

**PERMIT NO. CI019EM
NORTH CEBOLLETA EXPLORATION PROJECT
MINIMAL IMPACT EXPLORATION OPERATION**

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

Permit No. CI019EM (Permit) is issued by the Director of the Mining and Minerals Division (MMD) of the New Mexico Energy, Minerals and Natural Resources Department to:

Whose correct address is: Cibola Resources, LLC
18032 Road G
Cortez, CO 81321

(Permittee) for the North Cebolleta Exploration Project, located on the Cebolleta Land Grant (aka La Merced del Pueblo de Cebolleta) in Cibola County, New Mexico. The Permittee is authorized to drill up to twenty-five (25) boreholes up to 6 inches in diameter and at an average of 640 feet deep, utilizing no more than twenty-five (25) drill pad surface disturbance areas to explore for uranium. The drill pad disturbances are approximately 100 feet wide by 60 feet long at each site, drill pad sites. Drill pad sites will include a total of twenty-five (25) mud/disposal pits (one per pad). The Permittee is authorized to disturb a maximum of 5.0 acres, including any disturbance associated with reclamation of the drill pads and access roads.

Section 1. **STATUTES AND REGULATIONS**

- A. This Permit is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993, as amended through 2023).
- B. This Permit is subject to all applicable regulations of the New Mexico Mining Act (Act), New Mexico Mining Act Rules (Rules (§19.10.1 through §19.10.15 New Mexico Administrative Code (NMAC)) 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. **PERMIT APPLICATION PACKAGE**

The minimal impact exploration Permit Application Package (PAP) for Permit CI019EM is dated March 17, 2024, from Toltec Mesa Resources, LLC. Any correspondence subsequently submitted to MMD, by the Permittee or its representatives, can be found at MMD offices within the Division's files, and is titled *North Cebolleta Exploration Project CI019EM* or similar.

The PAP is comprised of the following documents:

- A. *Subpart 3 Minimal Impact Exploration Permit Amended Application* dated March 17, 2024 (Application).
- B. *Application Administratively Complete*, dated July 11, 2024.

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- C. *Agency Request for Comment Letter* dated July 19, 2024.
- D. *Amendment to Application* dated July 9, 2024.
- E. *MMD Technical Comments and Agency Comments* (includes cover letter and attachment A), dated August 14, 2024.
- F. *Operator Response to Comments* (includes Attachment A response and updated Figure 3 and Figure 4), dated September 5, 2024.
- G. *MMD Technically Approvable Letter*, dated October 3, 2024.
- H. *Email request for maps and NCEP response including updated Maps*, dated October 10, 2024.
- I. *Email confirmation on "rolling" drilling depth*, dated November 4, 2024.
- D. Financial Assurance, in the amount of \$252,500.00, was received by MMD on December 13, 2024, in the form of a Certificate of Deposit No. 5803095339 issued on December 6, 2024 by Vectra Bank Colorado.

Section 3. **PERMIT AREA**

- A. The Permittee is authorized to conduct mineral exploration and reclamation operations only on lands within the permitted area (Permit Area).
- B. The Permit Area is located within the unplatted lands of the Cebolleta Land Grant approximately 4.7 miles southeast of Seboyeta, New Mexico. The Permit Area is shown in *Figure 3. North Cebolleta Permit Area and Disturbance Estimates* dated October 10, 2024 within the PAP and enclosed herein. This figure depicts the Permit Area in blue which encompasses existing roads (black), estimated overland access (green), estimated drill pads (white), and cultural exclusion areas (tan).
- C. Drilling locations shall be limited to the drilling locations identified in the PAP.
- D. Final configurations of overland access and drill pads will be based on actual field conditions during exploration operations in order to both minimize disturbance and accommodate drilling and reclamation activities. Configurations of overland access and drill pads depicted in the PAP are estimated to be 4.3 acres but are not exact. Total surface disturbances shall not exceed 5.0 acres.
- E. No surface disturbance may occur outside of the Permit Area or within the cultural exclusion areas depicted in the PAP.

