



Comexico LLC (wholly owned
subsidiary of)
New World
RESOURCES

David Otori, Permit Lead
Mining Act Reclamation Program
Mining and Minerals Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

June 1, 2021

Re: Jones Hill Exploration Drilling Project
Comexico Response to Agency Comments, March 23, 2021

Dear Mr. Otori,

Enclosed is our response to additional agency comments that you requested in an email dated March 23, 2021. We believe that, with the exception of the US Santa Fe Forest Service sharing the final Cultural Properties Survey Report with the NM State Historic Preservation Office (SHPO) and our submittal of the final Biological Report, these responses provides all of the additional information that allows the Mining and Minerals Division to proceed to approval of Comexico's permit application for its Jones Hill Exploration Project. The Cultural Resources Survey Report is currently with the USFS and we anticipate that will be shared with SPHO in the very near future. We will advise you when that happens. The Biological Report is being finalized by SWCA, and will be transmitted to you in the very near future as soon it becomes available.

We look forward to assisting you in any manner possible to help expedite the hearing and permit approval process. It's our hope that we can yet mobilize to the field after the end of the Mexican Spotted Owl breeding and nesting season, on September 1, as we have previously committed to operation only in the Months of September through February in order to avoid the MSO breeding season. Please let us know if you require additional clarification.

In closing, please note that we request that our project be referred to, and that the MMD website reflect that it is the Jones Hill Exploration Project. We wish to clearly indicate that our proposed activity has no relation to the historic Terrero site as we hope that this helps clarify the confusion that has occurred in the past about our project and our intentions. We seek only to conduct exploration drilling activities at our Jones Hill claims.

Sincerely,

Pat Siglin,
Exploration Manager, North America
720-258-6329



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COMEXICO LLC RESPONSE TO MARCH 12, 2021 AGENCY COMMENTS ON ITS PROPOSED JONES HILL EXPLORATION DRILLING PROJECT PERMIT APPLICATION NO. SF040ER

1. ENERGY MIINERALS AND NATURAL RESOURCES DEPT. FORESTRY DIVISION COMMENTS

EMNRD Forestry Division Comment No. 1

Based on the updated application and supplemental information provided, I do not expect any adverse impacts to the Indian Creek population of Holy Ghost Ipomopsis (*Ipomopsis sancti-spiritus*), which is a state and federally listed endangered plant species, as long as road 190 will not be used for the project and there will be no project related traffic past the Holy Ghost Ipomopsis enclosure.

Comexico Response:

Comexico confirms that FS road 190 will not be used to access any of the project sites. Additionally, Comexico has committed that it will not use the portion of FS road 192 at the location where the Isomopsis experimental exclusion area is located.

EMNRD Forestry Division Comment No. 2

Comexico states that surveys were performed for the species and a no effects determination is proposed in the draft biological survey report. However, no draft biological survey report was provided. Hence I cannot concur with this determination. Please provide a biological survey report as soon as it becomes available.

Comexico Response:

Comexico is currently finalizing the Biological Survey Report that has been performed per USFS requirements and will be submitted to the MMD upon its completion..

2. NEW MEXICO DEPARTMENT OF GAME AND FISH COMMENTS

NMDG&F Comment No. 1

The New Mexico Department of Game and Fish (Department) did not submit any comments for Comexico's most recent updated supplemental application because there was nothing that would change our original comments and recommendations that were submitted to MMD in a comment letter dated 11 October 2019. The Department addressed and made recommendations about requiring Comexico to conduct breeding bird surveys within at least a half mile buffer zone in the event that drilling operations had to be conducted during the primary breeding season for migratory birds and raptors. For active nest sites appropriate buffers would have to be established (≥ 100 feet from songbird and raven nests, 0.25 mile from most raptor nests, and 0.5 mile from Mexican Spotted Owl nests). The Department does reiterate that we would prefer that Comexico conduct drilling operations outside the breeding season for migratory birds and raptors.



Comexico Response:

Comexico conducted its bird breeding surveys in conformance with NMDG&F's recommendation that they be conducted within at least a half mile buffer zone. In addition, Comexico determined that it would conduct its activities at a time outside of the Mexican Spotted Owl breeding season which we believe substantially complies with NMDG&F's second recommendation.

