



**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER**

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Evan J. Owen
Reclamation Specialist
Mining and Minerals Division
NM Energy, Minerals and Natural Resources Dept.
1220 S. St. Francis Dr.
Santa Fe, NM 87505

July 15, 2026

Re: Copper Flat Mine – Comments on Proposed Project Modifications and Updated Probable Hydrologic Consequences Analysis

Dear Mr. Owen:

The New Mexico Office of the State Engineer (NMOSE) has reviewed the proposed modifications to the Copper Flat Mine project, including the Updated Probable Hydrologic Consequences (PHC) Analysis dated August 14, 2025, prepared by Daniel B. Stephens & Associates. We understand that the principal modification to the project is the conversion from a conventional wet tailings storage facility to a dry-stack tailings facility, together with associated revisions to the project water balance and projected groundwater withdrawals.

NMOSE acknowledges that the revised project substantially reduces projected groundwater demand relative to the mining scenario evaluated in the 2018 PHC report by John Shomaker & Associates and reviewed by Keyes (2018). Based on the updated water balance, the project proposes to operate using existing adjudicated groundwater rights rather than the larger groundwater withdrawals previously analyzed. The reduction in pumping is expected to correspondingly reduce regional groundwater drawdown and modeled stream depletion compared to the previous analysis (JSAI, 2018).

While NMOSE recognizes these reductions in projected hydrologic impacts, several aspects of the updated analysis warrant clarification or should not be interpreted as agency conclusions. First, the PHC report appropriately evaluates the anticipated physical hydrologic consequences of the revised mining plan. However, NMOSE notes that the report does not evaluate matters related to water-right administration. Statements regarding the ability of New Mexico Copper Corporation to fully exercise its existing water rights should not be construed as a determination

by the Office of the State Engineer regarding administration of those rights, priority administration, impairment, compliance with permit conditions, or any future administrative actions that may become necessary. Such matters remain subject to applicable statutes, regulations, permit conditions, and future factual circumstances.

Second, NMOSE notes that the updated PHC relies on the same regional groundwater flow model previously developed for the project with revised pumping inputs. While the reduction in pumping reasonably results in reduced simulated hydrologic effects, the Office has not independently validated the revised model simulations or confirmed that all assumptions remain appropriate under the modified operating plan. Additional technical review may be necessary during future permitting or water-right proceedings.

Third, although the updated PHC concludes that no significant adverse effects on adjacent water rights are anticipated, NMOSE emphasizes that impairment determinations under New Mexico water law are made based on permit conditions, available technical information, monitoring data, and applicable administrative procedures. Conclusions contained within the applicant's technical report do not constitute findings by the Office of the State Engineer.

Finally, NMOSE appreciates the reduction in projected consumptive water use associated with the dry-stack tailings design and the corresponding reduction in predicted hydrologic impacts. Continued monitoring of groundwater levels, pumping, and project operations will remain important to verify that actual conditions remain consistent with those represented in the project analyses. Furthermore, the need for water beyond the stated adjudicated rights in the PHC may require additional evaluation by the NMOSE.

These comments are provided solely for purposes of technical and water-right review and should not be interpreted as approval of the proposed mining operation or any associated permit, nor as a determination regarding the exercise, administration, or enforcement of water rights.

Thank you for the opportunity to review the proposed project modifications. NMOSE looks forward to continuing to work with New Mexico Copper Corporation and the permitting agencies as this project progresses.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Katie Zemlick', is positioned above the typed name.

Katie Zemlick, Ph.D.
Director, Technical Services Program
New Mexico Office of the State Engineer
Katie.Zemlick@ose.nm.gov
(505)660-7547



Electronic Transmission

MEMORANDUM

Date: July 17, 2026

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

CC: Evan Owen, Site Lead, Mining Act Reclamation Program

Through: Amber Rheubottom, Mining Act Team Leader, Mining Environmental Compliance Section (MECS)

From: John Mooney, Surface Water Quality Bureau (SWQB)
Sufi Mustafa, Air Quality Bureau (aqb)
Jordan Anderson, MECS

Subject: **New Mexico Environment Department (NMED) Comments, Copper Flat, Sierra County, New Mexico, Mining Act Permit No. SI027RN**

The New Mexico Environment Department (NMED) received correspondence from the Mining and Minerals Division (MMD) on June 22, 2026 requesting that NMED review and provide comments on the above-referenced MMD permitting action. Pursuant to the Mining Act, the operation is a regular new mine project. MMD requested comments on the application within 20 days of receipt of the request for comments.

Background

Copper Flat provided updated documentation regarding comments on the Mine Operation Reclamation Plan.

Air Quality Bureau

The AQB did not provide any comments.

Surface Water Quality Bureau

The SWQB does not have any comments.

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Mining Environmental Compliance Section

No comments.

NMED Summary Comment

NMED has determined the proposed activities will be protective of the environment as described in these actions.

If you have any questions, please contact Amber Rheubottom at (505) 660-2379.

cc: Joseph Fox, Program Manager, NMED-MECS
Brad Reid, Team Leader, NMED-MECS
Shelly Lemon, Bureau Chief, NMED-SWQB
Cindy Hollenberg, Bureau Chief, NMED-AQB