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- F. The Permittee is authorized to disturb up to 5.0 total acres within the Permit Area pursuant to §19.10.3.302 A NMAC, including any disturbance associated with reclamation of the drill pads with mud pits and access roads.

Section 4. **FINDINGS OF FACT**

The Permit Application Package

- A. The PAP is complete and demonstrates that the proposed operation will meet the performance and reclamation standards and requirements of Subsection D, Paragraphs 1-6 of §19.10.3.302 NMAC.
- B. The PAP provides that the proposed operation meets the standards of a "Minimal impact mining operation," addressed in §19.10.1.7.M(2) NMAC, and in §19.10.3.302 NMAC, and does not fall within the exclusions in §19.10.1.7.M(2) NMAC. MMD and the other agencies reviewed the minimal impact designation pursuant to §19.10.3.302.G NMAC.
- C. The Permittee has paid the initial permit application fee of \$500 as required by §19.10.2.201.F NMAC.
- D. The proposed operation and reclamation, as described in the PAP and this Permit, will meet the requirements of reclamation, as identified in §19.10.1.7.R(1) NMAC of the Rules. The reclamation plan, subject to the conditions in the Permit, demonstrates that the reclamation of the disturbed areas within the Permit Area will result in a condition that allows for the establishment of a self-sustaining ecosystem within the Permit Area that is appropriate for the life zone of the surrounding areas.
- E. The term of the Permit is governed by Subsections A, C and D of §19.10.4.405 NMAC. The permit term shall be one year from the date of the Director's signature on this Permit.

Right-To-Enter / Property Access Information

- F. The Permit does not grant or create any property rights. Nor does MMD, by issuing this Permit or otherwise, make any comment on the surface or mineral rights that the Permittee may or may not have in the area covered by the Permit; only that the Permittee has provided a statement of the basis on which the Permittee has a right to enter the property to conduct mining, exploration and reclamation. Permittee is solely responsible to take whatever steps are necessary to ensure that Permittee has property rights sufficient to support the activities contemplated by the Permit.
- G. As stated in the PAP, the Cebolleta Land Grant controls the surface and mineral estate within the Permit Area. The Permittee has satisfactorily demonstrated its right to access to

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conduct mineral exploration and reclamation pursuant to §19.10.302.D (1) NMAC through documentation provided to MMD in the PAP and the response to technical comments.

General Information Regarding the Permittee

- H. The Permittee is not in violation of the terms of another permit issued by the Director or in violation of a substantial environmental law or substantive regulation at another mining operation, has not forfeited or had forfeited financial assurance in connection with another mining, reclamation, or exploration permit, and has not demonstrated a pattern of willful violations of the Act, the Rules or other New Mexico environmental statutes.
- I. The Permittee has signed and certified a statement, provided within the PAP, that the Permittee agrees to comply with the requirements of this Permit, the Rules, and the Act, and allows the Director to enter the Permit Area for the purpose of conducting inspections.

MMD's Request for Comments to the Agencies and Tribes

- J. MMD provided the cooperating agencies (New Mexico Environment Department, Department of Game & Fish, State Forestry Division, State Historic Preservation Office, and the Office of the State Engineer) with a copy of the PAP pursuant to §19.10.3.302.G NMAC, and requested comments from the agencies on July 19, 2024.
- K. MMD additionally requested comment from the Cebolleta Land Grant on July 19, 2024, with no response.
- L. MMD provided the PAP to the following tribal entities and requested review and comment: Hopi Tribe, Mescalero Apache Tribe, Navajo Nation, Pueblo of Acoma, Pueblo of Isleta, Pueblo of Laguna, and the Pueblo of Zuni on August 13, 2024 and again on October 3, 2024. No tribal comments were received.
- M. MMD provided the Permittee with comments provided by the cooperating agencies on August 14, 2024.

Financial Assurance

- N. The Permittee has provided financial assurance in the amount of \$252,500.00 in the form of a Certificate of Deposit No.5803095339 issued by the Vectra Bank Colorado on December 6, 2024.