NMGD&F Comment No. 2

The Department had also addressed and made recommendations to protect wildlife from mud pits in the event that closed containment systems were not used to contain drilling fluids. The Department does reiterate that closed containment systems [be] used to contain drilling fluids.

Comexico Response:

Comexico acknowledges NMDG&F's preference with regard to the use of closed containment systems to contain drilling fluids. However, we believe that the use of such systems introduces additional environmental impact to the project area because larger equipment would be required to transport the system components into and out of the site causing more impact to the access roadways. In addition, there would be many more trips in and out of the site to transport the drilling fluids to off-site disposal, also increasing the potential for impact to access roadways.

Use of on-site mud pits is a widely accepted exploration drilling practice that minimizes the potential for environmental impacts inasmuch as the drilling fluids used today are environmentally benign, the mud pits will be lined with 6 mil polyethylene plastic, and all drill site disturbances, including the mud pits, are required to be reclaimed. Each mud pit will be constructed with egress ramps allowing wildlife to escape in the event they inadvertently enter the pit, and netting will be installed to keep small animals from entering. On balance, mud pits are a better choice for this proposed action. The USFS, the NMED and the MMD have all previously approved their use for drilling.

3. NM OFFICE OF THE STATE ENGINEER COMMENTS

OSE Comment No. 1

The OSE issued Permit UP-826 to the Santa Fe National Forest on September 11, 2019. Condition 17-5E of the permit requires the installation of a totalizing meter at the well to record all water diversions, informing the OSE of the make, model, serial number, installation date, and initial meter reading prior to appropriating water to record all diversions, and the quarterly submission of those diversions to the OSE. To date OSE has not received meter details or any meter readings. Please address this deficiency.

Comexico Response:

As noted by the OSE, the permit is held by the Santa Fe National Forest. Comexico anticipates utilizing water from the well for its drilling operations upon approval of the Plan of Operations and the MMD permit. We have been informed by the USFS that an OSE acceptable totalizing



meter was installed in November 2020 on the well and the required information was submitted to the OSE in December 2020. Comexico will ensure that the amounts of water used for its project will be submitted to the OSE on a timely basis.

4. DEPARTMENT OF CULTURAL RESOURCES HISTORIC PRESERVATION DIVISION COMMENTS

SHPO Comment No. 1

Pursuant to 19.10.5.505 NMAC, Permit Modifications and Revisions, the Director shall determine whether a permit modification would have an adverse impact on cultural resources listed on either the National Register of Historic Places or the State Register of Cultural Properties or be located in a known cemetery or other burial ground. According to our files, there are no cultural resources listed on either the National Register of Historic Places or the State Register of Cultural Properties in the permit area. There are also no known cemeteries or other burial grounds. Based on this information, this permit application will have no adverse impacts to cultural resources listed on the National or State Registers.

Comexico Response:

Comexico appreciates SHPO's comments and finding that our proposed actions will have no impacts to cultural resources listed on the National or State Registers.

SHPO Comment No. 2

In Section 9 of the updated permit application Comexico LLC states that: *"A third party contractor will be undertaking cultural surveying activities at the project area and a report will supplement this application upon completion of the survey"* The State Historic Preservation Officer (SHPO) would like to commend Comexico LLC. for conducting this survey and we look forward to receiving this report.

Comexico Response:

The cultural resources inventory report has been conducted by SWCA, Comexico's consultant on the matter. It has been provided to the USFS who will, in turn, submit it to SHPO in the near future.

SHPO Comment No. 3

Regarding the comment: *"While it may never have been submitted to the NM Department of Cultural Affairs Historic Preservation Division, Comexico have evidence that an archaeological report authored in 1981 and titled "Archaeological Survey of Conoco's Jones Mine Property has been submitted to the USFS."* Please be aware that this survey was completed almost 40 years ago and environmental conditions and professional archaeological standards have changed in that time. As the mine application states that the surface estate owner is the USDA Forest Service, Santa Fe National Forest, we continue to recommend that Comexico LLC consult with USDA Forest Service to ensure that the project meets their cultural resource and other environmental requirements.



