



April 11, 2011

Chuck Schultz
Reclamation Biologist
State of New Mexico
Mining & Minerals Division
Energy, Minerals & Natural Resources Dept.
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Mr. Schultz:

Please find enclosed our Minimal Impact New Mining Operations Permit application for Black Spring Mine with the \$1000 application fee. Supporting documents include an Environment Assessment report, as well as Mining and Reclamation plans. There are six (6) copies for each department's review.

We appreciate the State's time and efforts and look forward to working together to ensure a successful operation.

Please let me know if you need anything else in the meantime.

Kind regards,

A handwritten signature in black ink, appearing to read "Tyler Lpwn", written over a horizontal line.

Tyler Lpwn
Manager, Corporate Operations

Corporate Office

8144 Walnut Hill Lane, Suite 1075
Dallas, Texas 75231
Ph: (214) 750-4696 • Fax: (214) 750-1158

Processing Plant

36 Duke City Road
Cuba, New Mexico 87013
Ph: (575) 289-0259 • Fax: (575) 289-0263

FOR MMD USE ONLY:

PROJECT NAME

PERMIT #

DATE RECEIVED: ___ / ___ / ___

DATE APPROVED: ___ / ___ / ___

LEAD INSPECTOR:

**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**

**SUBPART 3
MINIMAL IMPACT NEW MINING OPERATIONS
PERMIT APPLICATION**

The following information is required under the New Mexico Mining Act (Sections 69-36-1 through 69-36-20, NMSA 1978) and associated rules. The Mining and Minerals Division of the Energy, Minerals and Natural Resources Department is the administrative agency through which this application is to be processed. See §304, Minimal Impact New Mining Operations, of the New Mexico Mining Act Rules for all regulations associated with Minimal Impact Mining operations.

Permit Application Requirements: (§304.A-C and §601)

-] A minimal impact new mining operation will not be considered a minimal impact mining operation if it exceeds **10 acres of disturbed land**, except that pre-existing roads and reclaimed areas within the permit area will not be counted.
Reclaimed, for this purpose means all financial assurance has been released, except the amount held to reestablish vegetation pursuant to §1204.
-] Permit applications shall be submitted in ample time to have the permit issued before mining operations begin, and operations shall not begin until after the permit is issued.
-] Six copies of the completed application need to be submitted.
-] Confidential information needs to be **clearly** indicated and submitted separately.

4 Check the "YES" or "NO" box for each of the following characteristics as related to the proposed minimal impact mining operation:

- | <u>YES</u> | <u>NO</u> | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Located in or having a direct surface impact on wetlands, springs, perennial or intermittent streams, lakes, rivers, reservoirs or riparian areas. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 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. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 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. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Located in a known cemetery or other burial ground. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Located in an area with cultural resources listed on either the National Register of Historic Places or the State Register of Cultural Properties. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Having or 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. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Expected to use or using cyanide, mercury amalgam, heap leaching or dump leaching in its operations. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Expected to result in point or non-point source surface or subsurface releases of acid or other toxic substances from the permit area. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Requiring a variance from any part of these Rules as part of the permit application. |

IMPORTANT NOTES!

- / If you have checked "YES" to any of the above boxes, the mining operation does not qualify as a minimal impact mining operation. Do not continue to fill out the remainder of this form.
- / If you do meet the above requirements and have checked "NO" to **all** of the above boxes, continue filling out this application.
- / Obtaining a Mining Act permit does not necessarily satisfy the obligation to obtain permits required by other governmental entities.

] PLEASE FILL IN ALL APPLICABLE INFORMATION AS COMPLETELY AS POSSIBLE.

] PLEASE PRINT OR TYPE ALL INFORMATION.

