 feet on the west boundary line of the aforementioned South L-Bar Ranch to the northwest corner of the tract herein described (found 3" brass cap on iron pipe in concrete stamped "NW/COR., South L-Bar, L.S. 4995, 1975"); said corner also being the northwest corner of the aforementioned South L-Bar Ranch and the southwest corner of Tract 2; thence,

EXHIBIT

A-1

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Page 7901

TRACT 3  
PAGE 1



## MINING LEASE AND AGREEMENT

This Mining Lease and Agreement ("Mining Lease"), is effective as of the Effective Date (defined in Section 1.A) and is by and between LA MERCED del PUEBLO de CEBOLLETA, a political subdivision of the State of New Mexico ("Lessor"), and NEUTRON ENERGY, INC., a Wyoming corporation ("Lessee").

### RECITALS

A. Lessor is the owner in fee of land in Cibola County, New Mexico, more particularly described in Exhibit A, attached hereto and incorporated herein by reference.

B. The Parties desire to enter into an agreement relating to (i) Lessee's entry upon, over and across the Property (defined in Section 1.G) and (ii) payment by Lessee to Lessor for the right of entry and ingress and egress over, upon and across the Property for the purpose of gaining access to Mineral Deposits (defined in Section 1.D) on, in or under the Property, for the Exploitation (defined in Section 1.B) of those Mineral Deposits, and for damage to or destruction of the surface estate of the Property as a result of such Exploitation and other activities of Lessee on the Property.

C. Upon and subject to the terms and conditions of this Mining Lease, Lessee takes full responsibility for any and all environmental and reclamation obligations for Lessee's activities on, in and under the Property, and Lessee will comply in all material respects with any and all applicable federal, state, and local laws and regulations, whether environmental, mining, reclamation or otherwise, implicated by Lessee's activities ("Applicable Laws").

D. Pursuant to a Letter Agreement by and between Lessor and Lessee executed by Lessor on January 27, 2007 and executed by Lessee on January 30, 2007 (the "Letter Agreement"), Lessee has made a non-refundable payment of \$20,000 to Lessor and Lessor has delivered or will deliver to Lessee all data in Lessor's possession or known to Lessor relating to uranium mineralization and reserves in the Property. Also pursuant to the Letter Agreement and Uranium Mining Lease and Agreement

to escrow instructions dated February 21, 2007, Lessee has deposited a refundable payment of \$380,000 with Butt Thornton & Baehr PC, as escrow agent.

NOW, THEREFORE, in consideration of the terms, conditions, payments, covenants and obligations set out in this Mining Lease, Lessor and Lessee mutually agree to the following provisions:

1. DEFINITIONS.

A. EFFECTIVE DATE. "Effective Date" means the day on which the last of the following events has occurred: (1) the Lessor has executed this Mining Lease, (2) the Lessee has executed this Mining Lease, or (3) the District Court of the Thirteenth Judicial District has given the approval required by New Mexico law.

B. EXPLOITATION. "Exploitation" or "Exploit" means all means and methods selected by Lessee in its sole discretion, whether now known or discovered in the future, for determining and recovering the value contained in Mineral Deposits, including but not limited to, geological and geophysical exploration activities; exploratory drilling operations; mining (including, without limitation, in-situ and solution mining (subject, however, to the provisions of Section 17 concerning water), underground mining, and open pit and other surface mining); surface activities in support of mining, including but not limited to drilling and operating water and fluid recovery wells (subject however to the provisions of Section 17 concerning water); milling, processing, marketing, construction, maintenance and operation of Production Facilities (as defined in Section 1.F); stockpiling; and storage, deposit and disposal of ore, overburden, topsoil, tailings, waste and other materials.

C. MEMBER(S). "Member" and "Members" means a member or members of Lessor, as determined by or according to rules adopted by Lessor's Board of Trustees ("Lessor's Board").

D. MINERAL DEPOSITS. "Mineral Deposits" means all valuable minerals in, on and under the Property, except oil and gas. "Mineral Deposits" does not include sand, gravel and similar common minerals, which Lessee may use, without any obligation to make payments to Lessor, for construction of Production Facilities on the Property or on tracts not owned by Lessor within the exterior boundaries of the Property, but not otherwise.

E. PARTIES (PARTY). The "Parties" to this Mining Lease are Lessor and Lessee. Each of Lessor and Lessee is a "Party."

F. PRODUCTION FACILITIES. "Production Facilities" means facilities constructed, maintained and operated in support of and necessary, convenient or incident to the Exploitation of Mineral Deposits and/or, pursuant to Section 2.A of this Mining Lease, ores, minerals and other materials from adjoining and nearby lands, including, without limitation, milling and processing facilities (provided, however, that Lessee shall (i) not construct or operate milling or other processing facilities on the Property unless it is also constructing or has constructed a mine on the Property and (ii) reserve at least fifteen percent (15%), calculated on a calendar-year basis, of the capacity of any such milling or other processing facilities for milling or other processing of Mineral Deposits from the Property); temporary housing for mine security personnel only (subject to the provisions of Section 25 concerning residency on the Property); office facilities; utilities, including, without limitation, electrical, telecommunication, gas and water; transportation facilities; buildings; structures; equipment; machinery; shafts; openings and other surface and subsurface excavations; ditches; drains; railroads; roads; bridges; and other improvements; and facilities for the development, production and use of sand, gravel and other materials useful in and limited to construction of Production Facilities on the Property or on any tracts not owned by Lessor within the exterior boundaries of the Property.

G. PROPERTY. "Property" means (i) the land owned by Lessor in fee located in Cibola County, New Mexico and described in Exhibit A hereto and (ii) any other fee interest in



land hereafter acquired by Lessor within the exterior boundaries of the land described in Exhibit

A.

2. LEASE.

A. Lessor leases the Property to Lessee with the exclusive right and privilege:

(1) to Exploit Mineral Deposits;

(2) to use so much of the surface as may be necessary, useful, or convenient in connection with this Section 2, including, without limitation, the exclusive right and privilege to construct and operate Production Facilities (as defined in Section 1.F) on the Property; provided, however, that no more than 3,500 acres of surface shall be disturbed and unreclaimed at any one time;

(3) to Exploit Mineral Deposits using Production Facilities on adjoining and nearby lands and to exploit ores, minerals and other materials in, on, and under adjoining and nearby lands using Production Facilities on the Property (subject to payment to Lessor for such use as described in Section 7.D); and

(4) to commingle, under and on the surface, ores, minerals and other materials from Mineral Deposits with ores, minerals and other materials from adjoining and nearby lands; provided, however, that (i) before commingling, Lessee shall in good faith and in accordance with sound mining practices sample Mineral Deposits and ores, minerals and other materials both in, on, and under adjoining and nearby lands and from the Property so that royalties payable to Lessor can be accurately and fairly determined and (ii) subject to the provisions of Section 9, Lessee shall maintain complete and accurate records showing the results of such sampling and how royalties payable to Lessor are determined.

B. Notwithstanding any other provision of this Mining Lease, Lessee agrees that:

(1) Lessor reserves to itself the exclusive right to grant any other easements, rights and privileges of any kind in any or all portions of the Property and to take any other

actions with respect to the Property that the fee owner of the Property would normally be permitted to take and that do not unreasonably or materially interfere with Lessee's exercise of the rights granted to Lessee by this Mining Lease. Lessee agrees to meet in good faith with Lessor and any oil, gas or other lessee to discuss ways in which the Exploitation of Mineral Deposits might be managed or scheduled so as to allow for oil, gas or other development that does not unreasonably or materially interfere with Lessee's exercise of the rights granted to Lessee by this Mining Lease.

(2) In the event of condemnation or taking by any means of any rights in the surface estate of the Property for any public purpose or by any public authority, the entire amount of any compensation or award received will belong to Lessor, except that Lessee will be entitled to receive the portion, if any, of any such compensation or award explicitly attributable to improvements and other property constructed or placed by Lessee on the Property. If any Production Facility constructed or placed by Lessee on the Property is condemned, the condemning authority and/or Lessee shall compensate Lessor for 120% of the fair market value of the land underneath the Production Facility, as such land would have been valued if the Production Facility had never been constructed.

(3) Lessor has not granted Lessee any rights under this Mining Lease to purchase all or any portion of the Property for any purpose or at any price.

(4) Lessor has not granted Lessee any rights in, ownership of or control over, any archeological or paleontological items or artifacts that may be found or identified at any place within the Property, and all such items or artifacts are reserved to Lessor. In its activities on the Property, Lessee shall comply with all Applicable Laws concerning the identification and protection of any archeological or paleontological sites, and shall conduct a cultural resources survey to inventory cultural resources in advance of any disturbance regardless of whether such a survey and inventory would be required by Applicable Laws. Lessee agrees to use its best

efforts and due diligence to avoid or to mitigate damage to any such sites. However, Lessee will not be liable for damage to such sites so long as it exercises ordinary and reasonable care.

3. TERM OF LEASE. This Mining Lease will be for a primary term of 10 ten years from the Effective Date and for so long thereafter as Lessee is in good faith actively conducting operations on the Property under the terms of this Mining Lease, including development, permitting, preparing for mining, mining, processing, reclamation, restoration, decommissioning and decontamination operations (but not including exploration operations).

4. INITIAL CASH PAYMENT, ADDITIONAL CASH PAYMENT, AND ANNUAL ADVANCE ROYALTIES.

A. Initial Cash Payment. Lessee shall make an Initial Cash Payment of \$2,600,000 ("Initial Cash Payment") to Lessor on the first business day following the Effective Date, to be paid as directed by Lessor in writing.

B. Additional Cash Payment. Six months after Lessee makes the Initial Cash Payment to Lessor, Lessee shall make an Additional Cash Payment of \$2,000,000 to Lessor, to be paid as directed by Lessor in writing.

C. Annual Advance Royalties. In addition to the Initial Cash Payment and the Additional Cash Payment, Lessee shall, subject to this Subsection 4.C, pay Lessor on or before each anniversary of the Effective Date Annual Advance Royalties. Annual Advance Royalties due on or before the tenth anniversary of the Effective Date shall be in the amount of \$500,000. Annual Advance Royalties due after the tenth anniversary of the Effective Date shall be in an amount determined by multiplying \$500,000 by a fraction, the numerator of which is the IPD published by the Bureau most recently prior to such anniversary and the denominator of which is the Base IPD (as each of "IPD," "Bureau" and "Base IPD" is defined in this Subsection 4.C). "IPD" means the Implicit Price Deflator for Gross Domestic Product published by the Bureau, and any replacement or substitute index adopted by the Bureau. "Bureau" means the Bureau of

Economic Analysis of the United States Department of Commerce or its successor agency. "Base IPD" means the IPD published by the Bureau for the fourth calendar quarter of 2006, as it may be modified from time to time by the Bureau. The amount of Annual Advance Royalty paid for any lease year shall be deducted from royalties otherwise payable for the same lease year pursuant to Section 7 and shall not be deducted from such royalties for any other year. All payments of Annual Cash Advance Royalties shall be made at Lessor's written election either by wire transfer to the bank account designated by Lessor or by certified check, drawn on a United States bank, payable to Lessor and sent to Lessor by certified mail to the address set forth in Section 32. After uranium exploration, development, mining and processing operations on the Property permanently cease and while Lessee is engaged in reclamation, restoration, decommissioning and decontamination activities required by this Mining Lease and/or by Applicable Laws, Lessee shall have no obligation to pay Annual Advance Royalties.

5. RECOVERABLE RESERVE PAYMENT.

As soon as an independent mining engineering firm completes a feasibility study (the "Feasibility Study") determining that there are Recoverable Uranium Reserves (as defined below in this Section 5) on the Property, and upon the terms and conditions set forth in this Section 5, Lessee shall make a Recoverable Reserve Payment to Lessor in an amount equal to \$1 times the number of pounds of recoverable uranium reserves within a Proven Mineral Reserve, measured and calculated in compliance with the Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves Definitions and Guidelines ("Recoverable Uranium Reserves"), less the following prior payments by Lessee to Lessor: the \$400,000 cash payment to Lessor pursuant to the Letter Agreement, the \$2,600,000 Initial Cash Payment to Lessor pursuant to Section 4.A, the \$2,000,000 Additional Cash Payment to Lessor pursuant to Section 4.B, and not more than \$1,500,000 of Annual Advance Royalties paid pursuant to Section 4.C (but not including any prior payments for damages, such as those provided for in

Sections 12, 14 and 15). Lessee shall proceed in good faith, with due diligence, and as a prudent operator to have the Feasibility Study completed and in any case the Feasibility Study will be completed within six years of the Effective Date. The Parties understand and acknowledge that Lessee's receipt of documents relating to prior uranium activities on the Property pursuant to Section 6.F may reduce the time required to complete the Feasibility Study. Lessee shall deliver a complete and accurate copy of the Feasibility Study to Lessor within thirty (30) days after it is completed. Lessor may within thirty (30) days after receiving such copy elect, by giving written notice of its election to Lessee, to have the determination of Recoverable Uranium Reserves in the Feasibility Study reviewed and audited by an independent mining engineering firm selected by Lessor. If the difference between the determination in the Feasibility Study and the determination by the independent mining engineering firm selected by Lessor is two percent (2%) or less, the two determinations shall be averaged and the Recoverable Reserve Payment shall be based upon such average. If such difference is greater than two percent (2%), Lessor and Lessee shall jointly retain a third independent mining engineering firm to make a determination of Recoverable Uranium Reserves and the Recoverable Reserve Payment shall be based upon the amount determined by such third independent mining engineering firm; provided, however, that if the amount of Recoverable Uranium Reserves determined by the third independent mining engineering firm is not an amount between the highest and lowest of the previous determinations, then the amount of the Recoverable Reserve Payment shall be based on the previous determination that is closest to the determination by the third independent mining engineering firm.

6. PROSPECTING AND MINING.

A. Lessee shall conduct its prospecting and/or mining activities on the Property with reasonable diligence and skill for the purpose of achieving and maintaining the production of Mineral Deposits consistent with good mining and business practices and other applicable

industry standards and practices and shall comply in all material respects with all Applicable Laws as further set out in this Mining Lease.

B. Lessee shall within 90 days after the end of the term, termination or surrender and release of this Mining Lease deliver to Lessor copies of all drill logs, core assay data, and other non-interpretive and non-analytical data obtained by Lessee in connection with its drilling operations on the Property. Lessee shall annually provide Lessor with records relating to pumping and use of water from wells on the Property.

C. Annually, within 30 days after each anniversary date of the Effective Date, Lessee will provide to Lessor a written schedule of significant activity conducted within the Property during the preceding lease year, including (i) a description of the nature of the activity, (ii) the inclusive dates on which the activity was performed, and (iii) the area in which the activity was performed.

D. In addition, Lessee shall annually, on dates and times and at locations agreed upon from time-to-time by Lessee and Lessor's Board (as defined in Section 1.C) meet with Lessor's Board and Members (as defined in Section 1.C) to discuss significant developments and plans relating to the Property.

E. Pursuant to the Letter Agreement, Lessor will deliver to Lessee originals or copies of drill hole maps, ore reserve maps, and any other documents in the possession of or available to Lessor relating to uranium deposits on the Property. Lessor shall in good faith and with diligence encourage each of its Members to deliver to Lessee, and cooperate with Lessee in obtaining from its Members, originals or copies of such documents in the possession of or available to any Member. At the request of any Member, Lessee shall make copies of original documents delivered to it by such Member and return such original documents to such Member.

F. Lessor agrees that Lessee as well as Lessor may from time to time exercise any right Lessor has to obtain documents from third parties, such as prior mineral lessees of any of

Lessor's lands, to the extent that (i) Lessee may exercise such rights without any consent or waiver from a third party or, (ii) if such consent or waiver is required, such consent or waiver has been obtained, which consent or waiver Lessor shall use its best good faith efforts and reasonably cooperate with Lessee to obtain. If Lessor or Lessee obtains documents as a result of such exercise, it shall promptly notify the other. If Lessor obtains such documents, it shall promptly make them available to Lessee for copying and return. If Lessee obtains such documents, it shall promptly deliver copies thereof to Lessor.

7. PRODUCTION ROYALTIES.

A. On Uranium.

(1) Lessee shall pay Lessor Production Royalties (as defined in Section 7.A (3)) on all U3O8 and uranium in any other form mined from the Property ("Uranium Concentrates") according to the following schedule:

<u>Royalty Rate</u>	<u>Uranium Sale Price (as defined below)</u>
4.50%	\$40.00 or less per pound
5.00%	\$40.01-\$65.00 per pound
5.75%	\$65.01-\$75.00 per pound
6.50%	\$75.01-\$100.00 per pound
7.00%	\$100.01-125.00 per pound
7.50%	\$125.01-\$150.00 per pound
8.00%	\$150.01 or more per pound.

(2) "Uranium Sale Price," for purposes of this Section 7.A(1), shall be the actual sale price of Uranium Concentrates in an arm's length transaction with a third party not affiliated with Lessee; provided, however, that with respect to any Uranium Concentrates (i) not sold within six months after Lessee's receipt thereof, (ii) not sold in an arm's length transaction, or (iii) sold to an affiliate of Lessee, "Uranium Sale Price" for purposes of Section 7.A(1) shall be the weighted average "price for spot market sales" (as defined in the following sentence) of United States source uranium for the calendar quarter in which Lessee receives such Uranium Concentrates. "Price for spot market sales" shall be the price that is reported as the average

TradeTech Exchange Value ("NEV") per pound of U3O8 or, in the event the NEV is not available, such other appropriate index of spot market sale price as is customarily accepted and relied upon by the uranium industry; and further provided, that after such Uranium Concentrates have been sold, royalty previously paid to Lessor thereon shall be adjusted on the basis of the actual sale price thereof, and Lessee shall either pay to Lessor any additional royalty owed or withhold from future royalty payments any excess amount previously paid.

(3) "Production Royalties" means gross production royalties calculated by multiplying the pounds of Uranium Concentrates by the Uranium Sale Price and subtracting the amount of any (i) royalties existing on the Effective Date Lessee is required to pay and does pay to unrelated third parties with respect to such Uranium Concentrates ("Third-Party Royalties") and (ii) New Mexico severance taxes and New Mexico resources taxes or processors taxes Lessee is required to pay and does pay with respect to such Uranium Concentrates attributable to Lessor's royalty share of production ("Severance and Resources Taxes"), and then multiplying the result by the applicable "Royalty Rate" set forth in Section 7.A(1).

B. On Other Minerals. On minerals other than Uranium Concentrates ("Other Minerals") that are mined from the Property, recovered and sold by Lessee, Lessee shall pay Lessor the following royalties:

(1) For coal, eight and one-half percent (8.5%) of actual sale price in an arm's length transaction with a third party not affiliated with Lessee;

(2) For minerals associated with the production of uranium or sometimes produced with uranium, such as molybdenum or vanadium, seven and one-half percent (7.5%) of actual sale price in an arm's length transaction with a third party not affiliated with Lessee; and .

(3) For all minerals other than Uranium Concentrates, coal, and minerals described in Section 7.B(2), five percent (5%) of actual sale price in an arm's length transaction with a third party not affiliated with Lessee, in each case less the amount of any Third-Party Royalties and



Severance and Resources Taxes attributable to Lessor's royalty share of production, Lessee is required to pay and does pay with respect thereto.