Section 5. **COMPLIANCE REQUIREMENTS**

- A. This Permit is issued pursuant to NMSA 1978, Section 69-36-1 et. seq. and Title 19, Chapter 10 NMAC. Permittee may be required to comply with other Federal, State, County or Local laws or ordinances before or while undertaking the activity that is the subject of this Permit.

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MMD does not, by issuing this Permit or otherwise, make any comment on Permittee's compliance with such other laws. It is Permittee's sole responsibility to investigate and comply with the requirements of such other laws.

- B. Since the Permit Area is on Cebolleta Land Grant property, the expiration, or termination, of the Cebolleta Land Grant's authorization to conduct operations on the property automatically suspends the Permittee's authority to continue mining operations on the property. Such suspension does not include reclamation operations by the Permit issued under §19.10.3 NMAC.
- C. The Permit does not grant or create any water rights. Nor does MMD, by issuing this Permit or otherwise, make any comment on the water rights that the Permittee may or may not have available for use in the area covered by the Permit. Permittee is solely responsible and obligated to comply with all state and federal laws related to water rights sufficient to support the activities contemplated by the Permit.

Section 6. **AGENCY RIGHT OF ENTRY**

- A. The Permittee shall allow the authorized representatives of the Director, without advanced notice, upon presentation of appropriate credentials, and without delay:
 - 1) To enter upon, or through, any mineral exploration or reclamation operation at any time, as provided for in §19.10.3.302.I(3) NMAC, for the purpose of conducting inspections during exploration, and reclamation, and to determine if the Permittee is in compliance with the permit requirements and conditions; and
 - 2) at reasonable times, and without delay, have access to and copies of any records associated with permitting and compliance required by the Act, §19.10. NMAC or the Permit.
- B. In the event that the Cebolleta Land Grant terminates, or otherwise prevents or impedes access to the Permit Area by the authorized representatives of the Director, the Director will notify the Permittee. The Permittee shall immediately cease all mining operations within the Permit Area and will not resume mining operations until such authorized representatives' access to the Permit Area has been restored.
- C. In the event that the Director's authorized representatives' access to the Permit Area is not restored by Cebolleta Land Grant within 60 days after the Director has given Permittee the notice provided for in subparagraph B of this Section 6, the Permittee shall immediately begin reclamation of the Permit Area.

Section 7. **PERMIT COVERAGE**

- A. This permit shall be binding on any person or persons conducting mining, exploration and

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reclamation operations under this Permit.

Section 8. **ENVIRONMENTAL COVERAGE**

- A. The Permittee shall take all necessary steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the Permit, the Rules or the Act.

Section 9. **COMPLIANCE WITH THE PERMIT APPLICATION PACKAGE**

- A. The Permittee shall conduct mining, exploration drilling and reclamation operations only as described in the approved PAP and any other modifications approved by the Director, pursuant to §19.10.4.406 NMAC. The Permittee shall comply with any and all conditions that are incorporated in the PAP and this Permit.
- B. Where the PAP is ambiguous or in apparent conflict with the provisions outlined in this Permit, the language of this Permit will supersede the PAP.

Section 10. **GENERAL OBLIGATIONS AND CONDITIONS**

Description of Project/Authorized Disturbances

- A. The Permittee is authorized to create no more than twenty-five (25) drill pad surface disturbance areas, approximately one-hundred feet by sixty feet (100' X 60') to accommodate all support equipment, including the drill rig, pipe truck, geophysical truck, water truck, trailers, containing no more than twenty-five (25) mud/drill cuttings disposal pits within the drill pad areas. Mud pits will be sized approximately 10 ft. wide, 20 ft. long, and depth of 8ft.
- B. The Permittee is authorized to vertically drill up to twenty-five (25) boreholes, utilizing mud media for circulation, each with a maximum of 6 inches in nominal outside diameter. At a maximum total depth of up to 16,000 vertical feet deep across the 25 boreholes. The twenty-five (25) drill hole sites can be found in Attachment D of the PAP. Reclamation of the disturbed areas shall be initiated as soon as possible and completed in accordance with the schedule in this Permit.
- C. Unmineralized (non-uranium bearing) and mineralized (uranium bearing) drill cuttings can be buried/disposed of and reclaimed within the drill pad surface disturbance area and backfilled mud pit. In accordance with the Mining and Minerals Division Guidance Document for Part 3 Permitting Under the New Mexico Mining Act, Section 2.6.1, all drill cores not removed from the site and cuttings that show gamma radiation in excess of background levels shall be buried and covered with no less than three (3) feet of earthen material to reduce gamma radiation exposure to background levels.