Comexico Response:

Comexico appreciates SHPO's comment. SWCA has taken the Conoco report into account in preparing its report. All previous site recordings within the current survey area that were identified during the Conoco survey were reviewed and utilized during SWCA's full site updates. Because that report is so old, SWCA completely re-recorded all resources within the current project area to follow current forest service cultural resource requirements.

**5. NEW MEXICO ENVIRONMENT DEPARTMENT COMMENTS
Air Quality Bureau (AQB)**

AQB Comment No. 1

The AQB has no objection to this exploration request.

Comexico Response:

Comexico appreciates the NM AQB comment and will conduct its proposed actions in compliance with the AQB's regulations.

**6. NEW MEXICO ENVIRONMENT DEPARTMENT COMMENTS
Surface Water Quality Bureau (SWQB)**

SWQB Comment No. 1

The Hydrogeologic Report dated October 2019 had committed to hauling all mud material off-site via drum or vacuum trucks to prevent drilling mud from interacting with the ground surface; However, the updated application dated August 2020 proposes to use two mud pits per drill site (30 drill sites),

Comexico Response:

Comexico determined that constructing lined mud pits is a practice that is more environmentally protective for the proposed action. Comexico believes that transporting drilling mud from each drill pad used (Comexico proposes UP TO 30 but will likely use less) out of the site will potentially create more significant damage to existing access roadways because of the increased traffic and the larger size of the vacuum trucks (and the number of vehicle trips in and out of the site) that would result from removal and transport of the mud, thus increasing the potential disturbance and amount of reclamation required. This level of activity would also have a greater potential for generation of fugitive dust. The mud pits will be located within the drill pad foot print, thus not increasing the footprint to be reclaimed. Lined mud pits are currently accepted industry practice approved by the NMED, the MMD and the USFS and are protective of water resources. In addition, there are no assurances that the muds that would be disposed off-site, once they are mixed with drill cuttings, will be accepted at a local disposal facility, potentially requiring longer haul routes. In sum, the use of lined mud pits is a more desirable alternative.



SWQB Comment No. 2

The updated application has also revised the list of drilling additives and drilling mud products to include AMC 206, AMC EZEE BORE, AMC EZEE PAC R, AMC HV Foam, AMC Torque Guard, and AMC Grout 20. The updated list of drilling fluids includes a combination of water-based fluids and synthetic-based fluids which are generally considered safer than the oil-based fluids originally proposed.

Comexico Response:

Comexico confirms that it is committed to utilizing these products as noted by the SWQB.

SWQB Comment No. 3

The Applicant's response to agency comments, dated September 30, 2020, commits to containing all water to the drill site and maintaining appropriate spill clean-up materials at all times which should reduce the greatest risk to humans and the environment that could result following a spill. SWQB supports the USDA's National Core BMP Technical Guide and recommends using nontoxic, nonhazardous drilling fluids whenever practicable. This practice provides the greatest assurance that State surface water quality standards will be maintained and protected and that no exceedances will occur under 20.6.4.13.F NMAC for toxic pollutants.

Comexico Response:

Comexico confirms that it is committed containing all water to the drill site and maintaining appropriate spill clean-up materials at times as committed to in its September 30, 2020 response to comments.

7. NEW MEXICO ENVIRONMENT DEPARTMENT COMMENTS Mining Environmental Compliance Section (MECS)

MECS Comment No. 1

Updated Application, Number 5A, "End Date: August 1, 2024 (USFS) or 2022 (NM -MMD)" – Please elaborate on the difference in end dates for the project, specifically stating which activities are USFS related and which are MMD related.

Comexico Response:

All of the proposed activities contained in the application are related to both the USFS and the MMD. The application form that was used is the NM MMD form for a regular exploration permit. It was also used to submit the Plan of Operations (POO) to the USFS. The USFS POO proposed action is for a three year period, and thus, the August 1, 2024 date for the USFS. The August 1 2022 date for the MMD recognizes that an exploration permit pursuant to the NM Mining Act Regulations can only be approved for 1 year and that renewal is required annually. Comexico will be coordinating with the MMD and USFS to work out a mechanism to accommodate this difference. Please note that these are "proposed dates" assuming that



approvals are forthcoming in the near future. The actual dates, will, of course, differ depending on when the approvals are obtained and will encompass a 3-year period.