C. Payment of Production Royalties. Lessee shall pay Lessor Production Royalties due hereunder within 45 days following its receipt of the proceeds from the sale of the Uranium Concentrates or Other Minerals or within six months after its receipt of unsold Uranium Concentrates, whichever first occurs. Each payment of Production Royalties shall be accompanied by a statement showing applicable (i) quantities, (ii) Third-Party Royalties, (iii) Severance and Resources Taxes, and (iv) (a) for Uranium Concentrates, Uranium Sale Price, and (b) for Other Minerals, actual sales price, and (v) any other information utilized in calculating the payment.

D. Payment for Use of Processing Facilities. Lessee shall pay Lessor a royalty of five-tenths of one percent (0.5%) of the actual sale price, less the amount of any Third-Party Royalties and Severance and Resources Taxes Lessee is required to pay and does pay, with respect to all ores, minerals and other materials mined from adjoining and nearby lands processed in a mill or other processing facilities on the Property.

8. THIRD-PARTY ROYALTIES. Lessee may in its sole discretion (but has no obligation to) negotiate with any owner of any Third-Party Royalties on uranium or other minerals produced from any part of the Property for the reduction or elimination of such Third-Party Royalties. Lessee shall promptly notify Lessor of any such reduction or elimination and of the consideration paid therefor. Lessor may within 60 days after it receives such notice elect to purchase the entire interest acquired by Lessee, for the same consideration paid by Lessee plus interest at a rate equivalent to Lessee's cost of capital, by giving Lessee notice of such election. Thereafter, Lessor and Lessee shall negotiate in good faith to determine the terms upon which Lessor shall pay such consideration and the interest rate equivalent to Lessee's cost of capital, with the objective that Lessee shall be made economically whole.

9. ACCESS OF LESSOR TO BOOKS AND PREMISES; AUDIT.

A. Access. Lessee shall keep accurate and complete maps, drill logs, books of accounts in accordance with general accounting principles, and records of activities performed under this Mining Lease that are reasonably required for the proper computation of Production Royalties. Lessee shall at Lessor's request provide Lessor with information utilized in calculating Production Royalties from such records. Lessor will be entitled, at any reasonable time during normal business hours, to inspect and copy such records at Lessor's expense. Production Royalty information provided to Lessor will be sufficiently detailed and clearly identified to allow a full understanding of the calculations performed in determining Production Royalties, and the information will include, without limitation, sales volumes, Uranium Sale Price, and the actual sale price of Other Minerals. The Parties specifically agree that all such information shall be confidential and that Lessor shall not divulge any of such information to any person for any purpose except (i) as may reasonably be required by Lessor in order to verify the amounts of Production Royalties or to enforce the terms of this Mining Lease and (ii) to Lessor's accountants, consultants and advisers, if and to the extent that they require such information to perform properly their duties and obligations to Lessor and agree in writing with Lessee not to divulge such information to any person except Lessor.

B. Audit. Lessor may at its cost and expense make or have made an audit of the accounts and records of Lessee concerning operations on the Property and payment of production royalties pursuant to Section 7 for the 24 month period preceding the date of such audit.

10. TAXES. Except for any (a) income taxes and any other taxes and assessments accruing by reason of Lessor's receipt of the Initial Cash Payment, the Additional Cash Payment, Advance Royalties, the Cash Recoverable Reserve Payment, Production Royalties, and any other amounts paid or payable under this Mining Lease by Lessee to Lessor, and (b) Severance and

Resources Taxes only to the extent provided in Section 7, Lessee will pay any additional taxes or assessments that may be levied or assessed against Lessor as a direct result of any activities by Lessee under this Mining Lease including, without limitation, the construction and use of any improvements by Lessee on the Property. Lessee specifically agrees to pay all annual property taxes assessed against the Property for 2007 and subsequent years in excess of \$1,400.00

11. INSURANCE.

A. Lessee agrees and covenants to carry and maintain in full effect during the term of this Mining Lease adequate insurance coverage to prevent Lessor from suffering damages by virtue of Lessee's utilization of the Property, including:

(1) Workers' compensation coverage on all employees engaged in operations on the Property; and

(2) General liability insurance covering bodily injury and property damage liability in a form and with an insurance company acceptable to Lessor, with a combined single limit of \$5,000,000 per occurrence. Lessee shall cause Lessor to be named as an additional-named insured on such policy of insurance and shall deliver proof thereof to Lessor. During the term of this Mining Lease, Lessee shall at Lessor's written request provide Lessor with evidence of ongoing insurance coverage in the form of valid certificates of insurance.

B. Lessee shall require any contractor employed by Lessee to perform work on, in or under the Property to carry and maintain insurance coverage as set forth above in this Section 11, except that the combined single limit shall be \$2,000,000 per occurrence instead of \$5,000,000 per occurrence. Lessee shall require any such contractor to obtain additional-named insured coverage for Lessor under its policy of liability insurance prior to commencing work.

C. Lessee shall provide bonds or other financial assurances pursuant to Applicable Laws for the performance of its reclamation and other obligations relating to the Property.

12. INDEMNIFICATION.

A. Lessee agrees to indemnify, protect, defend and hold Lessor harmless from and against any and all environmental (including, without limitation, environmental protection or reclamation-related) or non-environmental claims, losses, demands, lawsuits, citizen suits, proceedings, enforcement actions, administrative orders, liabilities, costs, damages, injury and litigation expenses (including, without limitation, attorneys' and experts' fees) arising in any way and at any time (whether before or after the end of the term, termination or surrender and release of this Mining Lease for any reason) from Lessee's use of, Exploitation or other activities on, in or under the Property, or from conditions on, in or under the Property to the extent such conditions were created or caused by Lessee, its employees, contractors, affiliates, successors, venture partners, permittees, agents or other representatives.

B. This agreement to indemnify does not extend to liability, claims, damages, losses or expenses, including attorneys' fees, caused by or resulting from, in whole or in part, the negligence, act or omission of Lessor, or the agents or employees of Lessor, in the performance of a "construction contract" as defined in NMSA 1978, § 56-7-1, or in the performance of an "agreement pertaining to a well for oil, gas or water, or mine for a mineral" as defined in NMSA 1978, § 56-7-2. This limitation on Lessee's agreement to indemnify is intended solely to ensure that the agreement satisfies either or both of New Mexico's anti-indemnification provisions, NMSA 1978, §§ 56-7-1 and 56-7-2, as may be applicable.

13. WARRANTIES. Lessor warrants that it is in possession of the Property, that it has the right to grant and enter into this Mining Lease, and that except for (a) Third-Party Royalties and other matters of record relating to the Property and (b) the individually-owned tracts of land in the Piedra Lumbre area in and around Sections 21-23 and 26-28, Township 11 North, Range 4

West, no other person is currently asserting any interest in the Property. To the best knowledge of the members of Lessor's Board on the day Lessor executes this Mining Lease, Lessor warrants that (i) the Property is free from all liens and encumbrances except the lien for property taxes for 2007 and subsequent years and the matters referred to in clauses (a) and (b) of the preceding sentence and (ii) Lessor shall have exclusive and quiet possession of the Property for the purposes of this Mining Lease during the term hereof. If and to the extent that as a result of the breach of the warranties, and subject to the limitations on the warranties, set forth in this Section 13 (i) Lessor's title fails as to any part of the Property, no Advance Royalties or royalties provided for in Section 7 shall thereafter be payable with respect to that part of the Property, (ii) Lessor owns less than the entire mineral interest in any part of the Property, Advance Royalties and royalties provided for in Section 7 shall be reduced proportionately with respect to that part of the Property, and (iii) Lessee is required to pay any royalty or other amount on minerals produced from the Property, any amount Lessee is required to pay shall be deducted from amounts otherwise payable thereafter to Lessor hereunder. Lessor shall not by action or inaction after the Effective Date grant or permit any interest in or encumbrance upon the Property that interferes in any material way with Lessee's rights, titles or interests in, to or under this Mining Lease.

14. DAMAGE TO TANGIBLE IMPROVEMENTS, FIXTURES AND PERSONAL PROPERTY OF LESSOR AND MEMBERS. In the event Lessee's activities on the Property result in damage to or destruction of any tangible improvements, fixtures or personal property of Lessor or any Member, including but not limited to buildings, fences, irrigation ditches, cattle guards, power lines, roads or vehicles, located on the Property, Lessee shall promptly repair such damage or destruction. If Lessee does not repair such damage or destruction within 30 days of learning or receiving written notice thereof, Lessee will be obligated to pay to Lessor or the affected Member, as the case may be, 150% of the actual and

reasonable cost of repairing or replacing the damaged or destroyed tangible improvements, fixtures or personal property, which cost of repair or replacement will be determined as of the date on which the damage or destruction is repaired or replaced.

15. DAMAGE TO AND LOSS OF USE OF AGRICULTURAL LAND AND LIVESTOCK.

A. Each year Lessee shall pay Lessor \$200 or the fair rental value, whichever is greater, for each acre of irrigated crop land, improved pasture, or other grazing land not available for such uses to Lessor or its Members as a result of Lessee's activities on the Property.

B. Lessee shall pay Lessor \$1000 per head or fair market value, whichever is greater, for any livestock injured or killed by Lessee's activities on the Property.

16. COMPLIANCE WITH LAW. Lessee's use of the Property, and any Exploitation or other activities on, in, or under the Property, shall be undertaken by Lessee in material compliance with all Applicable Laws, including, without limitation, those concerning mining methods, environmental matters and reclamation. At a minimum, Lessee shall reclaim all disturbances caused by Lessee, its employees, contractors, affiliates, venture partners, permittees, agents, or other representatives, in accordance with the reclamation and performance standards set forth in the New Mexico Mining Act and in regulations adopted thereunder, and under the federal Atomic Energy Act, Uranium Mill Tailings Radiation Control Act, and other Applicable Laws. Any termination of this Mining Lease notwithstanding, and unless otherwise agreed in writing, Lessee agrees, both during and after the term of this Mining Lease, to take full responsibility for such compliance and reclamation and for any legal liability (whether related to environmental, reclamation or otherwise) or enforcement proceedings arising from Lessee's activities or conditions caused by or resulting from such activities on, in or under the Property to the extent such conditions were created or caused by Lessee, its employees, contractors, affiliates, venture partners, permittees, agents, or other representatives. In addition, all activities or work performed or caused to be performed by Lessee on the Property shall be performed in

accordance with standard prevailing practices in the mining and reclamation fields and in a manner to minimize any detrimental effects to Lessor's established and customary uses of the Property, including grazing of livestock.

17. WATER.

A. Lessee may not use water produced on the Property if such use would in any way diminish the amount of water available to Lessor and its Members for domestic, agricultural, ranching and other existing uses on the Property, including increasing volumes of water for existing uses. Subject to this restriction, Lessor hereby grants Lessee in connection with Lessee's activities on the Property (i) the right to use any water rights owned by Lessor on the Property, (ii) access, through wells or by other means, to any surface or ground water sources on or under the Property, and (iii) the right to use all wells, dams, surface diversions, ditches, storage tanks, and related fixtures and appurtenances existing on the Property on the Effective Date ("Effective Date Water Facilities"). Notwithstanding the foregoing sentence, Lessor and its Members retain the rights to use (i) so much water as is necessary for domestic, agricultural, ranching and other existing uses on the Property and (ii) any and all Effective Date Water Facilities. Lessee may use water from the Property only for purposes related to Production Facilities.

B. If Lessee drills and abandons any exploratory well, Lessor may request that such well be, at its own expense, cased and made suitable for production of water. Lessor shall, at its own expense, obtain any permits and approvals required therefor by Applicable Laws and/or federal, state or local regulatory agencies.

C. Lessee will at its sole cost and expense (i) be solely responsible for complying with any and all laws applicable to its use of water in its activities on the Property, (ii) obtain any permits from the New Mexico State Engineer which may be necessary for such use of water, and (iii) repair or replace any Effective Date Water Facilities damaged or destroyed by Lessee's

activities on the Property and provide water and/or new facilities for the production of water to offset any loss or material reduction in the amount of water used on the Property by Lessor and its Members for domestic, agricultural, ranching and other existing uses.

D. Subject to the restrictions imposed by and upon the other terms and conditions of this Section 17, Lessee may drill new wells and construct facilities on the Property necessary or convenient for its use of water produced from such wells and from mine shafts in its operations and activities and apply to the New Mexico State Engineer for and obtain permits and licenses for such uses. During the term of this Mining Lease, Lessee shall be the owner of any such permits, licenses and related water rights and shall from time-to-time advise Lessor of the existence of any thereof. Within 90 days after the end of the term, termination or surrender and release of this Mining Lease, Lessor may by written notice to Lessee request that ownership of any such well, facility, permit and/or license be transferred by Lessee to Lessor. After Lessor and Lessee obtain any approvals required by Applicable Laws and/or federal, state or local regulatory agencies for any such transfer requested by Lessor, Lessee shall make such transfer after Lessee has completed all reclamation and restoration work required by the Mining Lease, Applicable Laws and any such agency.

E. If Lessee purchases or otherwise acquires water rights for purposes of Exploiting Mineral Deposits, Lessee shall, upon and subject to the terms and conditions of Section 17.D above and at Lessor's request, transfer such water rights to Lessor upon (i) termination of this Mining Lease and (ii) payment by Lessor to Lessee of the amount required to reimburse Lessee for its costs of purchasing or otherwise acquiring such water rights.

#### 18. DEFAULT AND TERMINATION.

A. In the event either Party considers the other in default under any term or provision of this Mining Lease, it shall give written notice of such default to the other in the manner provided in Section 32. If the other Party admits its default in writing, such other Party shall



cure the default within 60 days of receiving such notice unless curing the default in good faith and with due diligence would take longer than 60 days, in which case the other Party shall within 60 days begin to cure the default and thereafter proceed in good faith and with due diligence to cure the default.

B. If the Party claimed to be in default admits its default in writing and fails to cure the default within the time prescribed in Section 18.A, then the Party asserting default may terminate this Mining Lease.

C. If the Party claimed to be in default does not admit the default in writing, then the matter shall be submitted to binding arbitration in the manner provided in Section 22. If the Party claiming default prevails at such arbitration, then that Party may terminate this Mining Lease unless the other Party proceeds to cure the default(s) confirmed by the arbitration within the time prescribed in Section 18.A.

D. Subject to the right of a Party to terminate this Mining Lease pursuant to this Section 18, controversy between the Parties shall not interrupt operations hereunder. In the event of any controversy, Lessee shall continue to make the payments to Lessor provided for herein and may continue to exercise its rights hereunder.

19. SURRENDER AND RELEASE.

A. No later than 90 days before any anniversary of the Effective Date, Lessee may surrender and release this Mining Lease as to all or any part of the Property by (i) giving Lessor notice of such surrender and release and (ii) filing for record in Cibola County an instrument of full or partial surrender and release. Upon any such notice, Lessee's rights with respect to the portion of the Property as to which this Mining Lease is surrendered and released (except the rights and obligations provided for in Section 20) shall end and Lessee's obligations thereafter accruing with respect to such portion of the Property shall end. No such notice or filing for record shall terminate any of Lessee's obligations theretofore accrued.

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B. Subject to its reclamation and other obligations under Applicable Law, on or before the tenth anniversary of the Effective Date, Lessee shall surrender and release this Mining Lease as to 2,000 acres of the Property, or, if Lessee cannot surrender and release 2,000 acres without surrendering and releasing acreage which its exploration activities indicate contain uranium reserves, such lesser amount of acreage which its exploration activities indicate do not contain uranium reserves. The surrender and release of any acreage shall not affect Lessee's duty to pay Annual Advance Royalties, Production Royalties, and other amounts as required under this Mining Lease.

20. REMOVAL OF PROPERTY. Within two years after the end of the term of this Mining Lease, Lessee shall remove from the Property any and all structures, other improvements, equipment and other property owned by Lessee or erected or placed by Lessee on the Property except mine timbers, roof supports and other facilities intended to retard the caving or collapse of underground mine workings. Within 60 days after the end of the term of, the termination of, or the surrender and release by Lessee of its entire interest under, this Mining Lease, Lessor may notify in writing Lessee that it wishes Lessee to transfer to Lessor title to specifically identified structures, improvements and other property (except movable personal property) erected or placed by Lessee on the Property. After Lessor and Lessee obtain any approvals required by Applicable Laws and/or federal, state or local regulatory agencies therefor, Lessee shall transfer title to such property to Lessor if and after Lessee has completed all required reclamation, restoration, decommissioning and decontamination. If, when and to the extent permitted or required by Applicable Laws and/or federal, state or local regulatory agencies, Lessee shall remove from the Property any movable personal property, and any other property not specifically identified in a notice given by Lessor pursuant to this Section 20.

21. FORCE MAJEURE.

A. If either Party shall be prevented by Force Majeure (as defined in Section 21.B) from timely performance of any obligation under this Mining Lease (except any obligation of Lessee to pay money to Lessor), the failure of timely performance shall be excused and the period of performance and the term hereof shall be extended for an additional period equal to the duration of the Force Majeure, but in no event shall the term be extended as a result of Force Majeure for a period longer than the duration of the Force Majeure or for more than 10 years, whichever is shorter. During any period of Force Majeure, Lessee shall continue to make all payments to Lessor provided for herein. Upon the occurrence and upon the termination of any Force Majeure, the Party whose timely performance is prevented shall promptly notify the other Party in writing and shall proceed in good faith and with due diligence to remedy the Force Majeure, but shall not be required to settle any labor dispute or to contest the validity or applicability of any law, regulation or administrative action or any act or failure to act by any civil or military authority.

B. "Force Majeure" means any cause beyond a Party's reasonable control, including, without limitation, Applicable Laws; act or failure to act by any governmental authority; inability after diligent efforts to obtain any license, permit or other authorization required to conduct operations or in connection with the Property; unforeseen geological or metallurgical conditions; unusually severe weather; acts of God; mining casualty; shutdown of a mill or other processing facility; material damage to or destruction of a mine, mill or other facility; fire; explosion; flood; insurrection; riot; labor dispute; inability after diligent efforts to obtain workmen, materials or supplies; or delay in transportation.

C. If after the end of the ten (10) year primary term of this Mining Lease Lessee suspends operations on the Property because lack of a suitable market for products, excessive costs of mining, processing or marketing, unsatisfactory prices or other market conditions have

rendered operations uneconomic, Lessee shall promptly notify Lessor in writing and the Parties shall use their best good faith and diligent efforts to negotiate an agreement to extend the term hereof or to treat the event or events rendering operations uneconomic as a Force Majeure under Section 21.B. In any event, Lessee shall continue to pay Annual Advance Royalties, Production Royalties, and other amounts as required under this Mining Lease.

22. ARBITRATION. Any controversy or claim arising out of or relating to this Mining Lease, or the breach hereof, will be settled by arbitration in accordance with the New Mexico Uniform Arbitration Act (the "Act"), NMSA 1978, §§ 44-7A-1 to 44-7A-32, as amended at any time, and judgment upon any arbitration award rendered by the arbitrator(s) may be entered by a court in accordance with the Act. The Parties further agree as follows:

A. The Party seeking arbitration shall serve a demand for arbitration on the other Party in the manner provided in Section 32. The demand shall describe the nature of the controversy and the remedy sought.

B. Any arbitrator selected or appointed to arbitrate any dispute arising under this Mining Lease will be a disinterested person familiar with the business of mining and processing uranium ore and the marketing of the product from the processing of uranium ore.

C. Arbitration will be performed by one neutral arbitrator selected by the Parties. If the Parties are unable to agree on an arbitrator within 20 days of service of the demand for arbitration, then each Party shall within five days designate its own arbitrator. The Parties' designated arbitrators shall then within 10 days appoint a neutral arbitrator and the three arbitrators shall arbitrate the matters submitted for arbitration.