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- D. In accordance with the PAP, Permittee shall not discharge any drilling fluids from the drill pads.
- E. The Permittee is authorized to site the location of each drill pad area identified within the PAP and in accordance with UTM coordinates and approximate access routes as shown within the PAP, and directly upon existing ground surfaces through overland travel or grading of the drill pads. The Permittee shall 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 shall also utilize any existing roads, two-track trails and other dirt roads requiring only minor improvements, wherever possible, for site and drill pad access during all site access, including, but not limited to, drilling and reclamation activities.
- F. The Permittee is authorized to advance in a manner that keeps their total linear feet under 16,000 ft. as to Financial Assurance only being provided for that quantity of vertical feet at a time which is based off 25 bore holes at an average depth of 640 ft. Once Well Drilling and Plugging Records issued by New Mexico OSE are received by MMD from the operator, the operator will be authorized to move forward with additional linear feet. The table below describes the Financial Assurance associated with the linear feet Floating Financial Assurance Option. Under this option a maximum of 16,000 linear ft. are authorized to be open at one time.

Surface Disturbance

Total Acres:	5.00
First Acre:	\$ 8,900.00
Next Acres:	\$19,600
Subtotal:	\$ 28,500.00

Exploration Activities

Boreholes:	25
Depth of each (ft):	640
Total Footage:	16000
Cost per Foot:	\$14.00
Subtotal:	\$ 224,000.00

TOTAL FINANCIAL ASSURANCE REQUIRED: \$ 252,500.00

- G. To the extent practicable, Permittee shall 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.
- H. The Permittee is authorized to disturb no more than 5.0 acres of total cumulative disturbance, including reclamation, within the Permit Area as generally depicted by the

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estimates totaling 4.3 acres in *Figure 3. North Cebolleta Permit Area and Disturbance Estimates* dated October 10, 2024 within the PAP.

- I. The Permittee is responsible for performing a baseline radiation survey prior to drilling activities as well as a follow up radiation survey at the end of drilling activities in accordance with the Mining and Minerals Division Guidance Document for Part 3 Permitting Under the New Mexico Mining Act, Section 2.5. These surveys shall be submitted as part of the termination report at the end of reclamation.

Best Management Practices to be Performed

- J. Use of the existing two-track roads and overland travel should be avoided within the Permit Area during wet, muddy conditions. No construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support construction equipment.
- K. As necessary throughout the Permit Area, and during the use of overland travel and site selection, design, and construction of drill pads and roads, the Permittee shall leave all disturbances in a manner that is stable, both long-term and short-term, and non-hazardous to humans and wildlife. Drill cuttings will be buried concurrently with the completion of drilling and plugging.
- L. The Permittee shall implement erosion-control measures, or Best Management Practices (BMP's), in a manner that prevents direct impacts to surface water and ephemeral watercourses that are designed, constructed and maintained using professionally recognized standards (e.g., Natural Resource Conservation Service Standards, or the BLM *Gold Book*) for surface disturbances during the exploration project and reclamation activities as needed for erosion control, spill prevention and the avoidance or damage to ephemeral watercourses in the area. Placement of water bar structures or other appropriate measures should be taken to reduce head-cutting adjacent to roads and to prevent roadways from channelizing surface flow.
- M. Erosion control measures or any other BMP's that are damaged or ineffective shall be repaired, replaced or redesigned, as necessary, within 24 hours, or as soon as reasonably possible, following discovery of damage. The Permittee shall commit to using a variety of erosion-control measures, as needed, if erosion control problems develop.
- N. A minimum setback of 100 feet away from any watercourse within the Permit Area is required. (*Watercourse means any channel having definable beds and banks capable of conducting generally confined runoff from adjacent lands. During floods water may leave the confining beds and banks but under normal flows water is confined within the channel. A watercourse may be perennial, intermittent, or ephemeral.*)