1. OPERATOR INFORMATION (§304.D.1)

LIST PROJECT NAME: Black Spring Mine
NAME OF APPLICANT: Menefee Mining Corporation
ADDRESS: 8144 Walnut Hill Lane, Suite 1075 Dallas, TX 75231
PHONE #: 214.750.4696
NAME OF OWNER (if different from applicant's name and address):
ADDRESS:
PHONE #:
NAME OF ON-SITE CONTACT OR OPERATOR'S REPRESENTATIVE: Marie Francis, Operations Manager
ADDRESS: 36 Duke City Road Cuba, NM 87013
PHONE #: 575.289.0259

2. RIGHT TO ENTER INFORMATION (§304.D.1)

A. Describe or provide evidence for the basis of the applicant's right to enter the property to conduct the mining and reclamation:

contract with the Bureau of Land Management (BLM);
Fruenington, NM

B. List the names and addresses of surface and mineral ownership within the proposed permit area:

1. Surface Owner(s):

Name _____ Address _____ Phone # _____

Bureau of Land Management
1235 La Plata Highway, Suite A
Fruenington, NM 87401

2. Mineral Owner(s):

Name _____ Address _____ Phone # _____

C. List the author(s), title(s), date(s) and report number(s) of any cultural resource survey report(s) submitted to the agency(ies) or landowner(s) listed above:

Woods Canyon Archaeological Consultants, inc.
January 2011

"Class III Cultural Resource Inventory for the proposed Menefee Cuba Humate Mine Project in McKinley County, NM"

* a revised survey is currently being drafted & we will submit as soon as it is complete

3. MAPS (§304.D.2)

A. Provide a legal description of the site [Township(s), Range(s) and Section(s)]:

SE 1/4 of SW 1/4

Township 19, Range 5W, Section 9 (McKinley County, NM)

* please see Figure 1 in Mining & Reclamation plan *

B. Provide a topographic map(s) of at least 1 inch = 2,000 feet (or appropriate for the size of disturbance) showing the areas of land to be disturbed by the proposed mining and reclamation. Identify general area shown on the map(s) by Township, Range and Section(s). If the area to be mined contains the following features, show them on the map(s):

1. **Boundary of the proposed permit area** with the existing and proposed area of disturbance
2. Previously disturbed areas
3. Perennial, intermittent and ephemeral streams; springs; wetlands; riparian areas; lakes and reservoirs
4. Proposed and existing roads and other access routes
5. Residences
6. Support facilities
7. Cemeteries, burial grounds; cultural resources listed or eligible for listing on either the National Register of Historic Places or the State Register of Cultural Properties
8. Pipelines
9. Oil, gas, water and monitoring wells on and within two miles of the permit area
10. Identify the location of shafts, adits, trenches, ponds, pits, quarries, stockpiles, waste dumps etc

4. ENVIRONMENTAL PERMITS HELD FOR OTHER OPERATIONS (§304.D.3)

Provide a list of other environmental permits held for other mining operations within the United States and any violations issued for non-compliance with those permits.

NAMES OR TYPES OF ENVIRONMENTAL PERMITS:

Air quality permit for Menefee Mining Corp. processing plant in Cuba, NM

LIST PERMIT VIOLATIONS; NUMBER, TYPE AND ISSUING AGENCY:

Failure to obtain an air quality permit
Settlement agreement dated October 8, 2009
New Mexico Air Quality Bureau
No. D-0101-CV2008-02195

5. MINING DESCRIPTION (§304.D.4)

A. Type of mineral or minerals to be mined: Humate

B. Check (3) the method of proposed mining:

Surface or Underground

C. Describe the sizes and volumes of the facilities to be used:

Plant Site/Staging Area:

How Many 10 Acreage

Pits or Quarries : How Many 1 Acreage 5 Volume (cu.yds.)

Stockpiles: How Many 2 Acreage 2 Volume (cu.yds.)

Waste Dumps: How Many Acreage Volume (cu.yds.)

List the following for **New Road(s):**

Length (ft.) Width (ft.)

Length (ft.) Width (ft.)

List the following for extension or widening of **Existing Road(s):**

Length (ft.) 2500 Width (ft.) 10

Length (ft.) Width (ft.)