D. Venue for any matter submitted by either party for review by a court in accordance with the Act shall be in the Thirteenth Judicial District of New Mexico.

23. CONTRACTING, EMPLOYMENT, TRAINING AND SCHOLARSHIPS.

A. Lessee shall to the extent permitted by Applicable Laws (i) advise Lessor about contracting and employment opportunities in connection with its activities on the Property and (ii) provide preferential contracting and employment opportunities to Members qualified therefor. In the event a Member desires such a contracting or employment opportunity, and provided that Lessee in its reasonable discretion determines that the Member has the necessary qualifications to perform the contracting or employment sought, Lessee shall, subject to Applicable Laws, employ the Member for so long as the service performed by the Member is satisfactory and consistent with the requirements of Lessee. With regard to contracting opportunities, Lessee may not refuse a Member's bid if Lessee in its reasonable discretion has determined that such Member has the necessary qualifications to perform the contracting sought and the bid is within ten percent (10%) of a competing bid offered by a party who is not a Member.

B. Lessee shall conduct a program for training Members and other employees in mining technology, skilled trades such as diesel mechanics and electrician work, and professional skills applicable to Lessee's activities on the Property.

C. For the duration of its activities on the Property under this Mining Lease, Lessee shall establish and fund a scholarship program to assist Members in receiving vocational, undergraduate or graduate level education, preferably at a New Mexico vocational school, college or university, in the fields of teaching, health care, environmental sciences, range, forest and wildlife management, geology, mining engineering, metallurgy, and other mining or community benefit-related fields. For the first lease year, Lessee shall donate \$30,000 to the scholarship program within thirty (30) days of the Effective Date. Thereafter, Lessee shall in each lease year donate to the scholarship program an additional amount determined by multiplying \$30,000 by a fraction, the numerator of which is the Higher Education Price Index –

College and University Operations (or any replacement or substitute index) published by the Commonfund Institute (or its successor entity) most recently prior to the start of such lease year and the denominator of which is 251.9, the Higher Education Price Index – College and University Operations for 2006. The scholarship program shall be administered, with input from Lessor and its Members and from Lessee, by a third-party organization acceptable to Lessor and Lessee.

24. ASSIGNMENT. Either Party may sell and assign all or any part of its interest under this Mining Lease with the consent of the other Party, which consent shall not be unreasonably withheld; provided, however, that Lessee may without the consent of Lessor assign all or any part of its interest under this Mining Lease to an entity in which it owns an interest greater than fifty percent (50%) or to an entity which owns an interest in Lessee greater than fifty percent (50%).

25. RESIDENCY ON THE PROPERTY. Lessor grants Lessee the limited right to provide and maintain temporary housing on the Property for mine security personnel only. Lessee shall not house its other employees, or employees of its contractors, on the Property without Lessor's prior written consent. Lessee shall also make reasonable efforts to prevent non-Member employees and contractors and non-Member employees of its contractors from squatting on the Property. This Mining Lease does not prohibit any person or entity from securing temporary housing by separate agreement with Lessor or any Member.

26. MODIFICATION AND WAIVER. This Mining Lease may not be amended or modified except by written document signed by both Parties. A waiver by either Party of full compliance with any term, covenant or condition will not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or of any other term, covenant or condition contained in this Mining Lease.

27. APPLICABLE LAWS. This Mining Lease will be governed, construed and enforced in accordance with the laws of the State of New Mexico.

28. CAPTIONS. The section captions in this Mining Lease are for convenience only and shall not control or affect the meaning or construction of any provision.

29. ARBITRATION AND LITIGATION COSTS AND EXPENSES. In any arbitration or court action brought by either Party to enforce any of the terms and provisions of this Mining Lease, the prevailing Party will be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses of arbitration or litigation, including, without limitation, reasonable attorneys' fees.

30. ENTIRE AGREEMENT. The Parties intend this Mining Lease to be the final and complete expression of their agreement. This Mining Lease merges all previous negotiations between the Parties and constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof.

31. SEVERABILITY. In the event any portion of this Mining Lease shall be found by an arbitrator or a court with jurisdiction to be invalid or void for any reason, that portion shall thereafter be without force or effect. However, the balance of this Mining Lease shall not be affected and shall continue in full force and effect.

32. NOTICES. All notices and other communications, required or permitted to be given under this Mining Lease shall be in writing and shall be deemed to have been duly given and delivered, if mailed, certified postage prepaid:

If to Lessor: La Merced del Pueblo de Cebolleta  
Attn: President, Board of Trustees  
HC 77, Box 6  
Seboyeta, NM 87014

With copy to: Tierra Merced LLC  
Attn: Harry Barnes  
460 St. Michael's Drive  
Suite 701  
Santa Fe, NM 87505

and

Comeau, Maldegen, Templeman & Indall, LLP  
Attn: Jon Indall  
P.O. Box 669  
Santa Fe, NM 87504

If to Lessee: Neutron Energy, Inc.  
Attn: Kelsey Boltz, President  
5320 North 16<sup>th</sup> Street, Suite 114  
Phoenix, AZ 85016

With copies to: Rodey, Dickason, Sloan, Akin & Robb, P.A.  
Attn: Mark K. Adams  
P.O. Box 1357  
Santa Fe, NM 87504

and

Rodey, Dickason, Sloan, Akin & Robb, P.A.  
Attn: Amanda Sanchez  
P.O. Box 1888  
Albuquerque, NM 87103.

Such addresses may be changed from time to time by giving the other party 15 days prior written notice.

33. SHORT FORM AND RECORDING. Contemporaneously herewith, the Parties shall execute and deliver a Short Form Memorandum of this Mining Lease. Either Party may record the Short Form Memorandum in the real property records of Cibola County. Neither Party shall file or record this Mining Lease in any public records unless required to do so by Applicable Laws.

34. CONSTRUCTION. Both Parties and their respective advisers and legal counsel participated in negotiating and drafting this Mining Lease. Consequently, any rule of construction to the effect that any ambiguity is to be resolved against the drafting party, including but not limited to the rule of *contra proferentem*, shall not be applicable hereto.



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IN WITNESS WHEREOF, as of the Effective Date (i) Lessor and Lessee have executed this Mining Lease and (ii) the undersigned District Judge of the Thirteenth Judicial District Court for Cibola County has affirmed the Resolution and this Mining Lease.

LESSOR:

LA MERCED del PUEBLO de CEBOLLETA

By Earl Marquez  
Earl Marquez, President, Board of Trustees

3-11-07  
Date

By Jerry Pohl  
Jerry Pohl, Vice President, Board of Trustees

3-11-07  
Date

By \_\_\_\_\_  
Martha E. Chavez, Secretary, Board of Trustees

\_\_\_\_\_  
Date

By Frank Garcia  
Frank Garcia, Treasurer, Board of Trustees

3-11-07  
Date

By Onesimo Armijo  
Onesimo Armijo, Member, Board of Trustees

3-11-07  
Date

LESSEE:

NEUTRON ENERGY, INC.

By Kelsey Boltz  
Kelsey Boltz, President

13 March 2007  
Date

RESOLUTION AND MINING  
LEASE AND AGREEMENT  
AFFIRMED:

Cynthia Martiny  
District Judge, Thirteenth Judicial District, Cibola County  
Date: 4/6/07

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**EXHIBIT "A"**

to that certain Mining Lease dated March 11, 2007 by and between La Merced del Pueblo de Cebolleta as Lessor and Neutron Energy, Inc. as Lessee.

**Description of Lands Subject to Lease**

**"South L Bar Tract"**

That certain tract of land known as the "South L Bar Tract," located in Cibola (formerly Valencia) County, New Mexico, comprising a portion of the lands originally known and referred to as "L Bar Ranch," lying within the boundaries of the Original Cebolleta Land Grant, the exterior boundaries of said tract being more particularly described as follows, to-wit:

Beginning at a point on the original South boundary of the Cebolleta Land Grant, which point bears North 89°56' West 4842.42 feet from the 14-mile corner or marker on the original Southern boundary of said Cebolleta Land Grant; thence due North along the Easterly boundary of the lands owned by the Cebolleta people and adjoining the L Bar Ranch lands a distance of 10,411.75 feet to a point; thence South 89°59'20" East 13,751.27 feet to a point; thence South 00°18'21" East 10,433.41 feet to a point on the original Southern boundary of the Cebolleta Land Grant, which is the Southeast corner of this tract; thence along the original Southern boundary of the Cebolleta Land Grant North 89°47' West a distance of 1081.2 feet; thence North 89°47' West a distance of 2638.35 feet to a point; thence North 89°57' West a distance of 5245.68 feet to a point; thence North 89°56' West 4842.42 feet to the place and point of beginning;

**EXCEPTING AND EXCLUDING** all portions of said South L Bar Tract lying and being East of the Exxon Mineral Fee West Boundary Line as set forth in that certain Quitclaim deed from Sohio Petroleum Company and Reserve Oil and Minerals Corporation as Grantors to Exxon Company, U.S.A. as Grantee dated February 11, 1974 and recorded in Volume 248, pages 5135-5137 of the official records of Valencia County, New Mexico;

**ALSO EXCEPTING AND EXCLUDING** all portions of said South L Bar Tract lying and being within the boundaries of "Tract I" as described in that certain Special Warranty Deed dated December 31, 1963 from Jno. Hampton and Hazel E. Hampton, husband and wife, et al as Grantors to Cebolleta Land Grant as Grantee, recorded in Volume 151 at page 196, official records of Valencia County, New Mexico;

**ALSO EXCEPTING AND EXCLUDING** all portions of said South L Bar Tract lying and being within the boundaries of the "DOE Tract" as described in Exhibit "A" to Warranty and Quitclaim Deed dated September 22, 2004 from Sohio Western Mining Company as Grantor to United States of America as Grantee, recorded in volume 13 at page 9438, official records of Cibola County, New Mexico.

**ALSO EXCEPTING AND EXCLUDING** a tract bound on the North by the North line of the South L Bar Tract; bound on the West by the East line of "Tract I" as described in that certain Special Warranty Deed dated December 31, 1963 from Jno. Hampton and Hazel E. Hampton, husband and wife, et al as Grantors to Cebolleta Land Grant as Grantee, recorded in Volume 151 at page 196, official records of Valencia County, New Mexico; bound on the South by the North line of the "DOE Tract" as described in Exhibit "A" to Warranty and Quitclaim Deed

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dated September 22, 2004 from Sohio Western Mining Company as Grantor to United States of America as Grantee, recorded in volume 13 at page 9438, official records of Cibola County, New Mexico; and bound on the East by the following described line: beginning at the Northeast corner of the "DOE Tract" as described in Exhibit "A" to Warranty and Quitclaim Deed dated September 22, 2004 from Sohio Western Mining Company as Grantor to United States of America as Grantee, recorded in volume 13 at page 9438, official records of Cibola County, New Mexico; thence due North to the North line of said South L Bar tract.

**"St. Anthony" Tracts**

**Township 11 North, Range 5 West of the N.M.P.M.**

Section 23: All that portion of Section 23 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.

Section 24: All that portion of Section 24 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.

Section 25: N1/2

Section 26: N1/2

**Township 11 North, Range 4 West of the N.M.P.M.**

Section 19: All that portion of Section 19 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.

Section 20: All that portion of Section 20 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.

Section 21: All that portion of Section 21 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.

Section 22: All that portion of Section 22 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.

Section 23: SW1/4

Section 26: NW1/4

Section 27: All

Section 28: All

Section 29: N1/2

Section 30: N1/2

**TOTAL ACREAGE SUBJECT TO THIS LEASE: 6717.0, MORE OR LESS**

RODEY, DICKASON, SLOAN, AKIN & ROBB, P. A

ATTORNEYS AT LAW

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WADE L. JACKSON

April 6, 2007

MINERAL FEE TITLE OPINION

Neutron Energy, Inc.  
5320 North 16<sup>th</sup> Street, Suite 114  
Phoenix, Arizona 85016

Uranium Energy Corporation  
#320-1111 West Hastings Street  
Vancouver, B.C. V6E 2J3

Attention: Kelsey Boltz, Chairman of the Board of Directors, Neutron Energy, Inc.

Amir Adnani, President and Chief Executive Officer, Uranium Energy Corporation

Title Opinion on fee land in Cibola County, New Mexico described on **Exhibit A** hereto (the "Land")

Dear Ladies and Gentlemen:

**NMT4**

At your request, we examined the materials (collectively, the "Records and Documents") described in **Exhibit B** hereto pertaining to the Land.

Based solely upon our examination, and assuming the completeness and accuracy of the Records and Documents, it is our opinion that La Merced del Pueblo de Cebolleta, a political subdivision of the State of New Mexico ("La Merced"), has good and marketable fee title to the Land, subject only to the Mining Lease and Agreement effective April 6, 2007 by and between La Merced and Neutron Energy, Inc., and the matters discussed below.

1. Original Royalty – Applicable Only to Minerals Produced from the "South L-Bar Property" that are Not "Uranium and its By-Products."

Paragraph B (2) of the Warranty Deed dated February 2, 1966 (the "1966 Warranty Deed") for the L-Bar Ranch from Jno. W. Hampton and Hazel E. Hampton, his wife; John W. Hampton, Jr. and Lola Hampton, his wife; Lou C. Evans, individually and as surviving widow of Lee S. Evans, deceased; Hazel H. Greenwood; and Albuquerque National Bank as Executor and

Neutron Energy, Inc.  
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Testamentary Trustee of the Last Will and Testament and Estate of Lee S. Evans, deceased, and also as Trustee for Pauline E. Murphy and Mary Jo E. Fielden, as Grantors, to W. D. Noel and L. R. French, Jr., as tenants in common, which 1966 Warranty Deed was filed for record in Valencia County, New Mexico on May 27, 1966 and recorded in Book 175, pages 669-680, of the records of Valencia County, reserved "unto all of the Grantors, their heirs and assigns, as their interest now appears, a non-participating royalty interest, including advance royalties, equal to one-twentyfourth (1/24) of all the oil, gas and other minerals, whether now known or considered minerals or not, which may be produced and saved from the" L-Bar Ranch.

The royalty reserved in the 1966 Warranty Deed is called the "**Original Royalty**" in this title opinion.

The Original Royalty applied only to the portion of the Land that was formerly part of the L-Bar Ranch, that is, the portion commonly identified as the South L-Bar Tract (the "**South L-Bar Tract**"). The portions of the South L-Bar Tract that are included within the Land are colored yellow and identified as Tract A and Tract B on Exhibit A to this title opinion.

Paragraph B(5) of the 1966 Warranty Deed provided that (i) "all reservations [of the Original Royalty] to the Grantors shall be in perpetuity" and (ii) "the phrase 'non-participating royalty' as used herein is intended to mean that neither the Grantors nor their heirs or assigns shall be entitled to participate in the making of any mineral lease ... nor shall they or any of them ever be entitled to share or participate in any bonus, delay rental or other consideration paid for the execution of any such lease, or the maintaining of the same in force prior to production."

In an undated Amendment to Warranty Deed (the "**Amendment**") filed for record in Cibola County on December 2, 1983 and recorded in Miscellaneous Book 1, pages 2631-2641, of the records of Cibola County, a copy of which Amendment is attached to this title opinion as **Exhibit C**, John W. Hampton, Jr. and Hazel H. Greenwood (described in the Amendment as the successors in interest to Jno. H. Hampton and Hazel E. Hampton) and the other Grantors in the 1966 Warranty Deed (collectively, the "**Royalty Owners**") agreed with Sohio Western Mining Company, a Delaware corporation ("**Sohio**"), and Reserve Oil and Minerals Corporation, a New Mexico corporation ("**Reserve**"), to amend the 1966 Warranty Deed by incorporating therein the language set forth in Paragraph 2 (6), (7), (8), and (9) of the Amendment. That language (i) relates primarily to proportionate reduction of the Original Royalty in the event it was determined in litigation that the Royalty Owners owned less than the entire mineral estate or had conveyed any part of their Original Royalty and (ii) permits Sohio and Reserve to suspend payment of the Original Royalty while such title litigation is pending.

As a result of the Uranium Royalty Deed and Royalty Reservation (the "**Uranium Royalty Deed**") dated October 26, 1983 described in Paragraph 2 of this title opinion, a copy of which Uranium Royalty Deed is attached to this title opinion as **Exhibit D**, the Original Royalty now applies only to minerals (i) produced from the South L-Bar Tract (ii) that are not "uranium and its by-products."

Neutron Energy, Inc.  
April 6, 2007

2. Uranium Royalty Deed – Applicable to Uranium and its By-Products Produced from South L-Bar Tract.

The Original Royalty was modified by the Uranium Royalty Deed as to “uranium and its by-products” produced from the “South L-Bar Property” (Mapping dome at the request of Neutron Energy, Inc. has confirmed that the “South L-Bar Property” is substantially the same as the South L-Bar Tract.) The Original Royalty, as so modified, is called the “Uranium Royalty” in this title opinion.

In the Uranium Royalty Deed, the Royalty Owners (i) quitclaimed to Sohio the Original Royalty insofar as it pertained to “uranium and its by-products” in the South L-Bar Tract and (ii) reserved the Uranium Royalty. The Uranium Royalty Deed described the Uranium Royalty as “a non-participating royalty interest (as that term is described in the 1966 Warranty Deed), including advance royalty if any is received by Sohio, on uranium and such mill by-products as are recovered and sold under the provisions of paragraph II (4) hereof from the South L-Bar [Tract] ... , which the parties agree shall be calculated and determined as” set forth in paragraphs II (1) (providing for a 1/24<sup>th</sup> royalty on sales by Sohio of raw ore), II (2) (relating to a 1/48<sup>th</sup> royalty on ore processed in a mill owned or controlled by Sohio or in another mill for Sohio’s account), II (3) (providing that if Sohio had “uranium concentrate further processed into products such as UF<sub>6</sub>, the royalty shall be based upon the uranium concentrate prices provided in paragraph [II] 2 rather than upon the prices of any further processed products such as UF<sub>6</sub>”), II (4) (relating to a 1/48<sup>th</sup> royalty on minerals other than uranium recovered and marketed by Sohio “from the processing of uranium-bearing ores”), and II (5) relating to a 1/24<sup>th</sup> royalty “on uranium-bearing mine waters, solutions or liquors which are sold” and a 1/48<sup>th</sup> royalty on uranium concentrates produced from “uranium-bearing mine waters, solutions or liquors”). Paragraph IV of the Uranium Royalty Deed provides that “[p]rior to the payment of [the Uranium Royalty] ... to a [Royalty Owner] ... the [Royalty Owner] ... shall sign a properly executed stipulation of interest identifying his or her name, address and percentage of ownership interest.” Paragraph VII of the Uranium Royalty Deed provides: “All terms and provisions hereof shall inure to the benefit of and be binding upon the parties [that is, the Royalty Owners, Sohio and Reserve] and their respective heirs, administrators, successors and assigns and shall be deemed covenants running with the land.” La Merced is a successor to and assign of Sohio. Paragraph X of the Uranium Royalty Deed provides: “Nothing in this agreement shall affect the rights of [Royalty Owners] ... to receive royalty payments pursuant to the 1966 Warranty Deed upon the receipt by Sohio of advance royalties, unless such advance royalties are designated as being paid respecting future concentrate sales only, in which case [the Royalty Owners] ... shall receive 1/48 of same. All advance royalties shall be credited against royalties payable on production to the same extent as the advance royalties received by Sohio.” Paragraphs II, IV, VII, X and the other provisions of the Uranium Royalty Deed should be reviewed carefully.

