

**PERMIT MODIFICATION 13-1 TO PERMIT NO. OT002MN  
B.O.W. MINE  
MINIMAL IMPACT NEW MINING OPERATION**

**MINING AND MINERALS DIVISION  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

This Permit Modification 13-1 (“Modification 13-1”) to Permit No. OT002MN is issued by the Director of the Mining and Minerals Division (“MMD”) of the New Mexico Energy, Minerals and Natural Resources Department to:

B.O.W. Corporation (“BOW”)  
Whose correct address is: 330 Garfield Street  
Santa Fe, NM 87501

(“Permittee”) for the B.O.W. Mine, located in Otero County, New Mexico.

This Modification 13-1:

The Permittee is authorized to drill ten (10) confirmation boreholes and construct the related drill pads, within the approved permit area of the mine. The ten boreholes will be located within the design limit of the open pit. Each drill hole will be up to two hundred and fifty (250) feet in depth. Each drill hole will have a diameter of 5.25 inches. Each drill hole will include a drill pad encompassing an area of up to two hundred square feet (approximately 50 feet by 40 feet). The total disturbed surface area will be approximately 1.0 acres.

In order to accomplish the approval contemplated by this Modification 13-1, the following subparagraphs are added to Permit No. OT002MN:

**Section 1 (13-1). STATUTES AND REGULATIONS**

- A. This Permit modification is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993, as amended through 2009) (“Act”) and New Mexico Mining Act Rules, Title 19, Chapter 10 of the New Mexico Administrative Code (“NMAC” or “Rules” or “Regulations”).
- B. This Permit modification is subject to the Act, the Rules, and any other regulations which are now or hereafter in force under the Act; and all such regulations are made a part of this Permit by this reference.

**Section 2 (13-1). PERMIT APPLICATION PACKAGE**

The Permit Application Package consists of the following documents:

- A. The permit application package for Modification 13-1 (“13-1 PMP”) consists of a written

request from the Permittee, dated November 14, 2013, for the modification of the BOW Mine Permit.

- B. Figure 1, titled Proposed Surface Exploration Plan, identifying the drill hole locations within the permit boundary, dated November 14, 2013.

**Section 3 (13-2).**

**FINDINGS OF FACT**

- A. The Permittee has paid the permit modification fee of \$250.00 as required by 19.10.2.201 NMAC.
- B. The application for permit modification has been reviewed in accordance with 19.10.6.608 NMAC. The application for permit modification is complete, accurate, and complies with the requirements for permit modifications under 19.10.6.608 NMAC.
- C. Pursuant to 19.10.6.608.D(1) NMAC, the proposed changes would not have a significant environmental impact.
- D. Pursuant to 19.10.5.608.D NMAC, the proposed change does not require public notice or the opportunity for public hearing.
- E. Pursuant to 19.10.6.608.D.(3), the Director determined, that the factors listed in Subsection D of 19.10.6.608 NMAC were not relevant to this modification. However, the Office of the State Engineer, and the Bureau of Land Management were notified of the modification.
- F. The Permittee has previously provided financial assurance (“FA”) in the amount of \$15,932.00, for the new mine. The FA has been provided in the form of a letter of credit. The cost of reclamation for this modification is \$8,900 for surface disturbance and \$7,000 for hole-plugging and abandonment, totaling \$15,900.

**Section 9 (13-2).**

**GENERAL OBLIGATIONS AND CONDITIONS**

- A. The Permittee shall maintain FA in the approved amount of \$15,923.00, using one or more approved FA instruments, pursuant to 19.10.12 NMAC, to cover third-party costs of surface reclamation of all drill pad surfaces and the sealing and surface plugging of a maximum of two (2) drill holes. FA for drill holes is assigned to successive phases of drilling such that no more than two (2) drill holes will be open at any time. Upon

complete plugging and abandonment activities of each phase, and following MMD acknowledgement of the plugged and abandoned drill holes, the FA would be assigned to the next successive phase of drill holes, to be followed by the same approval process described as follows: The Permittee will submit copies of the drill hole logs, abandonment records and forms for MMD approval, to include an affidavit signed by a licensed, bonded driller, engineer, or the project geologist, attesting to the fact that the drill holes have been plugged and abandoned according to the requirements of this Permit. The Permittee will not initiate the next phase of drilling until MMD has acknowledged, and, at the discretion of MMD, inspected the plugging of drill holes.