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- O. No drilling and no storage of fuels or chemicals shall take place within any watercourse that is in the Permit Area. No excavation or filling shall take place within any watercourse until the required permits or consultations are obtained from the U.S. Army Corps of Engineers. A copy of such approval shall be provided to MMD when obtained.
- P. Appropriate spill clean-up materials, such as absorbent pads, shall be available on-site at all times during road construction, site preparations, and drilling activities to address potential spills. Drop cloths or plastic tarps will be placed and secured under rigs while drilling, in addition to any other immobilized, staged, or temporarily stored equipment parked for durations extending longer than 48 hours, to contain any spill or leakage from the drill rig and any other related equipment.
- Q. The Permittee shall report all spills immediately to the New Mexico Environment Department (NMED) as required by the New Mexico Water Quality Control Commission regulations §20.6.2.1203 NMAC. For non-emergencies during normal business hours, call (505) 428-6000. For non-emergencies after hours, call (866) 428-6535 or (505) 428-6535 (voicemail, 24 hrs. /day). For emergencies only, call (505) 827-9329 (24 hrs. /day) to contact the New Mexico Department of Public Safety.
- R. Any water, drill cuttings, mud and drilling additives, and/or fluids produced from the exploration boreholes, shall be contained entirely within the Permit Area at all times. Mud pits, disposal pits, or sumps shall be sized to contain the calculated volume of drill cuttings and all drilling fluids and any produced water, while still providing a substantial freeboard or emergency storage capacity. Mud pits are anticipated to be approximately 10 ft. wide, 20 ft. long and 8 ft. deep. Material generated during excavation of mud pits or sumps will be utilized to create an earthen berm that will partially surround each mud pit or sump area to prevent any run-on or run-off from precipitation events flooding onto, or escaping, the mud pits, sumps or the drill pad site. Discharge of any water or any drilling fluids, to the ground surface or to an ephemeral watercourse ("Waters of the U.S."), may be a violation of the Clean Water Act and is prohibited.
- S. Any overburden material generated during initial excavation of disposal pits shall be utilized to create an earthen berm partially surrounding each mud pit or sump area, to prevent any run-on or run-off from precipitation events flooding onto or escaping the mud pits or the drill pad site. The Permittee shall utilize BMP's, which may include above-ground tanks, to contain any water produced from the exploration holes at the drill site.
- T. Any drilling locations that are situated directly upon bedrock, or otherwise lacking sufficient soil depths necessary for adequate mud pit construction, shall discharge into portable, above-ground tanks that are sized to fully contain all drilling-related fluids. Discharge of this water, or any drilling fluids, to the ground surface or to an ephemeral watercourse (Waters of the U.S.), may be a violation of the Clean Water Act and is prohibited. All drilling cores and any excess drill cuttings shall be collected and disposed of properly.

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- U. All heavy equipment to be used within the Permit Area shall be thoroughly pressure washed and/or steam cleaned prior to introducing any equipment into the Permit area in order to help prevent the introduction of non-native species to the Permit Area. This cleaning shall remove all soil, seed, vegetative matter or other debris that could contain or hold seed or plant parts. Any heavy equipment that subsequently operates outside this Permit Area shall be treated the same as during the initial mobilization onto the Permit Area. Equipment shall be considered free of soil, seed and plant debris when a visual inspection does not detect such material.
- V. Any drilling mud pits, disposal pits, or sumps shall have at least one side constructed at a 3:1 (horizontal: vertical ratio) slope to allow for wildlife egress and shall also be covered with expanded metal grates or fenced and netted in accordance with New Mexico Department of Game and Fish wildlife fencing guidelines. The drilling mud pits and disposal pits shall be covered with expanded metal grates, fenced and netted whenever workers are not present on site, or otherwise modified to exclude both flying and terrestrial animals from any materials present within the mud pits, sumps, or any above-ground tanks that are potentially harmful to wildlife. When drilling is completed, the mud pits shall be allowed to dry and then backfilled with native cover.
- W. Any netting used for the preclusion of wildlife shall be constructed of a sturdy plastic or metal material and adequately supported so that it will not contact the liquid surface if sagging occurs. Monofilament mesh shall not be used, as it can entangle birds and reptiles causing mortalities. Any plastic or metal netting shall be anchored to the ground and maintained taut, and if the mesh size is greater than one inch, it shall be wrapped with an additional finer mesh material around the bottom (up to approximately 12 inches) to exclude reptiles and small mammals.