3. Individually Owned Small Tracts.

The Final Decree entered and filed on July 20, 1931 in *United States of America, as Guardian of the Indians of the Pueblo of Laguna v. Armijo*, No. 2080 in Equity in the United States District Court for the District of New Mexico (the “U.S. District Court Final Decree”), quieted title to 69 tracts, amounting in the aggregate to 515.23 acres (an average tract size of 7.47

Neutron Energy, Inc.  
April 6, 2007

acres), in portions of Secs. 21-23, 27, 28, T. 11 N., R. 4 W., in the southeastern corner of the Land, and also portions of Secs. 33 and 34, T. 11 N., R. 4 W., which are not included in the Land, in named individuals and against "the United States, the Pueblo of Laguna, and the Indians thereof." The tracts are described in the U.S. District Court Final Decree by metes-and-bounds descriptions based on surveys by the United States General Land Office.

A series of partial Final Decrees entered in 1962, 1963, and 1964 in *Board of Trustees of the Seboyeta Land Grant v. Ansures*, No. 8997 in the District Court for Valencia County (the "Valencia County District Court Final Decrees"), quieted title to S1/2 Sec. 21, S1/2 Sec. 22, and SW1/4 Sec. 23, T. 11 N., R. 4 W., all of which are included in the Land and in the lands referred to in the immediately preceding paragraph of this title opinion, in the Board of Trustees against persons named in the Valencia County District Court Final Decrees. It is probable that title to some or all of the tracts, title to which was quieted by the United States District Court Final Decree in favor of named individuals and against "the United States, the Pueblo of Laguna and the Indians thereof," was in turn quieted against such named individuals or their successors and in favor of the Board of Trustees by the Valencia County District Court Final Decrees.

We have been advised that La Merced currently recognizes that a number of tracts in Secs. 21-23 and 26-28, T. 11 N., R. 4 W., an area known as Piedra Lumbre, to be owned not by La Merced but rather by certain individuals. Although it is reasonable to assume that some or all of the tracts subject to the U.S. District Court Final Decree and/or the Valencia County District Court Final Decree correspond to the individually owned tracts in the Piedra Lumbre area currently recognized by La Merced.

Because (i) Secs. 21-23 and 26-28, T. 11 N., R. 4 W., do not appear to have high potential for uranium and (ii) determining which portions of those lands may be owned not by La Merced but rather by individuals would almost certainly be extremely time-consuming and expensive and probably require both extensive investigations of records and on-the-ground inspections and surveys, we have not attempted for the purposes of this title opinion to make such determinations. Should such determinations become useful at some point, we would consult with you on how the data required to make the determinations might be assembled.

#### 4. Limitations, Assumptions, Qualifications and Exclusions.

This title opinion is based upon and limited to matters of record disclosed in the Records and Documents. We have assumed and relied upon the completeness and accuracy of the Records and Documents and express no opinion as to any matter not disclosed thereby, including, without limitation, current ownership of the Original Royalty or the Uranium Royalty; matters contained in or affected by any document, a copy of which is not included among the Records and Documents; rights or claims of any party other than La Merced possessing any of the Land; easements or claims to easements not disclosed by the Records and Documents; liens or rights to liens imposed by law for services, labor, hauling or materials heretofore or hereafter done or furnished and not disclosed by the Records and Documents; taxes, charges and assessments not disclosed by the Records and Documents; encroachments, overlaps, conflicts in boundary lines and similar matters that might be revealed by inspections and surveys; and matters relating to access, forgery, fraud, duress, lack of good faith, failure to pay valuable

Neutron Energy, Inc.

April 6, 2007

consideration, false notary certificates, actual or constructive knowledge of lack of authority, and similar matters. This title opinion relates only to the mineral estate in the Land. It covers mineral royalties existing with respect to the Land but is not concerned with the current ownership of such royalties, which can be analyzed before royalties are payable. .

This title opinion is being delivered only for the respective benefits of Neutron Energy, Inc. and Uranium Energy Corporation and may not be relied upon for any purpose by any other person or entity without our prior written approval.

Very truly yours,

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.

*Rodey, Dickason, Sloan, Akin & Robb, P.A.*



W

**EXHIBIT "A"**

to that certain Mining Lease dated March 11, 2007 by and between La Merced del Pueblo de Cebolleta as Lessor and Neutron Energy, Inc. as Lessee.

**Description of Lands Subject to Lease**

**"South L Bar Tract"**

That certain tract of land known as the "South L Bar Tract," located in Cibola (formerly Valencia) County, New Mexico, comprising a portion of the lands originally known and referred to as "L Bar Ranch," lying within the boundaries of the Original Cebolleta Land Grant, the exterior boundaries of said tract being more particularly described as follows, to-wit:

Beginning at a point on the original South boundary of the Cebolleta Land Grant, which point bears North 89°56' West 4842.42 feet from the 14-mile corner or marker on the original Southern boundary of said Cebolleta Land Grant; thence due North along the Easterly boundary of the lands owned by the Cebolleta people and adjoining the L Bar Ranch lands a distance of 10,411.75 feet to a point; thence South 89°59'20" East 13,751.27 feet to a point; thence South 00°18'21" East 10,433.41 feet to a point on the original Southern boundary of the Cebolleta Land Grant, which is the Southeast corner of this tract; thence along the original Southern boundary of the Cebolleta Land Grant North 89°47' West a distance of 1081.2 feet; thence North 89°47' West a distance of 2638.35 feet to a point; thence North 89°57' West a distance of 5245.68 feet to a point; thence North 89°56' West 4842.42 feet to the place and point of beginning;

**EXCEPTING AND EXCLUDING** all portions of said South L Bar Tract lying and being East of the Exxon Mineral Fee West Boundary Line as set forth in that certain Quitclaim deed from Sohio Petroleum Company and Reserve Oil and Minerals Corporation as Grantors to Exxon Company, U.S.A. as Grantee dated February 11, 1974 and recorded in Volume 248, pages 5135-5137 of the official records of Valencia County, New Mexico;

**ALSO EXCEPTING AND EXCLUDING** all portions of said South L Bar Tract lying and being within the boundaries of "Tract I" as described in that certain Special Warranty Deed dated December 31, 1963 from Jno. Hampton and Hazel E. Hampton, husband and wife, et al as Grantors to Cebolleta Land Grant as Grantee, recorded in Volume 151 at page 196, official records of Valencia County, New Mexico;

**ALSO EXCEPTING AND EXCLUDING** all portions of said South L Bar Tract lying and being within the boundaries of the "DOE Tract" as described in Exhibit "A" to Warranty and Quitclaim Deed dated September 22, 2004 from Sohio Western Mining Company as Grantor to United States of America as Grantee, recorded in volume 13 at page 9438, official records of Cibola County, New Mexico.

**ALSO EXCEPTING AND EXCLUDING** a tract bound on the North by the North line of the South L Bar Tract; bound on the West by the East line of "Tract I" as described in that certain Special Warranty Deed dated December 31, 1963 from Jno. Hampton and Hazel E. Hampton, husband and wife, et al as Grantors to Cebolleta Land Grant as Grantee, recorded in Volume 151 at page 196, official records of Valencia County, New Mexico; bound on the South by the North line of the "DOE Tract" as described in Exhibit "A" to Warranty and Quitclaim Deed

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dated September 22, 2004 from Sohio Western Mining Company as Grantor to United States of America as Grantee, recorded in volume 13 at page 9438, official records of Cibola County, New Mexico; and bound on the East by the following described line: beginning at the Northeast corner of the "DOE Tract" as described in Exhibit "A" to Warranty and Quitclaim Deed dated September 22, 2004 from Sohio Western Mining Company as Grantor to United States of America as Grantee, recorded in volume 13 at page 9438, official records of Cibola County, New Mexico; thence due North to the North line of said South L Bar tract.

**"St. Anthony" Tracts**

**Township 11 North, Range 5 West of the N.M.P.M.**

Section 23: All that portion of Section 23 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.

Section 24: All that portion of Section 24 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.

Section 25: N1/2

Section 26: N1/2

**Township 11 North, Range 4 West of the N.M.P.M.**

Section 19: All that portion of Section 19 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.

Section 20: All that portion of Section 20 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.

Section 21: All that portion of Section 21 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.

Section 22: All that portion of Section 22 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.

Section 23: SW1/4

Section 26: NW1/4

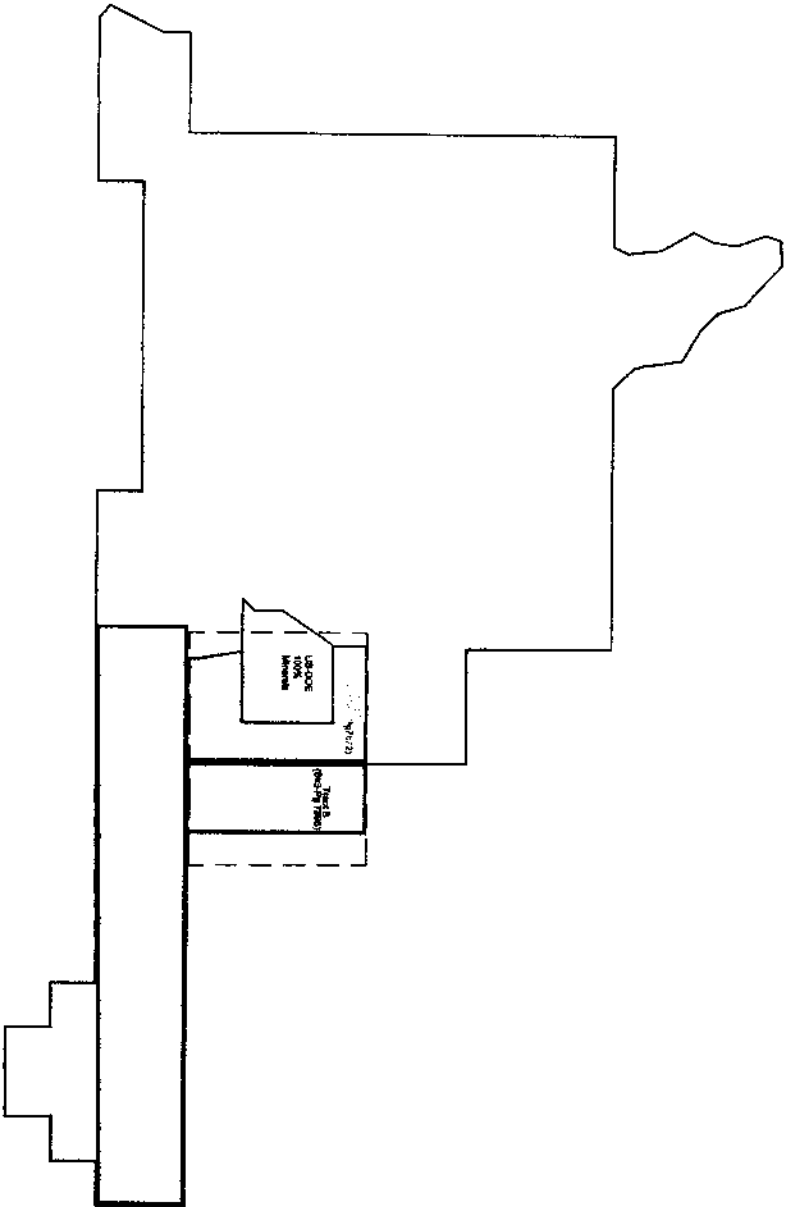
Section 27: All

Section 28: All

Section 29: N1/2

Section 30: N1/2

**TOTAL ACREAGE SUBJECT TO THIS LEASE: 6717.0, MORE OR LESS**



Tract A

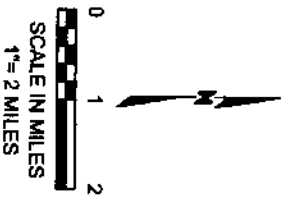
Tract B

U.S. v. Armijo #2080 In equity- U.S. District Court, District of New Mexico

Surface ownership of LaMerced de Cabollleta

Original South L Bar Tract

NEI leased area




Issue	Date
Drawn JAM	3/2/07
Checked TVB	
Approved TVB	
Revised	
Revised	

**RODEY** | **Law Firm**

Exhibit  
LaMerced de Cabollleta  
Title Opinion  
Cibola County, New Mexico

When recorded, please return to: Mark K. Adams, Rodey Law Firm,  
P.O. Box 1357, Santa Fe, NM 87504-1357.

## ASSIGNMENT OF MINING LEASE AND AGREEMENT



ASSIGNMENT, dated April 27, 2007 2007, between Neutron Energy, Inc., a mining corporation authorized to transact business in New Mexico, whose address is 5320 N. 16th Street, Suite 114, Phoenix, Arizona 85016-3421, ASSIGNOR, and Cibola Resources LLC, a Delaware limited liability company ("Cibola Resources") authorized to transact business in New Mexico, whose address is 5320 N. 16<sup>th</sup> Street, Suite 114, Phoenix, Arizona 85016-3421, ASSIGNEE.

### RECITALS:

I. ASSIGNOR has heretofore entered into and is now the holder of a Mining Lease and Agreement (the "Mining Lease"), effective as of April 6, 2007 wherein La Merced del Pueblo de Cebolleta, a political subdivision of the State of New Mexico, is named as "Lessor" and ASSIGNOR is named as "Lessee."

II. On April 27 2007, ASSIGNOR entered into an LLC Operating Agreement and an LLC Members' Agreement with Uranium Energy Corporation providing, among other things, for the formation and operation of Cibola Resources and that Cibola Resources would hold and conduct operations under the Mining Lease.

WHEREFORE, in consideration of and pursuant to the LLC Members' Agreement and the LLC Operating Agreement:

1. ASSIGNOR, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby sell, assign, transfer and set over to ASSIGNEE, its successors and assigns, all of its rights, titles and interests in, to and under the Mining Lease.

2. ASSIGNEE, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby accept, assume and agree to perform all covenants and obligations of Lessee under the Mining Lease.



IN WITNESS WHEREOF, the undersigned have executed this Assignment as of the date and year first above written.

NEUTRON ENERGY, INC.

By [Signature]  
Its President

CIBOLA RESOURCES LLC

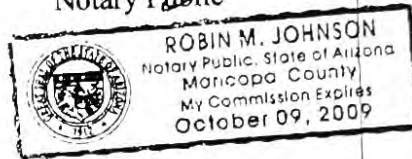
By [Signature]  
Its CFO

STATE OF ARIZONA )  
 ) ss.  
COUNTY OF MARICOPA )

The foregoing instrument was acknowledged before me this 26 day of April, 2007, by Kelsey Britz, the President, of Neutron Energy, Inc., a Wyoming corporation, on behalf of said corporation

[Signature]  
Notary Public

My commission expires:  
10/9/09

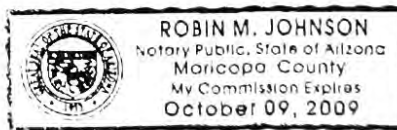


STATE OF ARIZONA )  
 ) ss.  
COUNTY OF MARICOPA )

The foregoing instrument was acknowledged before me this 26 day of April, 2007, by Edward Topnam, the CFO of Cibola Resources LLC, a Delaware limited liability company, on behalf of said limited liability company.

[Signature]  
Notary Public

My commission expires:  
10/9/09



## STATEMENT OF ACTIONS AFFECTING MINING LEASE AGREEMENT

Now, on this 28<sup>th</sup> day of February 2022, Neutron Energy, Inc., a Nevada Corporation ("Neutron"), Cibola Resources LLC, a Delaware Limited Liability Company ("Cibola Resources"), and La Merced del Pueblo de Cebolleta, a political subdivision of the State of New Mexico ("La Merced") state as follows:

### RECITALS

1. Neutron has heretofore entered into a Mining Lease and Agreement (the "Mining Lease") effective as of April 6, 2007, wherein La Merced is named as "Lessor" and Neutron was named as "Lessee."
2. On April 26, 2007, Neutron entered into an LLC Operating Agreement and an LLC Member's Agreement with Uranium Energy Corporation ("UEC") providing, among other things, for the formation and operation of Cibola Resources and that Cibola Resources would hold and conduct operations under the Mining Lease.
3. On April 27, 2007 Neutron, as Assignor, assigned, transferred and set over to Cibola Resources, as Assignee, all of its right, titles, and interests to and under the Mining Lease.
4. At the time of the Assignment, Neutron held a 51% interest in Cibola Resources, and according to the terms of the Mining Lease, La Merced's consent to the assignment was not required.
5. Subsequent to the Assignment of the Mining Lease, Neutron acquired UEC's 49% interest in the LLC Operating Agreement and Cibola Resources, and then Cibola Resources became a wholly-owned subsidiary of Neutron.
6. Also subsequent to the Assignment of the Mining Lease, Neutron, acting on behalf of Cibola Resources, amended the Mining Lease on three occasions with La Merced
7. Cibola Resources adopts the rights, titles, interests and obligations of the Mining Lease as amended.
8. All of the parties to the Mining Lease recognize and state that the Mining Lease is in good standing and all terms and conditions have been met to date.
9. Neutron has notified La Merced that it intends that the amendments to the Mining Lease entered into between Neutron and La Merced are binding upon and for the benefit of Cibola Resources as the Lessee under the Mining Lease.

**NOW THEREFORE**, for Ten Dollars (\$10) and other good and sufficient consideration, the receipt of which is hereby acknowledged, Neutron ratifies its assignment of the Mining Lease, as amended, to Cibola Resources and Cibola Resources acknowledges and ratifies that it is subject to the terms, conditions and obligations of the Mining Lease, as amended.





CIBOLA RESOURCES LLC,  
A Delaware Limited Liability Company

By: [Signature]  
Name: William Paul Goranson  
Title: President + Chief Executive Officer

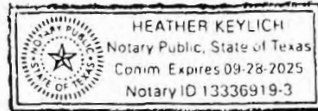
STATE OF Texas )  
                          ) ss.  
COUNTY OF Nueces )

On this 28th day of ~~February~~ March 2022, personally appeared before me William Paul Goranson proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity as President + CEO of Cibola Resources LLC, a Delaware Limited Liability Company, and that by his signature on the instrument said entity executed such instrument as grantor as its act and deed.

[Signature]  
NOTARY PUBLIC

My Commission Expires:  
9/28/2025

Residing at:  
Portland, Texas









**Memorandum of the Material Terms  
of a  
Mining Lease and Agreement**

This is a Memorandum made pursuant to NMSA 1978, Section 14-9-1, of the Material Terms of a Mining Lease and Agreement, as amended, effective as of April 6, 2007 (the "Effective Date") between LA MERCED del PUEBLO de CEBOLLETA, a political subdivision of the State of New Mexico, whose address is La Merced del Pueblo de Cebolleta, Attention: President, Board of Trustees, HC 77, Box 6, Seboyeta, NM 87014, as Lessor, and CIBOLA RESOURCES, a Delaware ~~corporation~~ <sup>limited liability company</sup>, whose address is 10832 Road G, Cortez, Colorado 81321, assignee of NEUTRON ENERGY, INC., a Wyoming corporation, the original Lessee, as Lessee. This Memorandum is made pursuant to NMSA 1978, Section 14-9-1.

A. Lessor and Lessee entered into a Mining Lease and Agreement (the "Lease"), effective as of the Effective Date, and the Lease has been amended by the Parties, in which Lessor granted Lessee certain rights and privileges with respect to the Property which under the Lease means (i) the land owned by Lessor in fee located in Cibola County, New Mexico and described in Exhibit A to the Lease and to this Memorandum and (ii) any other fee interest in land within the exterior boundaries of the land described in Exhibit A acquired by Lessor after the Effective Date.

