

**BLACK SPRINGS MINE  
PERMIT MODIFICATION 20-1 TO PERMIT NO. MK026MN  
MINIMAL IMPACT NEW MINING OPERATION**

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

This Modification 20-1 (“Modification 20-1”) to Permit No. MK026MN (“Permit”) is issued by the Director of the Mining and Minerals Division (“MMD”) of the New Mexico Energy, Minerals and Natural Resources Department to:

Menefee Mining Corporation  
Whose correct address is: 8144 Walnut Hill Lane, Suite 987  
Dallas, TX 75231

(“Permittee”) for the Black Springs Mine, McKinley County, New Mexico.

Modification 20-1:

1. Approves the release of approximately 4 acres within the southwest corner of Section 4, Township 19 North, Range 5 West, and transfers the existing Financial Assurance (“FA”) into future disturbance within the Black Springs Mine design limit;
2. Holds a total of \$68,128.64 for existing and future disturbance at this site. This amount is \$580.00 more than required at this time. The table in Appendix 1 on page 6 of this modification summarizes the FA required and held by MMD for this site.

In order to accomplish the approval contemplated by this Modification 20-1, the following subparagraphs are added to Permit No. MK026MN:

**Section 1 (20-1). STATUTES AND REGULATIONS**

- A. Modification 20-1 is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993, as amended through 2020) (“Act”) and New Mexico Mining Act Rules, Title 19, Chapter 10 of the New Mexico Administrative Code (“NMAC” or “Rules” or “Regulations”).
- B. Modification 20-1 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 (20-1). PERMIT APPLICATION PACKAGE**

- A. The permit application package for Modification 20-1 (“20-1 PMP”) consists of a written request from the Permittee’s Consultant (Toltec Mesa Resources LLC), received by MMD

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on July 6, 2020, for the release of approximately 4 acres within Section 4, Township 19 North, Range 5 West and includes a map of the reclaimed area.

- B. On August 4, 2020, the Permittee's Consultant provided details and documentation of the dates the site was scarified and reseeded. The correspondence includes a description of reclamation practices as well as the seed mix and application rate used.
- D. MMD received Certificate of Deposit ("CD") number 9500925780 on October 23, 2020, in the amount of \$2,500.00 issued by Wells Fargo Bank, Dallas, Texas for the revegetation of approximately 4 acres associated with this modification.

**Section 4 (20-1). FINDINGS OF FACT**

*The Permit Application Package*

- A. The Permittee has paid the permit modification fee of \$250.00 as required by §19.10.2.201 of the Rules.
- B. The application for permit modification has been reviewed in accordance with §19.10.6.608 of the Rules. The application for permit modification is complete, accurate, and complies with the requirements for permit modifications under §19.10.6.608 of the Rules.
- C. Pursuant to §19.10.6.608.D and §19.10.9 of the Rules, the proposed change does not require public notice nor the opportunity for public hearing.
- D. Pursuant to §19.10.6.608.D(1) of the Rules, the proposed changes would not have a significant environmental impact.
- E. Pursuant to §19.10.6.608.D(2) of the Rules, 20-1 PMP was accompanied by sufficient information for the Director to determine whether any of the factors listed in §19.10.6.608 NMAC are present.

*MMD's Request for Comments to the Agencies*

- F. The Director has provided notice of this application to other government agencies deemed appropriate, in accordance with §19.10.6.608.D(3) NMAC.

*Agency Comments and Site Inspection*

- G. An inspection and evaluation of the acreage requested for partial FA release was conducted by MMD and New Mexico Department of Game and Fish personnel on July 29, 2020. The

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inspection determined the reclaimed acreage to be approximately equal to the amount requested by the Permittee.

- H. The inspection was conducted within 30-days of receipt of the application for FA release, in accordance with §19.10.12.1210.B NMAC.

*Financial Assurance*

- I. The Permittee has provided FA to cover the costs of reclamation as required by §19.10.3.304.J(3) NMAC. The FA was transferred from the release of approximately 4 acres of reclamation, minus \$1,920.00 for vegetative success on the 4 acres, to cover the design limit of ten (10) acres of future mining disturbances and to allow for future exploration activities to be conducted.
- J. The total amount of FA for this project is \$68,128.64, which has been determined by MMD to be sufficient to meet the requirements of the Act, Rules, and the Permit. The table in Appendix 1 of this permit modification summarizes the FA required and held by MMD for this project.
- K. The amount of FA provided is \$580.00 more than required by Modification 20-1 and can be applied as credit by Permittee for future financial assurance responsibilities if needed.

**Section 11 (20-1).**

**CONCLUSIONS OF LAW**

- A. The request for permit modification is complete and accurate and complies with the requirements of the Act and §19.10.3.304 NMAC.

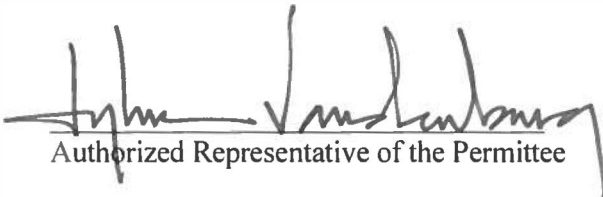
All other provisions, modifications, and revisions for mining and reclamation contained in the Black Springs Mine Permit, Permit No. MK026MN, remain unchanged.

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CERTIFICATION

I certify that I have read, understand and will comply with the requirements of the Permit, this Permit Modification, the Act and 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.

  
Authorized Representative of the Permittee

Vice President  
Title

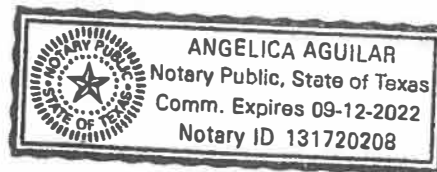
MENEFEE MINING CORP.  
Company

Subscribed and sworn to before me this 2 day of November, 2020

  
Notary Public

My Commission Expires

9/12, 2022



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**ORDER**

NOW THEREFORE, IT IS HEREBY ORDERED that the Director approves Permit Modification 20-1 to the Black Springs Mine, Permit No. MK026MN, located in McKinley County, New Mexico. The approval releases 4 acres of reclamation and holds \$68,128.64 in total FA for a design limit of up to ten (10) acres and revegetation of approximately 15.8 acres of reclamation.

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

By:



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Jerry Schoeppner, Director  
Mining and Minerals Division  
Energy, Minerals and Natural Resources Department

Date:

1/22/2021  
\_\_\_\_\_

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**Appendix 1 – Table Showing Calculated Financial Assurance**

**Surface Disturbance**

Total Design Limit Acres:	10
1 <sup>st</sup> Acre:	\$8,900.00
Next 9 Acres:	\$44,100.00
<b>Subtotal:</b>	<b>\$53,000.00</b>
<b>TOTAL: With five year escalation at 2.5%:</b>	<b>\$59,964.64</b>

**Revegetation Failure @ 5%/year of \$800 per acre**

Acres	Years	\$ Per Acre	Cost	Notes
4.0	12	\$480	\$1,920.00	Mod 20-1
<u>11.8</u>	12	\$480	<u>\$5,664.00</u>	Mod 18-1
15.8			<b>\$7,584.00</b>	
<b>TOTAL FA REQUIRED:</b>			<b>\$67,548.64</b>	
<b>TOTAL FA PROVIDED:</b>			<b>\$68,128.64</b>	CD in amount of \$2,500 provided instead of \$1,920 for Mod 20-1
<b>EXCESS/FUTURE CREDIT FA:</b>			<b>\$580.00</b>	