Cultural and Paleontological Resource Preservation Requirements

- X. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the Permittee, or by any personnel working on the Permittee's behalf, shall immediately report any such findings to the Historic Preservation Division. The Permittee shall suspend all operations in the immediate area of such discovery until authorization to proceed is issued by the Historic Preservation Division. An evaluation of the discovery will be made by the Historic Preservation Division to determine appropriate actions to prevent the loss of significant cultural or scientific values. The Permittee shall be responsible for the cost of evaluation and any decision as to the proper mitigation measures to be made by the Historic Preservation Division after consulting with the Permittee.
- Y. The Permittee is obligated to comply with procedures established in Section 18-6-11.2 of the Cultural Properties Act, NMSA and §4.10.11 NMAC to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the

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event that any of the cultural items listed above are discovered during the course of project work, the Permittee shall immediately halt the disturbance and contact the Office of the Medical Investigator and the local law enforcement agency pursuant to Section 18-6-11.2 of the Cultural Properties Act and the Department of Cultural Affairs within 24 hours for instructions. The Permittee shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the Department of Cultural Affairs in consultation with Indian Tribes.

Reclamation and Revegetation Requirements

- Z. Reclamation of disturbed areas shall occur concurrently, or directly after the completion of drilling operations as weather and field conditions allow. Pursuant to §19.10.3.302.K NMAC, all lands, including overland access routes or terrain damaged in gaining access to or clearing the drill sites, or lands where vegetation is substantially disturbed or whose natural state has been substantially disturbed as a result of the exploration drilling, shall be restored as nearly as possible to their original condition and reseeded and mulched utilizing an appropriately certified weed-free, pure live seed mixture of native grasses beneficial to livestock and wildlife. The seed mix is attached in Appendix A.
- AA. Where salvageable topsoil is present upon areas to be disturbed, all soil and overburden material shall be stripped, stockpiled and protected for later use during reclamation. Any salvaged topsoil material that is suitable as a plant growth medium, shall be spread over the surface of each drill site, including any other heavily compacted areas, then raked, disked or deep-scarified prior to seeding, to prepare a suitable seedbed for seed germination and root growth. The approved seed mixture shall be broadcast sown immediately after site re-contouring and seedbed preparation has been completed and while the soil surface is still friable. After the seed mix has been sown, the soil shall be dragged with a chain or harrow or raked into the surface using hand tools, to cover the seed. Each reclaimed site shall be mulched with certified weed-free straw, or other mulching materials approved by MMD, and then crimped or tacked in place. Reclaimed areas not seeded before or during the summer, shall be seeded in late fall to maximize the probability of successful revegetation. Within any areas prohibitive to ripping or scarification, the seed shall be hand- or broadcast sown immediately after site re-contouring and seedbed preparation at an application rate double that of the rate prescribed by the MMD, and then raked into the soil and mulched.
- BB. Prior to obtaining or excavating any borrow material for use as a backfilling material and/or for use in surface reclamation activity, the Permittee must first provide MMD with the source location and estimated quantity of this borrow material, including a reclamation plan for the proposed borrow area, for review and approval prior to its excavation or use during surface reclamation. Any borrow source excavation areas approved by MMD, shall be reclaimed, upon completion of excavation materials within the borrow area, then graded and re-contoured for positive drainage, and reseeded, as prescribed in this Permit.