Other Disturbances: Type None

How Many Acreage Volume (cu.yds.)

TOTAL ACREAGE TO BE DISTURBED: 10 acres

D. Describe the type of processing that will be conducted on site:

Surface Mining with 76 Bulldozers & CAT 980
front end loader
loading mined material in 40' end dump truck

E. Describe the typical equipment to be used for the mining operations:

CAT 76 Bulldozers
CAT 980 Front end loader

5. CHEMICAL USE (§304.D.4)

A. List all chemicals proposed to be used by the mining operation.

Name: _____

Use:

Diesel fuel

- delivered from Cuba when
equipment needs servicing

anti freeze

- no chemicals are left at
mine site

Motor oil

6. GROUND WATER INFORMATION (§304.D.5)

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

n/a - please see well logs attached



New Mexico Office of the State Engineer Wells with Well Log Information

Basin/County Search:

County: McKinley

PLSS Search:

Section(s): 3, 4, 5, 8, 9, 10 Township: 19N Range: 05W

No wells found.

Depth to ground water (ft.) _____ T.D.S. concentration

B. Describe the source of groundwater information:

n/a

C. Describe any dewatering activities to be conducted during mining operations:

n/a

7. PERFORMANCE STANDARDS (§304.D.7)

A. Provide a general description of how the mining and reclamation will be designed and operated using the most appropriate technology and best management practices:

11 please refer to Mining & Reclamation plan
sec. 1.1 and sec. 1.5

B. Provide a general description of how the mining and reclamation will be designed and operated to assure protection of human health and safety, the environment, wildlife, and domestic animals:

11 please refer to Mining & Reclamation plan
sec. 2

12 please refer to environmental assessment
sec. 3.0 & 4.0

- C. Provide a general description of how the mining and reclamation will be designed and operated to safeguard the public from unauthorized entry into shafts, adits and tunnels and to prevent falls from highwalls or pit edges:

n/a

- D. Provide a general description of how the mining and reclamation will be designed and operated so the disturbed area will not contribute suspended solids above background levels, or where applicable the Water Quality Control Commission's standards, to intermittent and perennial streams:

n/a

- E. Provide a general description of how the mining and reclamation will be designed and operated to control erosion:

This is a closed pit operation. The closed pit will capture & collect any run-off. We do not anticipate any run-off but in the event of an unusual amount of rainfall, we will use wheat-free stream banks or other appropriate barriers to prevent run-off.

8. RECLAMATION PLAN (§304.D.8)

The operation will be operated and reclaimed to a self-sustaining ecosystem appropriate for the life zone of the surrounding areas following closure unless conflicting with the approved post-mining land use.

- A. List adjacent land use other than mining (i.e. grazing):

GRAZING

- B. List the proposed post mining land use (i.e. wildlife): *grazing*
- C. Describe how reclamation activities will avoid adverse impact to cultural resources:
please refer to mining & reclamation plan sec. 2

- D. Describe any backfilling and grading operations to be performed after mining:
- E. Describe what mitigation steps will be taken to reconstruct or protect the hydrologic balance of the site after mining:
- F. Describe how topsoil or topdressing will be salvaged, stockpiled and distributed for the re-establishment of vegetation:
- G. Describe what kind of seed bed preparation will take place prior to seeding. What soil amendments will be added? Scarification of the seed bed needs to take place. Will this involve discing or ripping?