B. The Lease was affirmed on the Effective Date by Camille Martinez-Olguin, District Judge, Thirteenth Judicial District, Cibola County, New Mexico.

C. The Lease was for a primary term of ten (10) years from the Effective Date and the primary term has been extended up to and including April 6, 2029, and for so long thereafter as Lessee is in good faith actively conducting operations on the Property under the terms of the Lease, including development, permitting, preparing for mining, mining, processing, reclamation,

202302078 Page 1 of 4B: 030 P: 04531 10/27/2023 09:03 AM  
Michelle E. Dominguez, Cibola County, NM Clerk and Recorder



10

**EXHIBIT "A"**

to that certain Mining Lease dated March 11, 2007 by and between La Merced del Pueblo de Cebolleta as Lessor and Neutron Energy, Inc. as Lessee.

**Description of Lands Subject to Lease**

**"South L Bar Tract"**

That certain tract of land known as the "South L Bar Tract," located in Cibola (formerly Valencia) County, New Mexico, comprising a portion of the lands originally known and referred to as "L Bar Ranch," lying within the boundaries of the Original Cebolleta Land Grant, the exterior boundaries of said tract being more particularly described as follows, to-wit:

Beginning at a point on the original South boundary of the Cebolleta Land Grant, which point bears North 89°56' West 4842.42 feet from the 14-mile corner or marker on the original Southern boundary of said Cebolleta Land Grant; thence due North along the Easterly boundary of the lands owned by the Cebolleta people and adjoining the L Bar Ranch lands a distance of 10,411.75 feet to a point; thence South 89°59'20" East 13,751.27 feet to a point; thence South 00°18'21" East 10,433.41 feet to a point on the original Southern boundary of the Cebolleta Land Grant, which is the Southeast corner of this tract; thence along the original Southern boundary of the Cebolleta Land Grant North 89°47' West a distance of 1081.2 feet; thence North 89°47' West a distance of 2638.35 feet to a point; thence North 89°57' West a distance of 5245.68 feet to a point; thence North 89°56' West 4842.42 feet to the place and point of beginning;

**EXCEPTING AND EXCLUDING** all portions of said South L Bar Tract lying and being East of the Exxon Mineral Fee West Boundary Line as set forth in that certain Quitclaim deed from Sohio Petroleum Company and Reserve Oil and Minerals Corporation as Grantors to Exxon Company, U.S.A. as Grantee dated February 11, 1974 and recorded in Volume 248, pages 5135-5137 of the official records of Valencia County, New Mexico;

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dated September 22, 2004 from Sohio Western Mining Company as Grantor to United States of America as Grantee, recorded in volume 13 at page 9438, official records of Cibola County, New Mexico; and bound on the East by the following described line: beginning at the Northeast corner of the "DOE Tract" as described in Exhibit "A" to Warranty and Quitclaim Deed dated September 22, 2004 from Sohio Western Mining Company as Grantor to United States of America as Grantee, recorded in volume 13 at page 9438, official records of Cibola County, New Mexico; thence due North to the North line of said South L Bar tract.

"St. Anthony" Tracts

Township 11 North, Range 5 West of the N.M.P.M.

- Section 23: All that portion of Section 23 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.
- Section 24: All that portion of Section 24 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.
- Section 25: N1/2
- Section 26: N1/2

Township 11 North, Range 4 West of the N.M.P.M.

- Section 19: All that portion of Section 19 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.
- Section 20: All that portion of Section 20 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.
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- Section 22: All that portion of Section 22 lying and being South of the South Line of the Original Boundary of the Cebolleta Land Grant.
- Section 23: SW1/4
- Section 26: NW1/4
- Section 27: All
- Section 28: All
- Section 29: N1/2
- Section 30: N1/2

**TOTAL ACREAGE SUBJECT TO THIS LEASE: 6717.0, MORE OR LESS**

2023-02-07 8:03:03 AM  
 Michelle E. Dominguez, Cibola County, NM Clerk and Recorder



American Future Fuel Corporation  
together with Cibola Resources LLC  
(the "Company")

February 13, 2024

La Merced Del Pueblo de Cebolleta (the "Cebolleta Land Grant")  
New Mexico, USA  
Attention: Board of Trustees

Dear Sir or Madam:

Re: Audit confirmation for the year ended December 31, 2023

In connection with the preparation and audit of our consolidated financial statements for the year ended December 31, 2023, our auditors Crowe MacKay LLP request confirmation of the status of your agreement with us.

The Mining Lease Agreement (the "Agreement") dated April 6, 2007 (the "Effective Date") signed with Neutron Energy, Inc ("Neutron"), was first amended on February 21, 2012, and then further amended on January 8, 2018, April 6, 2021 and October 26, 2023. On December 31, 2020, Neutron was acquired by, and became a wholly-owned subsidiary of Encore Energy Inc. ("Encore"). In May 2022, Encore and Neutron, together, completed a transaction to sell their subsidiary – Cibola Resources LLC that held the Agreement. As at December 31, 2023 and the date of your response to this confirmation, the Agreement is between the Cebolleta Land Grant and Cibola Resources LLC (a wholly-owned subsidiary of American Future Fuel Corporation).

Based on the terms of the Agreement together with its amendments, there are annual advance royalty and community project payments due on or before each of the seventeenth, eighteenth, nineteenth, twentieth and twenty-first anniversaries of the Effective Date in the amount of USD \$175,000 and USD \$25,000 respectively. Upon payment of these amounts, the primary term of the Agreement through to April 6, 2029 and for so long thereafter as the Company is in good faith actively conducting operations on the project. Annual advanced royalties due after the twenty-first anniversary are to be determined as \$175,000 x (IPB published by the Bureau/Base IPD).

As at December 31, 2023 and the date of your response to this confirmation, the Agreement is in good standing and the Company may continue to explore the areas covered by the Agreement.

If you agree with the above given information, please sign this letter in the space provided below, and either fax it directly to our auditors at 1-604-687-5805 attention Elaine Zhang, or email it to Elaine.Zhang@crowemackay.ca.

If there are discrepancies with your records, please identify them and respond to our auditors.

Your early attention to this request is greatly appreciated.

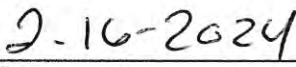
Sincerely,  
**American Future Fuel Corporation**

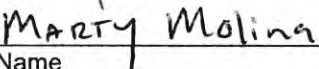
Per: Geoff Balderson, CFO

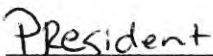
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I agree with the information given above.

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Name

  
\_\_\_\_\_  
Position

**ATTACHMENT B**  
**CULTURAL RESOURCE SURVEY**

**This section has been redacted. 04/15/2024**



**ATTACHMENT C**  
**BIOLOGICAL SURVEY**

**BIOLOGICAL EVALUATION**  
***NORTH CEBOLLETA EXPLORATION PROJECT***

***Prepared for:***

Cibola Resources, LLC  
18032 Rd. G | Cortez, CO 81321

***Prepared by:***

Rocky Mountain Ecology, LLC  
P.O. Box 45193 | Rio Rancho, NM 87174



A handwritten signature in black ink, appearing to read "Clayton P. Bowers". The signature is fluid and cursive, extending across the width of the line below it.

**Signed By:** \_\_\_\_\_  
Clayton P. Bowers – Rocky Mountain Ecology LLC

**Date:** January 30, 2024

**Approved By:** \_\_\_\_\_  
David Ennis – Permit Lead, Mining and Minerals Division, EMNRD

**Date:** \_\_\_\_\_

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## **I. Introduction and Proposed Action**

Cibola Resources, LLC (CBR) proposes to engage in exploratory drilling activities to support uranium exploration within Cibola County, New Mexico (Figure 1). The proposed drilling locations are amongst scattered historic uranium mines that have been abandoned in an area located within a prolific mineral belt north of Laguna, NM. CBR anticipates disturbance on up to 4.5 acres (ac) of land to support the exploratory drilling on unplatted lands within the Cebolleta Land Grant (Figures 2 & 3). CBR intends to apply for the minimal impact permit with the New Mexico Mining and Minerals Division at the conclusion of environmental and cultural due diligence.

Rocky Mountain Ecology, LLC (RME) has been contracted to prepare this Biological Evaluation (BE) in compliance with Section 7 of the Endangered Species Act (ESA) (19 U.S.C. 1536 (c), 50 CFR 402.12 (F) and 402.14 (c)) and other relevant Federal laws and regulations. This BE discloses and analyzes impacts associated with drilling operations as proposed by CBR.

### **Project Location**

The North Cebolleta Exploration Project is located approximately 4.5 miles east of Seboyeta, NM. It is located on private lands associated with the Cebolleta Land Grant in Cibola County, New Mexico. The project area can be located on the Moquino, NM U.S. Geological Survey 7.5-minute topographic map. From Seboyeta, access to the site can be gained from County Road 1, and then on unmaintained private two-track roads.

### **Project Activities**

The purpose of the Proposed Action is to allow CBR to test for the viability of a uranium mine in the proposed permit area. A total of 25 drill holes and 19 drill pads would be developed for exploration across four distinct drilling areas. One drilling area harbors existing access roads in which CBR would utilize, while the remaining three drilling areas would require access roads to be developed (Figure 3). Each drill hole would be drilled to an approximate depth of 400 feet (ft). All site disturbance would be minimized to the extent possible. CBR intends to acquire a Minimal Impact Permit with the New Mexico Mining and Minerals Division (MMD) to cover the proposed exploratory drilling activities. Less than 5 ac would be disturbed as part of the proposed action. Future expansion and development would likely occur as needed.

The need for the action is to develop the uranium resource, which is a reliable, clean and safe energy source. This BE has been prepared to analyze impacts and determine effects of the Proposed Action on federally proposed, threatened and endangered species, and NM state listed species. Specifically, this BE would provide knowledge regarding protected species, and assist the proponent in determining if formal consultation with the U.S. Fish and Wildlife Service (USFWS) is prudent. This document would also aid in determining if the Proposed Action would lead toward the federal listing of any state listed species or federal candidate species on the Endangered Species Act of 1973 as amended.

## II. Methods

The Endangered Species Act of 1973 (ESA) requires the evaluation of potential impacts on federally-listed species and their critical habitat. The USFWS, the New Mexico Department of Game and Fish (NMDGF) and the NM Rare Plant Technical Council (NMRPTC) databases were reviewed to determine potential occurrence of state listed and federal proposed, threatened, and endangered species in the project area. Specifically, the USFWS New Mexico Ecological Services website (<http://ecos.fws.gov/>) was verified for federally-listed flora and fauna species (Project Code: 2024-0041081 – Appendix B; USDI 2024). The NM Rare Plants website (<http://nmrareplants.unm.edu>) was searched for information on potential sensitive flora species within Cibola County (NMRPTC 1999). Habitat associations and species descriptions for the targeted species were derived from these websites, and their habitat requirements were then compared to the habitat found in the project area to identify which species were likely to occur. Species considered unlikely to occur and for which suitable habitat does not exist within the project area, were removed from further consideration. A list of target species—those species that are likely to occur or have potential habitat within the project area—was developed from these comprehensive lists prior to the biological survey.

A 100-percent pedestrian biological survey of the project area was conducted by Clay Bowers, a RME qualified biologist (hereafter referred to as the biological survey). In addition to surveying all drill pad and access locations, a 150-foot buffer around all project elements was also surveyed, for a total survey area of 73 ac. The biological survey was conducted on January 22, 2024 from 9:15 am to 3:00 pm Mountain Daylight Time (MDT). During the survey, air temperature was 40 degrees Fahrenheit (°F) with cloudy skies and calm winds. During the biological survey, searches for the presence of noxious weeds as defined by the New Mexico Department of Agriculture (NMDA) and for the presence of potential wetlands and waters of the U.S. as defined by the U.S. Army Corps of Engineers (USACE) were also conducted.

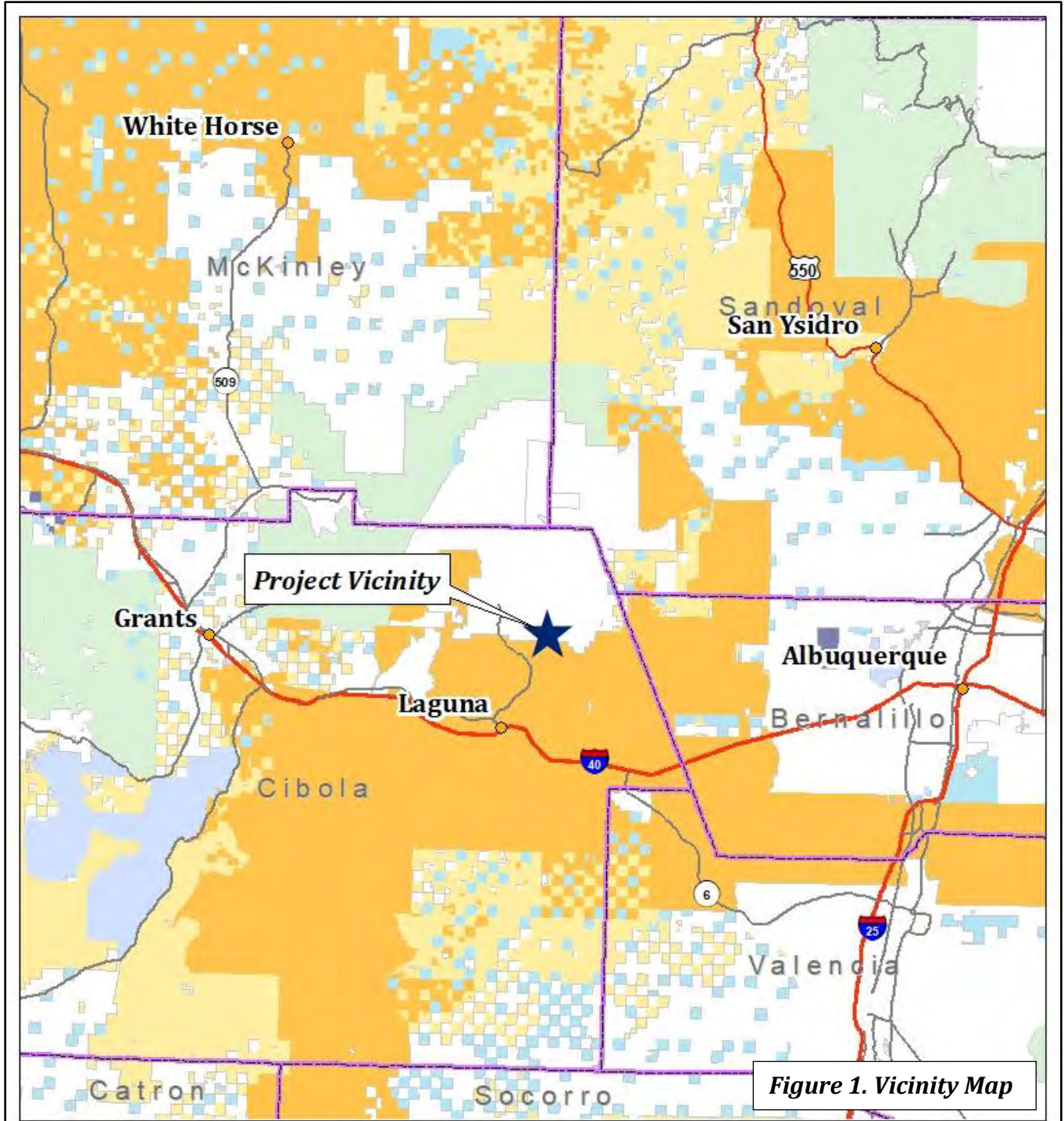


Figure 1. Vicinity Map

Legend	
County Boundaries	USFWS
Interstates	BIA
NM State Highways	NPS
US Highways	Private
BLM	State
Forest Service	State Park

