

APPLICATION FOR RELEASE OF FINANCIAL ASSURANCE DEMING JIGGING PLANT PERMITS LU001RE AND DP-1234

Introduction

American Minerals Inc (AMI) operated a manganese-processing facility on a 20-acre parcel of land leased from the City of Deming. Sixteen acres of the property had been used since the 1950's as a manganese ore-buying and processing site and contained a processing plant and numerous large piles of manganese-bearing tailings. The facility was permanently closed in 2003. The site was permitted by the Mining and Minerals Division (MMD) of the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) as an **Existing Mining Operation**, Permit No. LU001RE. As a guarantee for site reclamation, AMI had posted a \$100,000 bond which is held jointly between MMD and the New Mexico Environment Department (NMED). The bond, No. 8192-48-51, was issued on March 3, 2004 by the Federal Insurance Company.

Site reclamation has been completed under the terms of the Permit and the approved Closeout Plan. In accordance with 19.10.12.1210 A (1) NMAC of the Mining Act Rules administered by MMD, American Minerals Inc. hereby requests a **Release of Financial Assurance** for 92.5% of the value of the bond, an amount equal to \$92,500. The remaining \$7,500 is the estimated cost to continue the long-term monitoring of the site through the mandated 12-year period ending in 2017.

As required under 19.10.12.1210 A(2), a description of the reclamation completed and an estimate of the cost for long-term monitoring follow.

Site Reclamation

The 16-acre site was completely reclaimed in mid-2005 with the exception of the process building and the water well which had been left in place at the request of the City of Deming, the property owner. The large piles of manganese jig tails and slimes were buried in large trenches on the site and the excavated gravel and sand was used to cover the site with a one-foot thickness of material. The site was graded and contoured and 2000 cu yd of topsoil spread and disced into the surface. An approved seed mix, fertilizer and mulch were applied.

By the late summer-early fall of 2008, most of the 16-acre site was covered with a good growth of grasses, some in excess of 3 feet in height. In 2008-2009 some remedial work was done on the site, including:

1. The construction of an earthen berm along the adjoining smelter slag pile adjacent to the south side of the property.
2. Raising the monitor well by 12 inches and backfilling a 1000-sq-ft area around the well with approximately 12 inches of clean soil and reseeding the area.
3. Adding 6 inches of gravel to a 2000-sq-ft area in the south central part of the site where the cover was thin, and reseeding the area.
4. Backfilling with cobble gravel 10 small erosional channels which had developed in the site cover during heavy rainstorms.
5. Removing trash which had been dumped on the site since the completion of reclamation in 2005.

At the request of the NMED, the monitor well has been sampled semi-annually. Two auger holes were also drilled into a low area in the northwest part of the site to sample the native material lying directly beneath the buried manganese tailing.

In October 2009, the City of Deming removed the building and concrete slab which had housed the jigging plant. The material was hauled to the nearby City Landfill.

Comments

The site is stable and a good growth of grasses has been established over most of the area. Due to very low precipitation in 2009, the vegetative cover remained dormant.

The water table has fluctuated between a depth of approximately 72 and 75 feet since 2002. Water samples show little change in quality and easily meet the New Mexico drinking-water standards (20.6.2.3103 A and B, NMAC) for the items analyzed.

Ongoing site monitoring will continue through the end of the 12-year, post-reclamation monitoring period by AMI, MMD, and NMED. Annual inspections and annual reporting are required by MMD (19.10.5.510 and 11.1101A(3) NMAC). Semi-annual ground-water monitoring and inspections are currently required by NMED per Permit No. DP-1234 and more frequently should conditions dictate.

Cost estimate for long-term monitoring

The cost estimate for long-term monitoring includes annual inspections and annual reporting as required by MMD and Permit No. LU001RE plus the site monitoring and ground-water sampling as required by NMED and Permit No. DP-1234. The cost estimate assumes that the sampling frequency of the monitor well can be reduced to once per year beginning in May 2010. The post-reclamation 12-year monitoring period (19.10,12.1204 NMAC) ends in 2017.

1. Groundwater monitoring – annual sampling 7 samples: sample cost @ \$300 each analytical cost @ \$300 each Estimated cost: 7 @ \$600 each	\$4,200
2. Site inspections and reporting – semi-annual 7 inspections done concurrently with groundwater sampling and 7 additional inspections Estimated cost: 7 @ \$150 each	1,050
3. Contingency for remedial work in the event of excessive erosion from heavy rainstorms	<u>2,250</u>
Total remaining estimated long-term monitoring cost	\$7,500

This **Application for Release of Financial Assurance** is submitted for and on behalf of:

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