- H. Describe in detail the plant species to be used in the re-establishment of vegetation:

<u>Plant Name:</u>	<u>Rate of application (lb/ac)</u>

please refer to mining & reclamation plan sec. 2.3

- I. Will the seeds be broadcast or drilled into the seed bed?
- J. Describe the type of mulch material to be applied after seeding and its application rate:

please see sec. 2.3.2 & 2.3.4

- K. What structures will be on the site and how will they be removed or reclaimed? (Buildings, portals, adits, shafts, bore holes, ponds, etc.):

no structures on site

- L. What roads are part of the mine site and how will they be reclaimed? Please provide an estimate of road square footage and explain if reclamation will involve ripping, scarification, backfilling, recontouring, and retopsoiling, etc.:

please refer to sec. 2.4 of mining & reclamation plan

- M. What will be the time frame for reclamation, (e.g. time of year, during mining, after mining, etc)?

please see table 3, page 18

Proposed reclamation dates: Begin: ___ / ___ / ___ End: ___ / ___ / ___

9. OTHER REQUIRED PERMITS FOR THIS OPERATION (§304.D.9)

- A. Provide a list of other permits required for the operation and the anticipated schedule for receipt of these.

<u>Permit Name & Issuing Agency</u>	<u>Date or anticipated date of receipt</u>
NMED Air Quality Permit	4/14/2011
MMB Menefee Mill permit	unknown

10. FINANCIAL ASSURANCE AND PERMIT FEES (§304.E & F)

- A. Provide a financial assurance estimate based on the cost of reclaiming the site by a third party. Include supporting calculations. Operations with less than 2 acres total disturbance are not required to provide financial assurance.

please see estimate attached.


- B. Attach the permit fees as determined pursuant to Subpart 2. The permit application fee for a minimal impact new mine is \$1,000.00.

please see check for \$1000- enclosed

11. CERTIFICATION REQUIREMENT (§304.J.5)

Each application shall be signed and notarized by an applicant for the operation with the following certification made:

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 requirements of the permit, these Rules, and the Act. Further, I hereby allow the Director to enter the permit area for the purpose of conducting inspections until release of financial assurance.

Signature of Applicant: 

Name (typed or print):

TYLER LOWN

Title/Position:

Manager, corporate operations

Date: 1/11/2011

Signature of Notary:

Jenny M. King



— Notary Seal —



April 11, 2011

Financial Assurance

After conversations with the Mineral and Mining Division, Menelee Mining Corporation proposes a surety bond in the value of \$30,000 US Dollars. A total of 10 acres will be covered by this bond. Official documents to follow from our financial guarantor.

Corporate Office

8144 Walnut Hill Lane, Suite 1075
Dallas, Texas 75231
Ph: (214) 750-4696 • Fax: (214) 750-1158

Processing Plant

36 Duke City Road
Cuba, New Mexico 87013
Ph: (575) 289-0259 • Fax: (575) 289-0263

MENEFEE MINING CORPORATION

REFERENCE NO.	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	DISCOUNT TAKEN	AMOUNT PAID
4-7-2010		4/7/11	1,000.00		1,000.00

CHECK DATE	CHECK NO.	PAYEE	DISCOUNTS TAKEN	CHECK AMOUNT
4/7/11	8398	Energy,Minerals, and Natural Resources		\$1,000.00

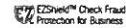
8398

MENEFEE MINING CORPORATION

8144 WALNUT HILL LANE, SUITE 1075
DALLAS, TX 75231
PH. 214-750-4696



JPMorgan Chase Bank, N.A.
Dallas, Texas 75201
www.Chase.com
32-61-1110



Memo:

CHECK NO.	DATE	AMOUNT
8398	Apr 7, 2011	\$1,000.00

PAY TO THE ORDER OF: One Thousand and 00/100 Dollars

Energy,Minerals, and Natural Resources
Ming and Minerals Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

John J. Brown
AUTHORIZED SIGNATURE

⑈008398⑈ ⑆111000614⑆ 1885453900⑈

MENEFEE MINING CORPORATION

8398

REFERENCE NO.	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	DISCOUNT TAKEN	AMOUNT PAID
4-7-2010		4/7/11	1,000.00		1,000.00

CHECK DATE	CHECK NO.	PAYEE	DISCOUNTS TAKEN	CHECK AMOUNT
4/7/11	8398	Energy,Minerals, and Natural Resources		\$1,000.00

Security features. Details on back.