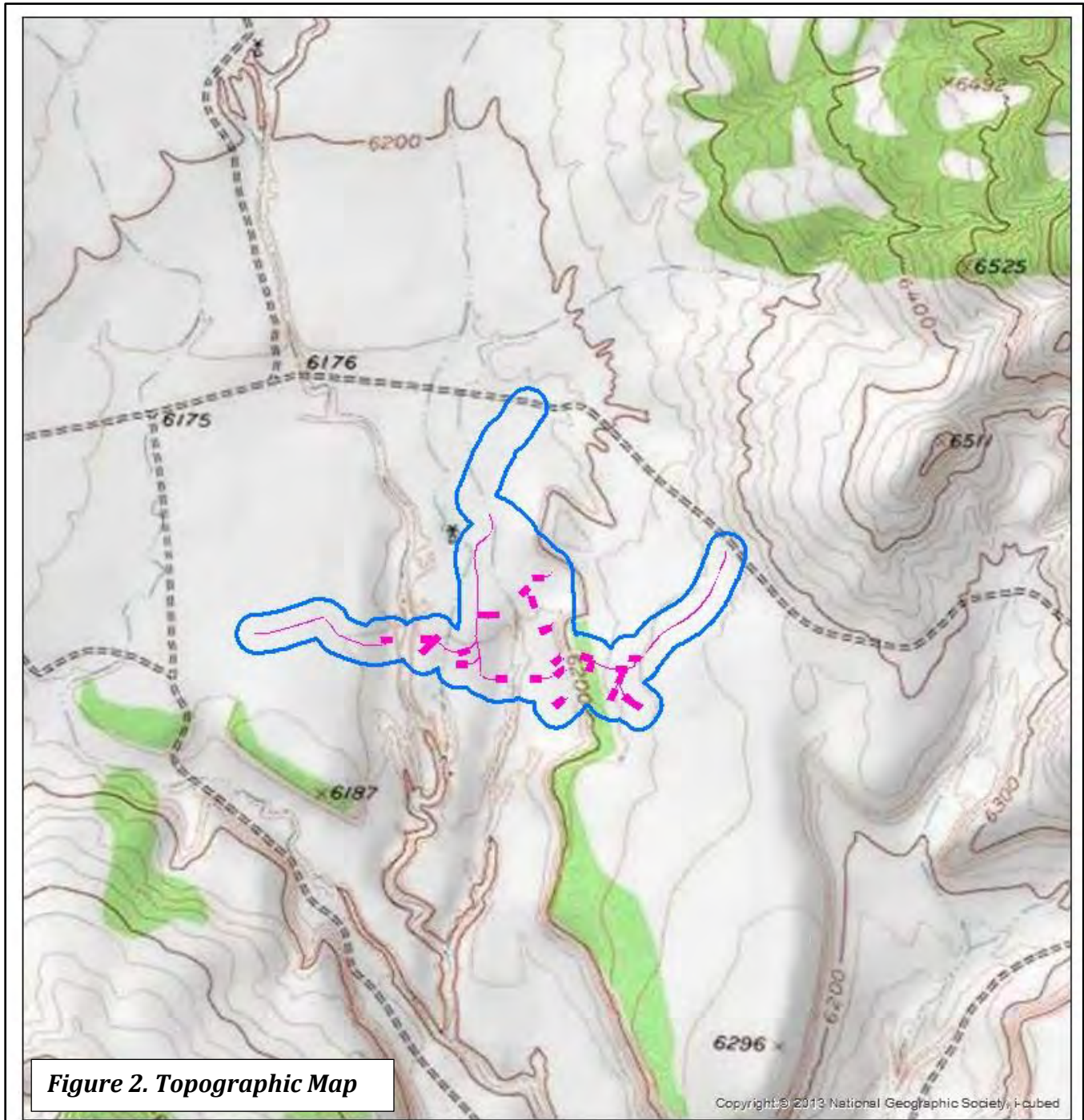
0 5 10 20 Miles



**Project Location**



Map created by Rocky Mountain Ecology, 01/2024





**Figure 2. Topographic Map**

0 0.15 0.3 0.6 Miles

**Project Location**

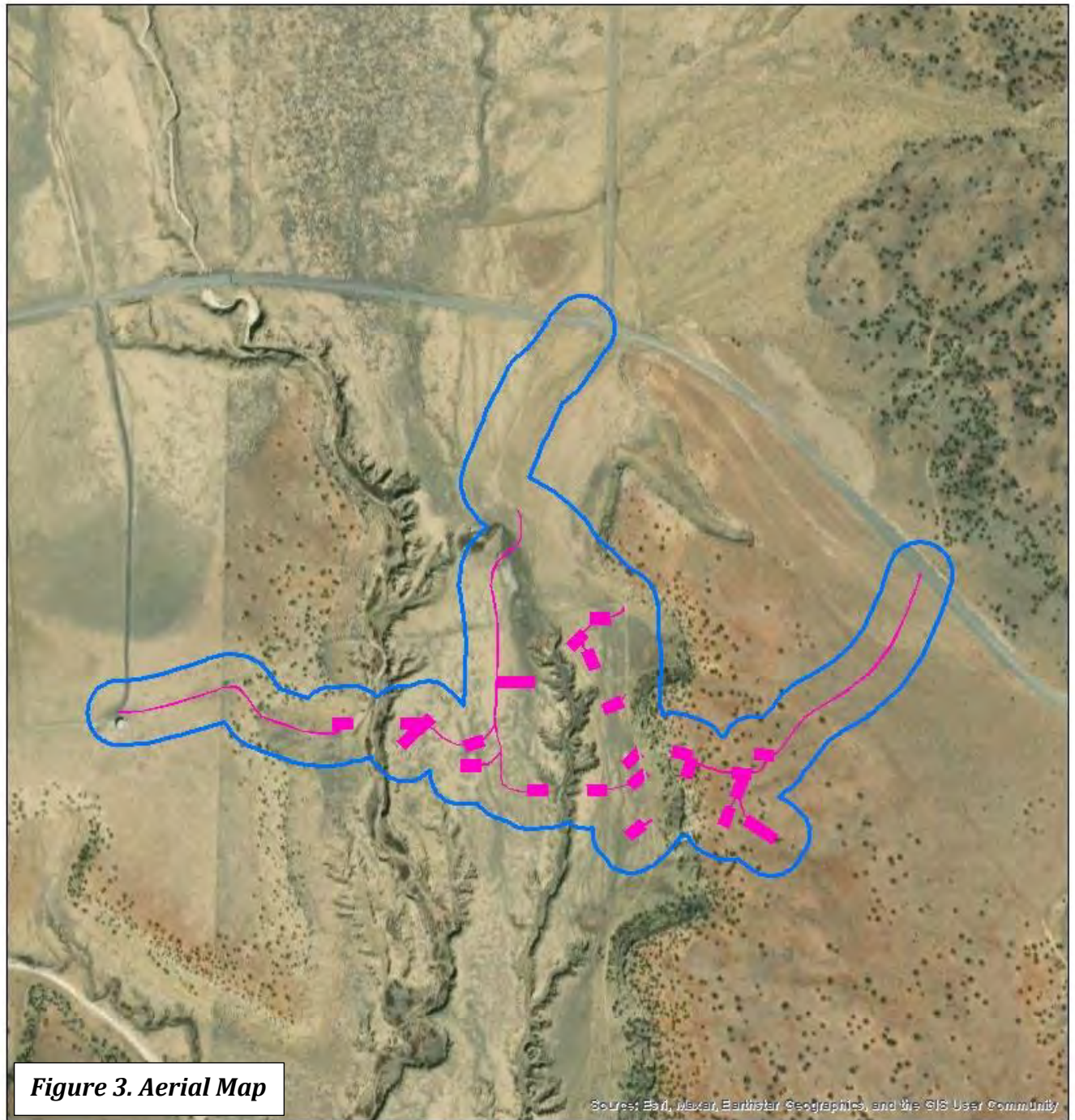


**Legend**

-  Survey Area Buffer 73 ac
-  Drill Pads and Access Rds <4.5 ac



Map Created by Rocky Mountain Ecology, LLC 01/2024





0 0.075 0.15 0.3 Miles

**Project Location**



**Legend**

-  Survey Area Buffer 73 ac
-  Drill Pads and Access Rds <4.5ac



*Map Created by Rocky Mountain Ecology, LLC 01/2024*



### III. Environment and Existing Conditions

The elevation of the project area occurs at approximately 6,180 feet above sea level. Topography in the four drilling areas is generally flat with a slight southern aspect. Areas between drilling areas are bisected by incised arroyos and abrupt banded sandstone outcrops. The surrounding landscape is defined by highly incised drainages with prominent tablelands (mesas) dominating the viewshed. Average temperatures in the general area range from a minimum of 19.4 °F in December to a maximum of 90.1 °F in July. Annual precipitation averages 9.9 inches (WRCC 2024).

#### Physiogeography

The project area is located within the Semiarid Tablelands sub-region of the Arizona/New Mexico Plateau ecoregion (Griffith et al. 2006), which includes mesas, plateaus, valleys and canyons formed from gentle dipping sedimentary rocks. Bedrock exposures are common in the subregion along with loose stands of scattered pinon-juniper forests. The surrounding area has been subject to historic uranium mining activities which have been decommissioned. The primary use of the general area is livestock grazing.

#### Soils

The project area occurs in the Grants Mineral Belt of New Mexico, which contains approximately 37 percent of all Uranium produced in the United States (Dahlkamp 2010). Soil types were identified as determined by the Natural Resource Conservation Service (NRCS) Web Soil Survey (NRCS 2024). Soils in the proposed project area are classified by two major types: Sparank-San Mateo complex soils and Hagerman-Bond association soils. The composition of these respective soils is as follows. The Sparank series has a parent material of fan alluvium derived from shale, sandstone and siltstone, and occurs on floodplains, drainageways and alluvial fans on 0-5 percent slopes. These soils are well drained and have no frequency of ponding and occasional frequency of flooding. The Hagerman-Bond association has a parent material of eolian deposits over alluvium derived from sandstone, and occurs on ridges, mesas and hills on 1-10 percent slopes. These soils are well drained and have no frequency of ponding or flooding (NRCS 2024).

#### Vegetation

The project area is located within the Juniper Savanna vegetation community (Dick-Peddie 1993). The project area is divided into two landform types: the uplands which contain a less robust herbaceous component, and the lowlands which contain dense grasses and forbs due to the nearby presence of an active ephemeral flowpaths. The lowlands in the project area consist of a heavy community of alkali sacaton (*Sporobolus airoides*), lovegrass (*Eragrostis* spp.) and blue grama (*Bouteloua gracilis*). Other dominant herbaceous species noted during the biological survey include galleta grass (*Pleuraphis jamesii*) and amaranth (*Amaranthus palmeri*). Trees and shrubs are limited to few and scattered one-seed juniper (*Juniperus monosperma*), four-wing saltbush (*Atriplex canescens*) and tree cholla (*Cylindropuntia imbricata*). Other species documented at the site include big sagebrush (*Artemisia tridentata*), rabbitbrush (*Chrysothamnus nauseosus*), wolfberry (*Lycium torreyi*), prickly pear (*Opuntia macrocentra*), thinleaf yucca (*Yucca glauca*), snakeweed (*Gutierrezia*

*sarothrae*), curlycup gumweed (*Grindelia squarrosa*), cocklebur (*Xanthium strumarium*), scarlet globemallow (*Sphaeralcea coccinea*), Adonis blazingstar (*Mentzelia multiflora*), silverleaf nightshade (*Solanum elaeagnifolium*), Russian thistle (*Salsola kali*), annual sunflower (*Helianthus annuus*), Rocky Mountain zinnia (*Zinnia grandiflora*), showy milkweed (*Asclepias speciosa*), spectaclepod (*Dimorphocarpa wislizeni*), spotted spurge (*Euphorbia maculata*), western wheatgrass (*Pascopyrum smithii*), vine mesquite (*Panicum obtusum*) and Indian ricegrass (*Oryzopsis hymenoides*). Overall, vegetation density and diversity at the site is high and vegetation condition was noted as moderate to high quality.

### **Noxious and Invasive Weeds**

Salt cedar (*Taramix spp.*), a Class C noxious weed (NMDA 2020) was found in the ephemeral arroyos that bisected the drilling areas. The species was not located within proposed disturbance limits. Surface disturbance activities associated with the proposed project could create potential for the establishment and spread of noxious weeds and invasive, non-native species. Invasive, non-native species can outcompete and displace native vegetation resulting in altered wildlife habitat use.

### **Rare Plants**

No New Mexico rare plants as listed by the NMRPTC were located during the biological survey.

### **Wildlife**

Overall vertebrate species were not abundant at the project area during the biological survey. Wildlife typical of the general area include coyotes (*Canis latrans*), desert cottontails (*Sylvilagus audubonii*), common ravens (*Corvus corax*), turkey vultures (*Cathartes aura*), bull snakes (*Pituophis catenifer sayi*), and whiptail lizards (*Cnemidophorus* spp.). Wildlife observed during the biological survey include dark-eyed juncos (*Junco hyemalis*), white-crowned sparrows, (*Zonotrichia leucophrys*), house finch (*Haemorhous mexicanus*), Say's phoebe (*Sayornis saya*), western bluebird (*Sialia mexicana*) and common ravens (*Corvus corax*). No raptors or signs of raptor use were observed during the biological survey. No bird nests or ground burrows were observed during the biological survey. Notably, cliff habitat with suitable nesting strata occurs immediately adjacent to and between the two eastern drilling areas. Though outside of (and between) the drilling areas, these areas were scanned with binoculars for nesting activity with negative results. It is possible these areas could be established as nesting sites prior to the onset of project activities.

### **Wetlands and Waterways**

The Clean Water Act (CWA) of 1972 regulates activities that have the potential to impact Waters of the U.S. (WOUS). Section 404 of the CWA regulates discharge of dredged and fill materials within the ordinary high water mark (OHWM) of WOUS, and is administered by the USACE. Section 401 of the CWA regulates water quality and, for the purposes of the project, is administered by the New Mexico Environment Department (NMED), Surface Water Quality Bureau (SWQB).

Prior to the biological survey, the National Wetland Inventory (NWI) website was accessed to determine potential wetland presence within the project area, which indicated that riverine wetlands occur in the project area, in the arroyo features between drilling areas, and in between a cattle tank feature and an arroyo, where an access path is proposed to be constructed. However, during the biological survey, the project area was evaluated for the presence of wetland indicators (e.g., hydrophytic vegetation or wetland hydrology) and no wetlands were located. The flowpath that occurs between the cattle tank and the arroyo, where an access road is planned to be constructed, was noted to be damp, likely due to leakage from the man-made cattle tank, however no wetland criteria was observed. Therefore, no impacts to jurisdictional waters of the U.S. would be incurred.

#### IV. Threatened, endangered, and proposed species being considered

Federally listed species (Table 1) from the project area were obtained from the USFWS Information, Planning, and Conservation System (IPaC; USFWS 2024). The project area does not contain critical habitat for any federally listed species. Potential effects of the Proposed Action on threatened, endangered, and proposed species are analyzed in this section.

**Table 1. Federally listed species for the project area, as of 25 January, 2024.**

Species	Legal Status	Habitat Present	Habitat not Present	Habitat Present but not Affected	Does not Occur in Area	Comments
<b>Mammals (1)</b>						
Mexican wolf ( <i>Canis lupus baileyi</i> )	Endangered				X	Project area is outside the species recovery area.
<b>Birds (3)</b>						
Southwestern willow flycatcher ( <i>Empidonax traillii extimus</i> )	Endangered		X			Riparian habitat requirement not present at project site. <u>No further analysis required.</u>
Mexican spotted owl ( <i>Strix occidentalis lucida</i> )	Threatened		X			Mixed-conifer or pine-oak woodland habitat not present within project area. <u>No further analysis required.</u>
Western yellow-billed cuckoo ( <i>Coccyzus americanus occidentalis</i> )	Threatened		X			Riparian woodland habitat not present at project site. <u>No further analysis required.</u>
<b>Plants (2)</b>						

Species	Legal Status	Habitat Present	Habitat not Present	Habitat Present but not Affected	Does not Occur in Area	Comments
Zuni fleabane ( <i>Erigeron rhizomatus</i> )	Threatened		X			Herbaceous perennial that prefers clay hillsides with shale soils in piñon-juniper woodlands from 7,300 to 8,000 feet elevation (USFWS 1988). The project area occurs below the lower elevational threshold for the species. Further, no individuals were located during the biological survey. <u>No further analysis required.</u>
Pecos sunflower ( <i>Helianthus paradoxus</i> )	Threatened		X			Occupies wetland and riparian habitats, salt marshes, and the periphery of inland salt lakes. These habitat requirements are not present at the site. <u>No further analysis required.</u>

## V. Special status species being considered

Special status species (Table 2) include State threatened and endangered species with potential habitat in the project area, in addition to federal candidate species. Potential effects on these species of the Proposed Action are analyzed in this section.

**Table 2. Special status species for the project area.**

Species	Legal Status	Habitat Present	Habitat not Present	Habitat Present but not Affected	Does not Occur in Area	Comments
<b>Mammals (1)</b>						
Spotted bat ( <i>Euderma maculatum</i> )	NM State Threatened			X		Forages throughout woodlands, montane meadows, shrublands, and grasslands. Roosts in crevices and cracks in

Species	Legal Status	Habitat Present	Habitat not Present	Habitat Present but not Affected	Does not Occur in Area	Comments
						cliffs (BISON-M 2024). Roosting habitat is present in the adjacent nearby cliffs to the north and south of the project area. Drilling activities could displace roosting bats from the area. However, given the expansive availability of roosting habitat in the surrounding area, this is not considered to be a significant impact. No impact to foraging bats would occur as no work would occur at night. Therefore, given the above information, <u>implementation of the Proposed Action may impact individuals, but would not impact regional habitat or spotted bat population trends.</u>
<b>Birds (3)</b>						
Bald eagle ( <i>Haliaeetus leucocephalus</i> )	NM State Threatened		X			Found in a variety of habitats near rivers, large streams and lakes. No waterbodies are present in the general vicinity of the project area. <u>No further analysis required.</u>
American peregrine falcon ( <i>Falco peregrinus anatum</i> )	NM State Threatened	X				Steep, sheer cliffs overlooking woodlands, riparian areas or other habitats supporting avian prey species in abundance. <u>Analysis Required.</u>
Gray vireo ( <i>Vireo vicinior</i> )	NM State Threatened		X			Occurs in dense stands of mixed piñon, juniper and oak scrub associations, usually with a well-developed grass component. No dense stands

Species	Legal Status	Habitat Present	Habitat not Present	Habitat Present but not Affected	Does not Occur in Area	Comments
						of piñon, juniper or oak associations exist within the project area.
<b>Insects (1)</b>						
Monarch Butterfly ( <i>Danaus plexippus</i> )	USFWS Candidate		X			Found in various habitats including forests, woodland, and grassland habitats where suitable forage (i.e., milkweed) is present. Suitable habitat for the species is absent from the project area. While individuals may occasionally traverse the project area, impacts to individuals or associated habitat are not anticipated from the proposed action. <u>No further analysis required.</u>

**VI. Potential for Effects**

*Federally endangered, threatened, and proposed species*

Due to the lack of federal critical habitat, general habitat or occurrence within the project area, there was a no effect determination for the federally endangered, threatened, and proposed species analyzed in the BA section (Table 1). Those species include: Southwestern willow flycatcher, Mexican spotted owl, Western yellow-billed cuckoo, Pecos sunflower and Zuni fleabane.

*Special status species*

Due to the lack of general habitat or occurrence within the project area, four of the five special status species received a no impact determination. Those species include: spotted bat, bald eagle, gray vireo and monarch butterfly.

The following special status species require further analysis:

- American peregrine falcon

**AMERICAN PEREGRINE FALCON**

Assessments of the American peregrine falcon presence/absence were conducted during the biological survey; however, extensive, species-specific surveys for falcons were not conducted. These subspecies normally nest in steep vertical cliffs in a variety of vegetation types with prey abundance apparently being a major limiting factor. Cliff habitat occurs

nearby and adjacent to the project area, which could serve as future suitable nesting habitat. Further, the entire project area and surrounding landscape could serve as suitable foraging habitat.

### Impact Evaluation

Roosting and nesting habitat occurs within the cliff band feature that occurs between the two eastern drilling areas. This area was scanned with binoculars during the biological survey for evidence of raptor nests with no detections. However, should falcons establish a nest in this area prior to the onset of project activities, impacts in the form of displacement (to roosting birds) or abandonment (to nests) could occur. Therefore, it is recommended that a raptor nest survey occur prior to the commencement of project activities. In addition, as the entire area is potential foraging habitat, the proposed action could directly affect the foraging options for peregrine falcons due to work activities and disturbance of foraging habitat within the project area footprint; however, foraging falcons would likely use adjacent areas that were void of construction activities. Further, no indirect impacts to this species are anticipated. Provided that a nest survey with negative results takes place prior to the onset of project activities, individuals would not likely be adversely impacted by the project, nor would it result in a trend towards federal listing or loss of population viability. Should nesting falcons be discovered prior to onset of project activities, it is recommended that CBR consult with the NMDGF for a mitigation plan.

## **VII. Determination Summary**

The Proposed Action will have the following effects/impacts:

- The Proposed Action will have no effect on the following federally listed species: Mexican wolf, southwestern willow flycatcher, Mexican spotted owl, western yellow-billed cuckoo, Pecos sunflower and Zuni fleabane for the following reasons: 1) the project area does not contain the necessary habitat or prey base; or 2) the analyzed species do not occur within the project area.

The Proposed Action will have no impact on the following special status species: spotted bat, bald eagle, gray vireo and monarch butterfly for the following reasons: 1) the project area does not contain the necessary habitat or prey base; or 2) the analyzed species do not occur in the project area.

- The Proposed Action may impact individuals, but is not likely to impact habitat or population trends the American peregrine falcon (State NM Threatened) for the following reasons: 1) nesting/forage habitat could be impacted by the Proposed Action, however given the small scale of the project, coupled with the availability of adjacent, suitable and expansive habitat, this impact is not anticipated, 2) no peregrine falcons were observed during the biological survey, 3), a pre-construction nesting survey to confirm lack of species/nest presence could be carried out immediately prior to construction activities to mitigate any impacts to the species, and 4) any displaced

species would be expected to occupy adjacent similar habitat, which is widely available in the region.

### **VIII. Summary and Conclusions**

Exploratory drilling activities in the proposed expansion area could impact up to 4.5 acres of vegetation. This impact is considered insignificant given that similar vegetation occurs expansively in the surrounding landscape. Existing roads and newly constructed road segments would be utilized to reach the proposed drill pads. In these areas vehicular traffic would be confined to the active corridor.

The Proposed Action will have temporary and permanent effects on wildlife. During drilling activities, larger mammals and birds may choose to leave and/or avoid the area, while individual small mammals and reptiles may be displaced. These impacts are considered discountable given the extremely small footprint of the project area when compared to the availability of expansive adjacent habitat. Any wildlife that does utilize the project area would be expected to shift their patterns to adjacent, undisturbed and suitable habitat. No bird nests were found during the biological survey. However, cliff habitat that harbors suitable nesting habitat occurs between the two eastern drilling areas. It is recommended that a qualified biologist survey these areas for raptor nests prior to the onset of project activities. If nesting raptors are located, it is recommended that CBR consult with the NMDGF to mitigate potential impacts.