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- CC. Following the revegetation and reclamation activities, monitoring shall be conducted by the Permittee to assure successful establishment of vegetation and stabilization of the site. Revegetated areas that have not become established by the end of the growing season shall be mitigated by reseeding, mulching, grading, and/or application of water bars, or other BMP's, to prevent erosion and site degradation.
- DD. The Permittee shall notify MMD at least 30 days prior to initiating any reclamation approved pursuant to this Permit. The site will be considered reclaimed and eligible for release of financial assurance, once the following criteria have been met:
- 1) The Permittee has established a uniform, self-sustaining vegetative cover on disturbed areas, similar in life form to the pre-disturbance vegetation.
 - 2) No significant erosion is evident on reclaimed areas.
 - 3) All drill holes have been plugged and abandoned, as described in this Permit.

Release of financial assurance addressing plugging and abandonment costs may occur before expiration of the permit term, once the criteria above have been met. Final release of financial assurance addressing surface reclamation may occur after the permit term, if all the release criteria have not previously been met.

- EE. All lands to be disturbed shall be addressed under the performance and reclamation standards and requirements of §19.10.3.302 NMAC and in accordance with the reclamation plan provided in the PAP and this Permit. The Permittee is obligated to complete reclamation of all disturbed areas upon completion of exploration activities.

Borehole and/or Well Abandonment

- FF. Pursuant to §19.10.3.302.L NMAC, each dry borehole shall be plugged from total depth with a column of high-density bentonite clay of sufficient composition, density, weight and viscosity to form an impermeable plug, unless another material is approved by the New Mexico Office of the State Engineer (NMOSE). The high-density bentonite shall be hydrated according to the manufacturer's requirements, and emplaced from the bottom upwards, to approximately 12 feet of the original ground surface. A 10-foot column of cement shall then be added to within approximately 2 feet of the ground surface. The cement shall be hydrated according to the manufacturer's requirements. The remaining hole shall be backfilled with topdressing from above the cement plug to the original ground surface. The hole shall be permanently plugged and abandoned as soon as is practical after drilling is complete. If a water-bearing stratum is encountered, the borehole shall be plugged before the drill rig is removed from the site and must satisfy the requirements of the NMOSE and the NMED for proper plugging of such holes.

If groundwater is encountered, the boreholes shall be considered wells and shall be

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permitted and sealed pursuant to the NMOSE's *Rules and Regulations Governing Well Driller Licensing, Construction, Repair, and Plugging of Wells*, §19.27.4 NMAC (see §19.27.4.36, *Requirements for Mine Drill Holes that Encounter Water*). An NMOSE-approved *Well Plugging Plan of Operations* shall be provided to MMD following the approval of this Permit or within 30 days after groundwater was inadvertently or unexpectedly encountered during drilling activities. The approved sealant shall comply with all applicable specifications of *ASTM D5299-99*. Because of the anticipated hard water conditions concerning the permit area, the permittee is required to use the proper plugging material appropriate for the hardness of water encountered. The Permittee shall ensure that the correct ratio of solids to water is used during the preparation of the approved sealant. Well plugging records shall be sufficiently detailed to document plugging methodology, the proper constitution of approved sealant, and an adequate volume of sealant was used to meet theoretical volumes of plugged intervals shall be provided to NMOSE and copied to MMD. Additionally, the Permittee is required to consult with OSE personnel prior to plugging wet boreholes.

All required NMOSE Permits for this project shall be obtained prior to starting the exploration project.

- GG. When all drilling, testing, and hole abandonment activities are complete for each site, the mud pits shall be allowed to evaporate and to dry sufficiently to allow backfilling, then backfilled and recontoured to create positive drainage and reduce erosion. Materials surrounding each mud pit, and used in constructing pit-containment berms, will be backfilled to provide excess fill to account for potential subsidence and settling. Prior to final grading and seeding, mud pit areas will be covered with topsoil. At all times mud pits must still conform to the previously defined conditions S and T of this section.