MECS Comment No. 2

Updated Application, Number 5E, “road maintenance” – MECS has knowledge of mine waste being used on the roads in the region. In the event any historic mine waste is encountered during road improvements and or maintenance, it should be removed and disposed in a manner that is protective of surface water and groundwater quality.

Comexico Response:

Comexico has no indication that mine waste, per se, has been used in the past on the roadways identified in its road maintenance plan. Should it be encountered during implementation of the plan we will handle such materials in conformance with NMED regulatory requirements to be protective of groundwater quality.

MECS Comment No. 3

Updated Application, Number 6A, “Water source – well UP 00826” Prior to any use on- site, a ground water sample shall be collected from well UP 00826 and tested for New Mexico Water Quality Control Commission (NMWQCC) constituents shown in the attached list (Attachment 1). NMED will evaluate the results, and if any constituent is found to exceed 20.6.2.3103 N MAC standards, use of the water on-site may not be permitted. NMED also requests the sampling and analysis of water from springs, historical shafts, and historical adits on-site for constituents shown in Attachment 1 prior to permitted exploration activities. The purpose of the sampling of springs, shafts, and adits is for the establishment of baseline water quality. At the conclusion of site activities, NMED may request a repeat sampling event to confirm the exploration activities did not impact water quality. NMED requests all water quality results be submitted a minimum of 60 days prior to the start of activities on site.

Comexico Response:

Comexico is has committed to sampling water from well UP 00826, springs, shafts and adits and analyzing for the constituents identified by the NMED. We are coordinating the sampling efforts with the agency as it has requested that they would like to take their own samples as well. Regarding NMED’s intention to possibly repeat sampling, we note that the constituent values identified in the groundwater standards as shown in your Attachment 1 are maximum numerical values and that compliance with those standards is in the context the numerical value or background, i.e., baseline, or the higher baseline value. Additionally, the location of the water well does not coincide with any of the proposed drill hole locations. As such, it is entirely unlikely that an additional future sampling event will confirm anything other than the water quality of the well at the time of sampling rather than be an indication of impacts to water quality as result of the exploration activity proposed by Comexico.



8. SANTA FE COUNTY COMMENTS (SFC)

SFC Comment No. 1

Santa Fe County recognizes the effort Comexico LLC has made in addressing the comments made by Santa Fe County in letters dated October 25, 2019 and April 6, 2020. Santa Fe County would like to emphasize that Comexico is required to comply with requirements as outlined in Ordinance No. 2019-2 (DCI Ordinance) and Ordinance 2016-9 the Sustainable Land Development Code and submit an application for a Conditional Use Permit (CUP) for the proposed mineral exploration project. Santa Fe County will consider Comexico's exploration permit application once all relevant state and federal mineral exploration permits are obtained. As part of the CUP application, the comments made by Santa Fe County in these letters will require a more thorough response. Mineral exploration and extraction is regulated under Chapter 11 (Ordinance No. 2019-2) of the Santa Fe County Sustainable Land Development Code (SLDC). Section 11.3.1.2 (2) states that applications for mineral exploration on federal lands must complete a Conditional Use Permit (CUP) in accordance with Chapter 4 of the SLDC. Section 4.9.6.3 states that a CUP application shall include any studies, reports, and assessments required in Table 6-1 as determined at the pre-application TAC meeting. In the September 17, 2019 TAC letter to Comexico, LLC., Santa Fe County Staff determined that the applicant must include a Water Service Availability Report (WSAR) and Environmental Impact Report (EIR) as part of the mineral exploration permit application to comply with the hydrological requirements of the SLDC.

Comexico Response:

Comexico acknowledges SFC's comment and understands that the County has ordinances to be considered when conducting certain activities in Santa Fe County. Comexico will comply with all regulatory requirements that are applicable to the proposed actions approved by the USFS and the NM MMD.