No wetlands occur within the project area. Though a damp flowpath occurs in a location where a proposed road would be constructed, it was determined to be seasonally damp and caused by a leaking cattle tank; therefore, consultation with the USACE would not be required.

Ultimately, no federally listed species were determined to have the potential for occurring at or near the project area. A no effect determination was made for all federally threatened or endangered species due to lack of critical habitat, general habitat, or occurrence in the project area. A no impact determination was made for four special status species in the project area due to the lack of general habitat or occurrence in the project area. A determination of may impact individuals, but is not likely to impact habitat or population trends was made for the American peregrine falcon.



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# **Appendices**

## Appendix A: Photographs

Photo 1. Proposed access to western drilling area, facing east.



Photo 2. Proposed access to western drilling area, facing east.



Photo 3. Arroyo feature between two western drilling areas, facing south.



Photo 4. Middle-western drilling area, facing northeast.



Photo 5. Middle-eastern drilling area facing east.



Photo 6. Cliff features between the two eastern drilling areas, facing east.



Photo 7. Eastern drilling area, facing northeast.



## **Appendix B: USFWS IPaC Species Consultation List**



## United States Department of the Interior



FISH AND WILDLIFE SERVICE  
New Mexico Ecological Services Field Office  
2105 Osuna Road Ne  
Albuquerque, NM 87113-1001  
Phone: (505) 346-2525 Fax: (505) 346-2542

In Reply Refer To:  
Project Code: 2024-0041081  
Project Name: North Cebolleta Uranium Project

January 25, 2024

Subject: List of threatened and endangered species that may occur in your proposed project location or may be affected by your proposed project

### To Whom It May Concern:

Thank you for your recent request for information on federally listed species and important wildlife habitats that may occur in your project area. The U.S. Fish and Wildlife Service (Service) has responsibility for certain species of New Mexico wildlife under the Endangered Species Act (ESA) of 1973 as amended (16 USC 1531 *et seq.*), the Migratory Bird Treaty Act as amended (16 USC 701-715), and the Bald and Golden Eagle Protection Act as amended (16 USC 668-668(c)). We are providing the following guidance to assist you in determining which federally imperiled species may or may not occur within your project area, and to recommend some conservation measures that can be included in your project design.

The enclosed species list identifies threatened, endangered, proposed and candidate species, as well as proposed and final designated critical habitat, that may occur within the boundary of your proposed project and/or may be affected by your proposed project. The species list fulfills the requirements of the U.S. Fish and Wildlife Service (Service) under section 7(c) of the ESA of 1973, as amended (16 U.S.C. 1531 *et seq.*).

New information based on updated surveys, changes in the abundance and distribution of species, changed habitat conditions, or other factors could change this list. Please feel free to contact us if you need more current information or assistance regarding the potential impacts to federally proposed, listed, and candidate species and federally designated and proposed critical habitat. Please note that under 50 CFR 402.12(e) of the regulations implementing section 7 of the ESA, the accuracy of this species list should be verified after 90 days. The Service recommends that verification be completed by visiting the IPaC website at regular intervals during project planning and implementation for updates to species lists and information. An updated list may be requested through the IPaC system by completing the same process used to receive the enclosed list.

The purpose of the ESA is to provide a means whereby threatened and endangered species and



the ecosystems upon which they depend may be conserved. Under sections 7(a)(1) and 7(a)(2) of the ESA and its implementing regulations (50 CFR 402 *et seq.*), Federal agencies are required to utilize their authorities to carry out programs for the conservation of threatened and endangered species and to determine whether projects may affect threatened and endangered species and/or designated critical habitat.

A Biological Assessment is required for construction projects (or other undertakings having similar physical impacts) that are major Federal actions significantly affecting the quality of the human environment as defined in the National Environmental Policy Act (NEPA; 42 USC 4332(2) (c)). For projects other than major construction activities, the Service suggests that a biological evaluation similar to a Biological Assessment be prepared to determine whether the project may affect listed or proposed species and/or designated or proposed critical habitat. Recommended contents of a Biological Assessment are described at 50 CFR 402.12.

If a Federal agency determines, based on the Biological Assessment or biological evaluation, that listed species and/or designated critical habitat may be affected by the proposed project, the agency is required to consult with the Service pursuant to 50 CFR 402. In addition, the Service recommends that candidate species, proposed species and proposed critical habitat be addressed within the consultation. More information on the regulations and procedures for section 7 consultation, including the role of permit or license applicants, can be found in the "Endangered Species Consultation Handbook" at <https://www.fws.gov/sites/default/files/documents/endangered-species-consultation-handbook.pdf>.

### **Candidate Species and Other Sensitive Species**

A list of candidate and other sensitive species in your area is also attached. Candidate species and other sensitive species are species that have no legal protection under the ESA, although we recommend that candidate and other sensitive species be included in your surveys and considered for planning purposes. The Service monitors the status of these species. If significant declines occur, these species could potentially be listed. Therefore, actions that may contribute to their decline should be avoided.

Lists of sensitive species including State-listed endangered and threatened species are compiled by New Mexico State agencies. These lists, along with species information, can be found at the following websites.

Biota Information System of New Mexico (BISON-M): [www.bison-m.org](http://www.bison-m.org)

New Mexico State Forestry. The New Mexico Endangered Plant Program:  
<https://www.emnrd.nm.gov/sfd/rare-plants/>

New Mexico Rare Plant Technical Council, New Mexico Rare Plants: [nmrareplants.unm.edu](http://nmrareplants.unm.edu)

Natural Heritage New Mexico, online species database: [nhnm.unm.edu](http://nhnm.unm.edu)

## WETLANDS AND FLOODPLAINS

Under Executive Orders 11988 and 11990, Federal agencies are required to minimize the destruction, loss, or degradation of wetlands and floodplains, and preserve and enhance their natural and beneficial values. These habitats should be conserved through avoidance, or mitigated to ensure that there would be no net loss of wetlands function and value.

We encourage you to use the National Wetland Inventory (NWI) maps in conjunction with ground-truthing to identify wetlands occurring in your project area. The Service's NWI program website, [www.fws.gov/wetlands/Data/Mapper.html](http://www.fws.gov/wetlands/Data/Mapper.html), integrates digital map data with other resource information. We also recommend you contact the U.S. Army Corps of Engineers for permitting requirements under section 404 of the Clean Water Act if your proposed action could impact floodplains or wetlands.

## MIGRATORY BIRDS

In addition to responsibilities to protect threatened and endangered species under the ESA, there are additional responsibilities under the Migratory Bird Treaty Act (MBTA) and the Bald and Golden Eagle Protection Act (BGEPA) to protect native birds from project-related impacts. Any activity, intentional or unintentional, resulting in take of migratory birds, including eagles, is prohibited unless otherwise permitted by the Service (50 CFR 10.12 and 16 USC 668(a)). For more information regarding these Acts, see <https://www.fws.gov/program/migratory-bird-permit/what-we-do>.

The MBTA has no provision for allowing take of migratory birds that may be unintentionally killed or injured by otherwise lawful activities. It is the responsibility of the project proponent to comply with these Acts by identifying potential impacts to migratory birds and eagles within applicable NEPA documents (when there is a Federal nexus) or a Bird/Eagle Conservation Plan (when there is no Federal nexus). Proponents should implement conservation measures to avoid or minimize the production of project-related stressors or minimize the exposure of birds and their resources to the project-related stressors. For more information on avian stressors and recommended conservation measures, see <https://www.fws.gov/library/collections/threats-birds>. We also recommend review of the Birds of Conservation Concern list (<https://www.fws.gov/media/birds-conservation-concern-2021>) to fully evaluate the effects to the birds at your site. This list identifies migratory and non-migratory bird species (beyond those already designated as federally threatened or endangered) that represent top conservation priorities for the Service, and are potentially threatened by disturbance, habitat impacts, or other project development activities.

In addition to MBTA and BGEPA, Executive Order 13186: *Responsibilities of Federal Agencies to Protect Migratory Birds*, obligates all Federal agencies that engage in or authorize activities that might affect migratory birds, to minimize those effects and encourage conservation measures that will improve bird populations. Executive Order 13186 thereby provides additional protection for both migratory birds and migratory bird habitat. Please visit <https://www.fws.gov/partner/council-conservation-migratory-birds> for information regarding the implementation of Executive Order 13186.

We suggest you contact the New Mexico Department of Game and Fish, and the New Mexico Energy, Minerals, and Natural Resources Department, Forestry Division for information regarding State protected and at-risk species fish, wildlife, and plants.

For further consultation with the Service we recommend submitting inquiries or assessments electronically to our incoming email box at [nmesfo@fws.gov](mailto:nmesfo@fws.gov), where it will be more promptly routed to the appropriate biologist for review.

We appreciate your concern for threatened and endangered species. The Service encourages Federal agencies to include conservation of threatened and endangered species into their project planning to further the purposes of the Act. Please include the Consultation Code in the header of this letter with any request for consultation or correspondence about your project that you submit to our office.

Attachment(s):

- Official Species List

## OFFICIAL SPECIES LIST

This list is provided pursuant to Section 7 of the Endangered Species Act, and fulfills the requirement for Federal agencies to "request of the Secretary of the Interior information whether any species which is listed or proposed to be listed may be present in the area of a proposed action".

This species list is provided by:

**New Mexico Ecological Services Field Office**

2105 Osuna Road Ne

Albuquerque, NM 87113-1001

(505) 346-2525

## PROJECT SUMMARY

**Project Code:** 2024-0041081  
**Project Name:** North Cebolleta Uranium Project  
**Project Type:** Subsurface Exploration - Other Energy  
**Project Description:** Cibola Resources, LLC (CBR) proposes to engage in exploratory drilling activities to support uranium exploration within Cibola County, New Mexico (Figure 1). The proposed drilling locations are amongst scattered historic uranium mines that have been abandoned in an area located within a prolific mineral belt north of Laguna, NM. CBR anticipates disturbance on up to 4.5 acres (ac) of land to support the exploratory drilling on unplatted lands within the Cebolleta Land Grant (Figures 2 & 3). CBR intends to apply for the minimal impact permit with the New Mexico Mining and Minerals Division at the conclusion of environmental and cultural due diligence.

Rocky Mountain Ecology, LLC (RME) has been contracted to prepare this Biological Evaluation (BE) in compliance with Section 7 of the Endangered Species Act (ESA) (19 U.S.C. 1536 (c), 50 CFR 402.12 (F) and 402.14 (c)) and other relevant Federal laws and regulations. This BE discloses and analyzes impacts associated with drilling operations as proposed by CBR.

### Project Location

The North Cebolleta Exploration Project is located approximately 4.5 miles east of Seboyeta, NM. It is located on private lands associated with the Cebolleta Land Grant in Cibola County, New Mexico. The project area can be located on the Moquino, NM U.S. Geological Survey 7.5-minute topographic map. From Seboyeta, access to the site can be gained from County Road 1, and then on unmaintained private two-track roads.

### Project Activities

The purpose of the Proposed Action is to allow CBR to test for the viability of a uranium mine in the proposed permit area. A total of 25 drill holes and 19 drill pads would be developed for exploration across four distinct drilling areas. One drilling area harbors existing access roads in which CBR would utilize, while the remaining three drilling areas would require access roads to be developed (Figure 3). Each drill hole would be drilled to an approximate depth of 400 feet (ft). All site disturbance would be minimized to the extent possible. CBR intends to acquire a Minimal Impact Permit with the New Mexico Mining and Minerals Division (MMD) to cover the proposed exploratory drilling activities. Less than 5 ac would be disturbed as part of the proposed action. Future expansion and development would likely occur as needed.

The need for the action is to develop the uranium resource, which is a reliable, clean and safe energy source. This BE has been prepared to analyze impacts and determine effects of the Proposed Action on federally proposed, threatened and endangered species, and NM state listed species. Specifically, this BE would provide knowledge regarding protected species, and assist the proponent in determining if formal consultation with the U.S. Fish and Wildlife Service (USFWS) is prudent. This document would also aid in determining if the Proposed Action would lead toward the federal listing of any state listed species or federal candidate species on the Endangered Species Act of 1973 as amended.

**Project Location:**

The approximate location of the project can be viewed in Google Maps: <https://www.google.com/maps/@35.19294655,-107.31247323298015,14z>



Counties: Cibola County, New Mexico

## ENDANGERED SPECIES ACT SPECIES

There is a total of 6 threatened, endangered, or candidate species on this species list.

Species on this list should be considered in an effects analysis for your project and could include species that exist in another geographic area. For example, certain fish may appear on the species list because a project could affect downstream species.

IPaC does not display listed species or critical habitats under the sole jurisdiction of NOAA Fisheries<sup>1</sup>, as USFWS does not have the authority to speak on behalf of NOAA and the Department of Commerce.

See the "Critical habitats" section below for those critical habitats that lie wholly or partially within your project area under this office's jurisdiction. Please contact the designated FWS office if you have questions.

1. [NOAA Fisheries](#), also known as the National Marine Fisheries Service (NMFS), is an office of the National Oceanic and Atmospheric Administration within the Department of Commerce.

## MAMMALS

NAME	STATUS
Mexican Wolf <i>Canis lupus baileyi</i> Population: Wherever found, except where listed as an experimental population No critical habitat has been designated for this species. Species profile: <a href="https://ecos.fws.gov/ecp/species/3916">https://ecos.fws.gov/ecp/species/3916</a>	Endangered

## BIRDS

NAME	STATUS
Mexican Spotted Owl <i>Strix occidentalis lucida</i> There is <b>final</b> critical habitat for this species. Your location does not overlap the critical habitat. Species profile: <a href="https://ecos.fws.gov/ecp/species/8196">https://ecos.fws.gov/ecp/species/8196</a>	Threatened
Yellow-billed Cuckoo <i>Coccyzus americanus</i> Population: Western U.S. DPS There is <b>final</b> critical habitat for this species. Your location does not overlap the critical habitat. Species profile: <a href="https://ecos.fws.gov/ecp/species/3911">https://ecos.fws.gov/ecp/species/3911</a>	Threatened

## INSECTS

NAME	STATUS
Monarch Butterfly <i>Danaus plexippus</i> No critical habitat has been designated for this species. Species profile: <a href="https://ecos.fws.gov/ecp/species/9743">https://ecos.fws.gov/ecp/species/9743</a>	Candidate

## FLOWERING PLANTS

NAME	STATUS
Pecos (=puzzle, =paradox) Sunflower <i>Helianthus paradoxus</i> There is <b>final</b> critical habitat for this species. Your location does not overlap the critical habitat. Species profile: <a href="https://ecos.fws.gov/ecp/species/7211">https://ecos.fws.gov/ecp/species/7211</a>	Threatened
Zuni Fleabane <i>Erigeron rhizomatus</i> No critical habitat has been designated for this species. Species profile: <a href="https://ecos.fws.gov/ecp/species/5700">https://ecos.fws.gov/ecp/species/5700</a>	Threatened

## CRITICAL HABITATS

THERE ARE NO CRITICAL HABITATS WITHIN YOUR PROJECT AREA UNDER THIS OFFICE'S JURISDICTION.

YOU ARE STILL REQUIRED TO DETERMINE IF YOUR PROJECT(S) MAY HAVE EFFECTS ON ALL ABOVE LISTED SPECIES.

## **IPAC USER CONTACT INFORMATION**

Agency: Private Entity  
Name: Clay Bowers  
Address: P.O. Box 45193  
City: Rio Rancho  
State: NM  
Zip: 87174  
Email: bowers@rockymountainecology.com  
Phone: 5756393883



**ATTACHMENT D**

**PROJECT LOCATION MAP -**

**FIGURE 1 [SITE ACCESS],**

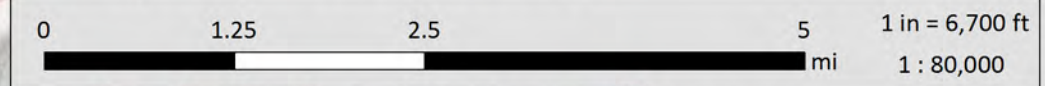
**FIGURE 2 [TOPOGRAPHIC MAP],**

**FIGURE 3 [PROPOSED DRILL HOLE AND ACCESS LAYOUT MAP]**

Figure 1. North Cebolleta Access Map

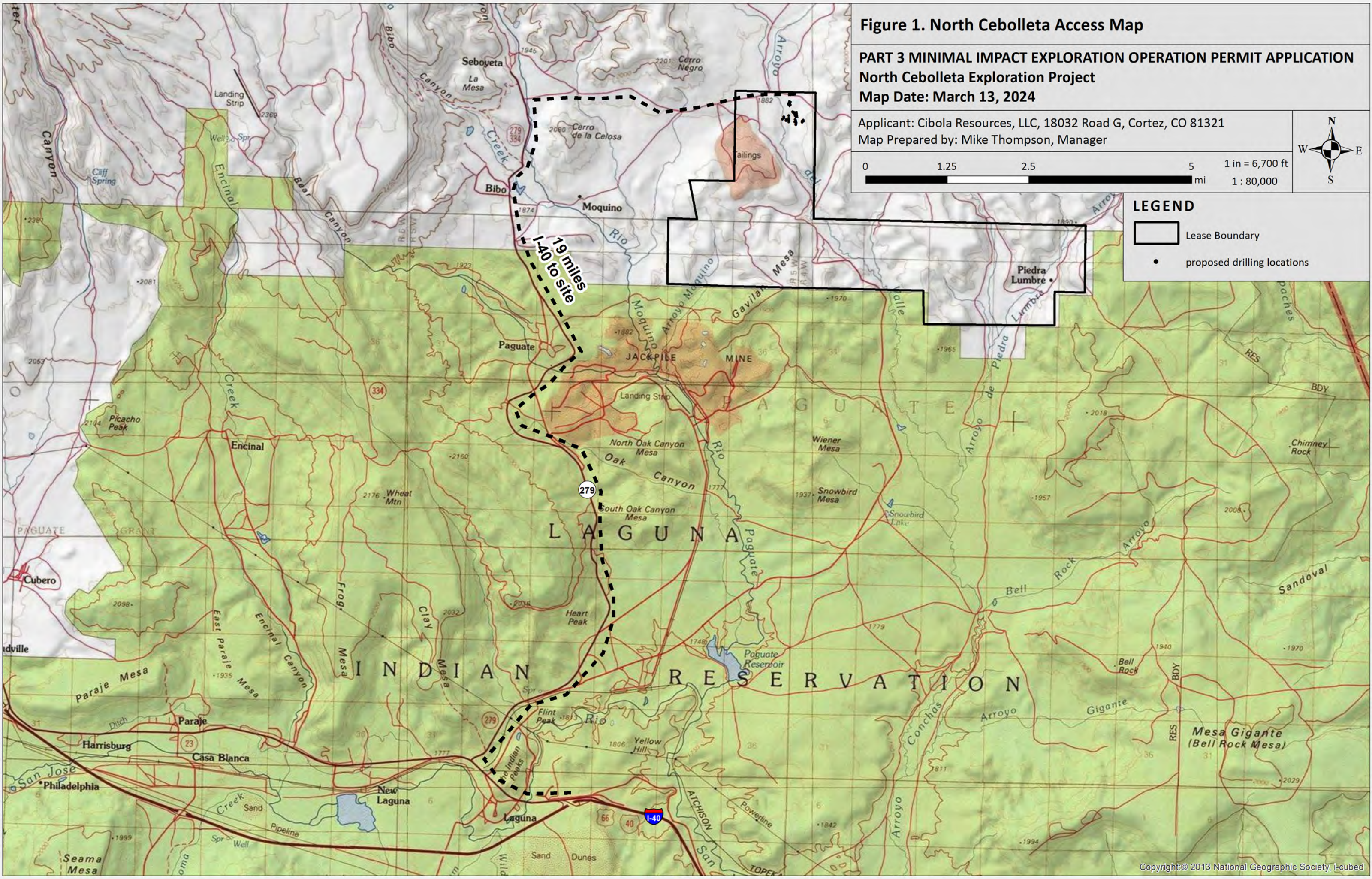
PART 3 MINIMAL IMPACT EXPLORATION OPERATION PERMIT APPLICATION  
North Cebolleta Exploration Project  
Map Date: March 13, 2024