Changes, Modifications, or Revisions to the Permit

- HH. Any changes, modifications or amendments to the approved Permit shall be approved prior to implementation pursuant to §19.10.3.302.J and §19.10.4.406 NMAC.

Financial Assurance

- II. The Permittee shall maintain financial assurance, after approval of this Permit, in the approved amount of \$252,500.00.

Project Completion Timeline/Termination Report Requirements

- JJ. Notwithstanding any other provision of this Permit, the Permittee shall close and abandon all exploratory boreholes, including all wells, within one (1) year of date of permit issuance.

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- KK. The Permittee shall submit a termination report, pursuant to §19.10.4.407 NMAC, at the conclusion of the exploration operation, unless the Permittee has applied for renewal of the exploration permit or applied for a mining operation permit. The termination report shall contain, at a minimum:
- 1) A description of the reclamation measures utilized by the Permittee.
 - 2) Evidence of the seed mix (seed tags from bags) and its application rate utilized by the Permittee.
 - 3) Photographs of the reclaimed areas, including any BMP's utilized by the Permittee during exploration.
 - 4) Global positioning system (GPS) coordinates for the drill holes and/or well locations drilled under this Permit.
 - 5) Copies of the drill hole abandonment and plugging records and forms that includes an affidavit signed by a certified driller, engineer, or the project geologist, attesting to the fact that the holes have been plugged and abandoned according to the requirements of this permit.
 - 6) Reclamation of radiation will be considered adequate if the post-reclamation radiation level is equal to or less than the baseline 95th percentile value based on in-field measurements in accordance with the Mining and Minerals Division Guidance Document for Part 3 Permitting Under the New Mexico Mining Act, Section 2.5.

Section 11. **CONCLUSIONS OF LAW**

- A. The Director concludes the project meets the requirements of a "Minimal Impact Mining Operation" addressed in §19.10.1.7.M (2) NMAC. The operation authorized by this Permit is eligible as a minimal impact operation, and the Permittee is authorized to operate a minimal impact exploration operation, pursuant to §19.10.1.7.M (2) NMAC and §19.10.3.302.A NMAC.
- B. The PAP is complete, accurate and complies with the requirements of the Act and §19.10.3.302 NMAC.
- C. The Director has jurisdiction over the Permittee and the subject matter of this Permit and process.
- D. The Permittee is permitted to conduct exploration and reclamation operations within the Permit Area upon the condition that the Permittee complies with the requirements of the Rules, Act, and this Permit, and upon the submission of such termination reports and fees as may be required under §19.10.3 NMAC and §19.10.2 NMAC.

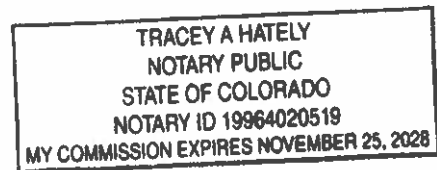


CERTIFICATION

I certify that I have read, understand and will comply with the requirements of the Permit. I further certify that I am not in violation of the Act or §19.10 NMAC. I also agree to comply with the performance and reclamation standards and requirements of the Permit, the Rules, and the Act, and allow the Director to enter the Permit Area without delay for the purpose of conducting inspections during exploration and reclamation.

MJD
Authorized Representative of the Permittee

Manager
Title



Cibola Resources LLC
Company Name

Subscribed and sworn to before me this 7th day of January, 2024⁵

Tracey A Hately
Notary Public

My Commission Expires 11-25, 2028

_____, _____

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ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that Permit No. CI019EM is approved. Cibola Resources, LLC is authorized to conduct mining, exploration drilling and reclamation operations at the North Cebolleta Exploration Project in Cibola County, New Mexico. The Permit may not be transferred without approval by the Director. The Permit is subject to all conditions set out in the Director's Findings of Fact, Conditions and Conclusions of Law.

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

By:



Albert Chang, Director
Mining and Minerals Division
Energy, Minerals and Natural Resources Department

Date:

Jan 13, 2025