- B. The Permittee will plug the confirmatory drill holes in accordance with the standards set forth in 19.10.3.302(L). Specifically, each drill hole will be plugged from total depth to within 2 feet of the original ground surface or collar of the hole, whichever is lower, with a column of cement, high-density bentonite clay or other materials specified in the permit modification. The holes will be backfilled with topdressing from above the cement plug to the original ground surface.
- C. The Permittee will properly plug and abandon the drill holes and reclaim the areas of disturbances associated with the confirmatory drilling in accordance with the conditions of the permit and standards set forth in 19.10.3.302(K) NMAC. Specifically, The Permittee will initiate plugging and reclamation as soon as possible in accordance with the permit modification. The Permittee will restore as nearly as possible to their original conditions all lands, including access roads or terrain damaged in gaining access to or clearing the site, or lands whose natural state has been substantially disturbed as a result of the exploration by drilling. Where vegetation is removed or destroyed within the permit area, the company will seed, plant, transplant, or, by other adequate methods, reestablish vegetative cover.
- D. The Permittee is authorized to disturb no more than 1.0 acres, including ten (10) drill pads and improvements to existing roadways. New road construction or widening existing roads is not authorized by this modification.
- E. The Permittee is authorized to drill ten (10) vertical, 5.25 inches in diameter, and up to 250 feet in depth. Drilling will utilize no more than ten (10) drill pad areas, each no greater than two hundred square feet to accommodate the drill rig, pipe truck, water truck, and ancillary vehicles and containing no more than one (1) cuttings and mud disposal pit sump ("mud pit"), within the drill pad area. The mud pit system shall be sized to accommodate the expected maximum volumes of fluids anticipated to report to the pit.
- F. The Permittee is authorized to site the location of the drill pad in the area identified within the PAP and to route the overland access routes as shown within Appendix A of the PAP (Permit Area Map). The Permittee must minimize any new surface disturbance (e.g., only minor drill pad surface leveling and pit excavation using mechanized

earthwork equipment, such as a backhoe or dozer, is permitted) and utilize the overland route approved by the USFS and the State Agencies. To the extent possible, the Permittee will avoid removing or damaging standing live or dead trees and woody vegetation during drill pad set-up and construction, as well as during mobilization of equipment into and out of the project area.

- G. The Permittee shall implement erosion control measures or Best Management Practices that are designed, constructed and maintained using professionally recognized standards (e.g., U.S.D.A. Natural Resource Conservation Service, *2007 Gold Book* standards) for surface disturbances during the exploration project and reclamation activities as needed for erosion control, spill prevention and the avoidance of damage to ephemeral stream channels in the area, if any.
- H. No excavation or filling shall take place within an ephemeral watercourse until the required permits or consultations are obtained from the U.S. Army Corps of Engineers.
- I. No drilling and no storage of fuels or chemicals shall take place within any drainage areas that are in the Permit Area. Appropriate spill clean-up materials, such as absorbent pads, must be available on site at all times during road construction, site preparation, and drilling activities, to address potential spills.
- J. Report all spills immediately to the NMED as required by the New Mexico Water Quality Control Commission regulations 20.6.2.1203 NMAC.
- K. If cultural resources are discovered during drilling activities, all work should immediately cease within the area of discovery, the material should be protected in place, and the New Mexico Department of Cultural Affairs, Historic Preservation Division (“SHPO”) should be immediately notified.
- L. All activities under this modification, including drill holes, pads, and access roads, shall avoid those archaeological sites where avoidance is recommended by the SHPO.
- M. Upon completion of all five anticipated phases of this confirmatory drilling project, the company will provide MMD with a termination report describing the plugging and reclamation activities. Upon MMD's approval of the termination report, the Permittee will continue to maintain financial assurance, in its current amount, such that it would be available to serve as security for ultimate reclamation for the mining activities contemplated by the original permit. During the time confirmatory drilling is being conducted, and until termination, no further development of the projected mining pit will take place.

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- A. The request for permit modification is complete, accurate, and complies with the requirements of the Act and 19.10.5.608 NMAC.
- B. The Permittee, BOW, is permitted to conduct mining and reclamation operations within the Permit Area, upon the condition that the Permittee complies with the requirements of the Order, the Act, the Permit Conditions and requirements and conditions imposed by this permit, and upon the submission of such termination reports and fees as may be required under 19.10.4.407 NMAC and 19.10.2 NMAC.

All other provisions, modifications, and revisions for mining and reclamation, contained in the B.O.W. Mine Permit No. OT002MN, remain unchanged.

**CERTIFICATION**

I certify that I have read, understand and will comply with the requirements of this Permit, this Permit Modification, the Act, the Rules, including without limitation that I will allow the Director to enter the Permit Area as required by the Permit and/or the Rules and/or as otherwise required by law.

*m.c. Smith*  
Authorized Representative of the Permittee

President  
Title

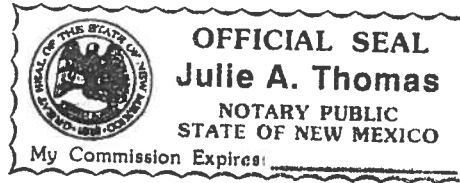
B.O.W. Corporation  
Company

Subscribed and sworn to before me this 15 day of November, 2013

*Julie A. Thomas*  
Notary Public

My Commission Expires

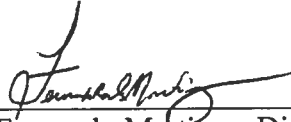
June 6, 2015



**ORDER**

NOW THEREFORE, IT IS HEREBY ORDERED that the Director approves Permit Modification 13-1 to the B.O.W. Mine, Permit No. OT002MN, located in Otero County, New Mexico. The approval allows of the addition of 10 confirmation boreholes within the open pit design limit at the B.O.W. Mine.

By Order of the Director, Mining and Minerals Division, Energy, Minerals and Natural Resources Department, of the State of New Mexico.

By:   
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Fernando Martinez, Director  
Mining and Minerals Division  
Energy, Minerals and Natural Resources Department

Date: 11/15/2013