Applicant: Cibola Resources, LLC, 18032 Road G, Cortez, CO 81321  
Map Prepared by: Mike Thompson, Manager



**LEGEND**

- Lease Boundary
- proposed drilling locations



19 miles  
I-40 to site

Figure 2. Topographic Map of North Cebolleta Drilling Locations

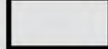
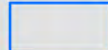

PART 3 MINIMAL IMPACT EXPLORATION OPERATION PERMIT APPLICATION  
North Cebolleta Exploration Project  
Map Date: March 13, 2024

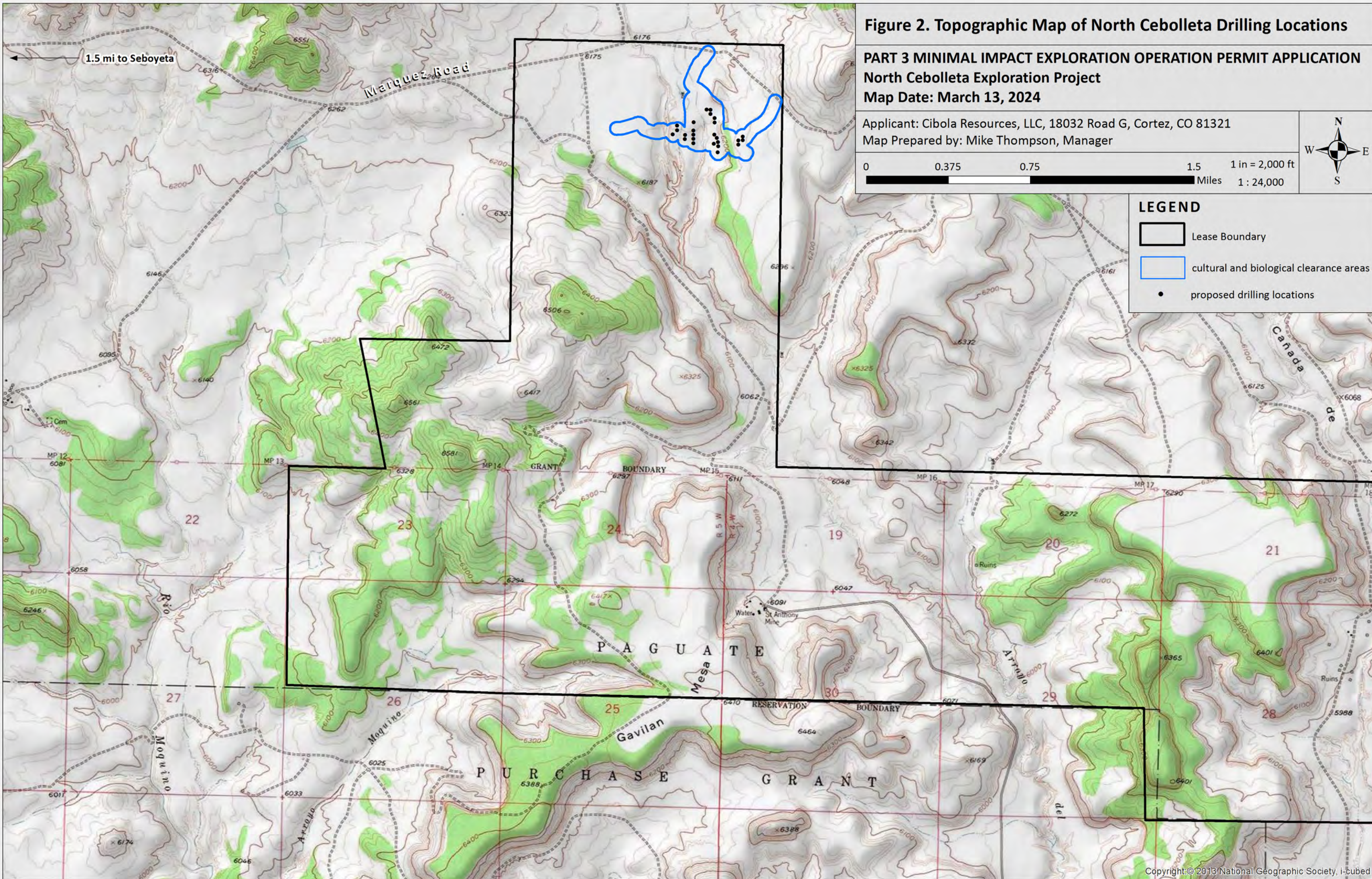
Applicant: Cibola Resources, LLC, 18032 Road G, Cortez, CO 81321  
Map Prepared by: Mike Thompson, Manager

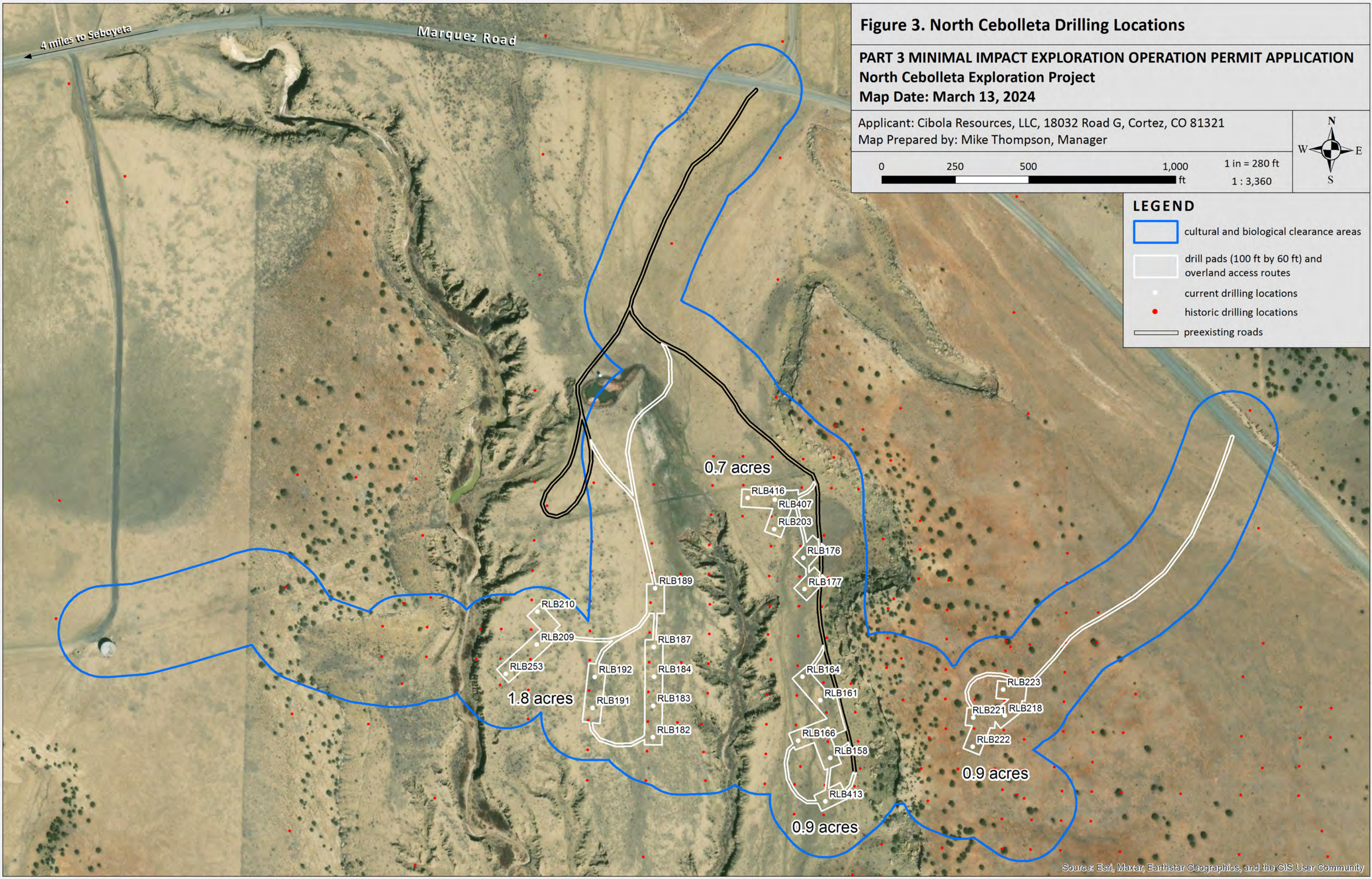
0 0.375 0.75 1.5 1 in = 2,000 ft  
Miles 1 : 24,000



LEGEND

-  Lease Boundary
-  cultural and biological clearance areas
-  proposed drilling locations





**Figure 3. North Cebolleta Drilling Locations**

**PART 3 MINIMAL IMPACT EXPLORATION OPERATION PERMIT APPLICATION**  
**North Cebolleta Exploration Project**  
**Map Date: March 13, 2024**

Applicant: Cibola Resources, LLC, 18032 Road G, Cortez, CO 81321  
 Map Prepared by: Mike Thompson, Manager

0 250 500 1,000 ft  
 1 in = 280 ft  
 1 : 3,360

N  
 W E  
 S

**LEGEND**

- cultural and biological clearance areas
- drill pads (100 ft by 60 ft) and overland access routes
- current drilling locations
- historic drilling locations
- preexisting roads

0.7 acres

1.8 acres

0.9 acres

0.9 acres

4 miles to Seboyeta

Marquez Road

RLB210  
RLB209  
RLB253

RLB192  
RLB191  
RLB187  
RLB184  
RLB183  
RLB182

RLB189

RLB416  
RLB407  
RLB203

RLB176

RLB177

RLB164

RLB161

RLB166

RLB158

RLB413

RLB223

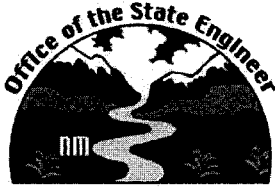
RLB221

RLB218

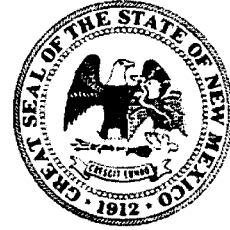
RLB222

**ATTACHMENT D**

**NMOSE WR-07 and WR-08 Forms**



# WELL PLUGGING PLAN OF OPERATIONS



NOTE: A Well Plugging Plan of Operations shall be filed with and accepted by the Office of the State Engineer prior to plugging.

**I. FILING FEE:** There is no filing fee for this form.

**II. GENERAL / WELL OWNERSHIP:**

Existing Office of the State Engineer POD Number (Well Number) for well to be plugged: 25 Exploration Drill Holes

Name of well owner: Cibola Resources, LLC

Mailing address: 18032 Road G

City: Cortez State: CO Zip code: 81321

Phone number: 970-565-0278 E-mail: mt@readonsteel.us

**III. WELL DRILLER INFORMATION:**

Well Driller contracted to provide plugging services: Stewart Brothers Drilling

New Mexico Well Driller License No.: 331

Expiration Date: \_\_\_\_\_

**IV. WELL INFORMATION:**

Note: A copy of the existing Well Record for the well to be plugged should be attached to this plan.

1) GPS Well Location: Latitude: \_\_\_\_\_ deg, \_\_\_\_\_ min, \_\_\_\_\_ sec  
Longitude: \_\_\_\_\_ deg, \_\_\_\_\_ min, \_\_\_\_\_ sec, WGS84

Check if seconds are decimal format.

2) Reason(s) for plugging well:

Exploration drill hole (not a well) - each of the 25 boreholes will be plugged at end of drilling program; list of holes and their locations is attached.

3) Was well used for any type of monitoring program? No If yes, please use section VII of this form to detail what hydrogeologic parameters were monitored. If the well was used to monitor contaminated or poor quality water, authorization from the New Mexico Environment Department may be required prior to plugging.

4) Does the well tap brackish, saline, or otherwise poor quality water? unknown If yes, provide additional detail, including analytical results and/or laboratory report(s):

\_\_\_\_\_

5) Static water level: \_\_\_\_\_ est feet below land surface / feet above land surface (circle one)

6) Depth of the well: \_\_\_\_\_ feet

- 7) Inside diameter of innermost casing: \_\_\_\_\_ inches.
- 8) Casing material: \_\_\_\_\_
- 9) The well was constructed with:
  - an open-hole production interval, state the open interval: \_\_\_\_\_
  - a well screen or perforated pipe, state the screened interval(s): \_\_\_\_\_
- 10) What annular interval surrounding the artesian casing of this well is cement-grouted? \_\_\_\_\_
- 11) Was the well built with surface casing? \_\_\_\_\_ If yes, is the annulus surrounding the surface casing grouted or otherwise sealed? \_\_\_\_\_ If yes, please describe:
- 12) Has all pumping equipment and associated piping been removed from the well? \_\_\_\_\_ If not, describe remaining equipment and intentions to remove prior to plugging in Section VII of this form.

**V. DESCRIPTION OF PLANNED WELL PLUGGING:**

Note: If this plan proposes to plug an artesian well in a way other than with cement grout, placed bottom to top with a tremie pipe, a detailed diagram of the well showing proposed final plugged configuration shall be attached, as well as any additional technical information, such as geophysical logs, that are necessary to adequately describe the proposal.

- 1) Describe the method by which cement grout shall be placed in the well, or describe requested plugging methodology proposed for the well:
 

Neat cement grout will be placed via a tremie pipe from the bottom of the hole to the surface and a cemented in marker placed over the top. Average depth of the 25 holes is 640 feet.
- 2) Will well head be cut-off below land surface after plugging? N/A

**VI. PLUGGING AND SEALING MATERIALS:**

Note: The plugging of a well that taps poor quality water may require the use of a specialty cement or specialty sealant

- 1) For plugging intervals that employ cement grout, complete and attach Table A.
- 2) For plugging intervals that will employ approved non-cement based sealant(s), complete and attach Table B.
- 3) Theoretical volume of grout required to plug the well to land surface: \_\_\_\_\_
- 4) Type of Cement proposed: \_\_\_\_\_
- 5) Proposed cement grout mix: \_\_\_\_\_ gallons of water per 94 pound sack of Portland cement.
- 6) Will the grout be: \_\_\_\_\_ batch-mixed and delivered to the site  
 \_\_\_\_\_ mixed on site

7) Grout additives requested, and percent by dry weight relative to cement:

None

8) Additional notes and calculations:

**VII. ADDITIONAL INFORMATION:** List additional information below, or on separate sheet(s):

**VIII. SIGNATURE:**

I, \_\_\_\_\_, say that I have carefully read the foregoing Well Plugging Plan of Operations and any attachments, which are a part hereof; that I am familiar with the rules and regulations of the State Engineer pertaining to the plugging of wells and will comply with them, and that each and all of the statements in the Well Plugging Plan of Operations and attachments are true to the best of my knowledge and belief.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

**IX. ACTION OF THE STATE ENGINEER:**

This Well Plugging Plan of Operations is:

- \_\_\_\_\_ Approved subject to the attached conditions.
- \_\_\_\_\_ Not approved for the reasons provided on the attached letter.

Witness my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

Tom Blaine P.E., New Mexico State Engineer

By: \_\_\_\_\_



**TABLE A - For plugging intervals that employ cement grout. Start with deepest interval.**

	<b>Interval 1 – deepest</b>	<b>Interval 2</b>	<b>Interval 3 – most shallow</b>
			Note: if the well is non-artesian and breaches only one aquifer, use only this column.
Top of proposed interval of grout placement (ft bgl)			Surface
Bottom of proposed interval of grout placement (ft bgl)			Bottom of the Hole
Theoretical volume of grout required per interval (gallons)			924
Proposed cement grout mix gallons of water per 94-lb. sack of Portland cement			5.2 gal per bag
Mixed on-site or batch-mixed and delivered?			mixed on site
Grout additive 1 requested			
Additive 1 percent by dry weight relative to cement			
Grout additive 2 requested			
Additive 2 percent by dry weight relative to cement			

**TABLE B - For plugging intervals that will employ approved non-cement based sealant(s). Start with deepest interval.**

	<b>Interval 1 – deepest</b>	<b>Interval 2</b>	<b>Interval 3 – most shallow</b>
			Note: if the well is non-artesian and breaches only one aquifer, use only this column.
Top of proposed interval of sealant placement (ft bgl)			
Bottom of proposed sealant of grout placement (ft bgl)			
Theoretical volume of sealant required per interval (gallons)			
Proposed abandonment sealant (manufacturer and trade name)			

**Table 1. Coordinates for North Cebolleta Exploration Project Drilling Locations**

PART 3 MINIMAL IMPACT EXPLORATION OPERATION PERMIT APPLICATION

North Cebolleta Exploration Project

March 14, 2024

HOLE ID	Latitude	Longitude	NAD27 State Plane NM West		NAD83 UTM Zone 13	
	North	West	Easting	Northing	Easting	Northing
RLB158	35.190083	-107.311103	656216	1524848	289627	3896365
RLB160	35.19035503	-107.3111399	656207	1524940	289575	3896600
RLB161	35.19061936	-107.3112315	656179	1525036	289567	3896629
RLB164	35.190836	-107.311439	656115	1525122	289599	3896450
RLB166	35.19024	-107.311473	656106	1524905	289594	3896384
RLB176	35.191946	-107.311463	656106	1525526	289599	3896573
RLB177	35.191654	-107.311441	656113	1525420	289601	3896541
RLB182	35.19024	-107.313125	655612	1524902	289444	3896387
RLB183	35.190534	-107.313131	655610	1525009	289444	3896420
RLB184	35.190806	-107.313129	655610	1525108	289445	3896450
RLB187	35.191082	-107.313139	655607	1525209	289444	3896481
RLB189	35.19163066	-107.3131403	655607	1525401	289396	3896745
RLB191	35.19049927	-107.3138187	655407	1524988	289331	3896621
RLB192	35.19078947	-107.3138039	655410	1525094	289333	3896653
RLB203	35.192207	-107.31118	656005	1525620	289569	3896603
RLB209	35.19108	-107.31447	655211	1525199	289274	3896687
RLB210	35.191387	-107.314474	655207	1525318	289324	3896517
RLB218	35.190519	-107.3091290	656805	1525010	289808	3896409
RLB221	35.19049237	-107.3094854	656701	1524992	289726	3896611
RLB222	35.19021997	-107.3094864	656702	1524893	289725	3896581
RLB223	35.19076085	-107.3091526	656800	1525091	289757	3896640
RLB253	35.19079849	-107.314815	655108	1525096	289241	3896657
RLB407	35.1924838	-107.3118034	656005	1525714	289520	3896837
RLB413	35.18967731	-107.3111489	656206	1524693	289572	3896524
RLB416	35.192493	-107.312113	655911	1525724	289541	3896635

**END OF SUBMITTAL**