

PERMIT MODIFICATION 20-1 TO PERMIT NO. GR058MN

BILLALI MINE

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. GR058MN (“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: Billali Mine, LLC
P.O. Box 207
Duncan, AZ 85534

(“Permittee”) for the Billali Mine, located in Grant County, New Mexico.

This Modification 20-1:

1. Approves installation of a mine dewatering pipeline and approximately 1 acre of additional surface disturbance for the construction of a water infiltration pond (“Discharge Pond”) on the Burk Ranch;
2. Approves installation of a mine dewatering pipeline and periodic discharge of mine water to the existing Cattle Tank location;
3. Rescinds Modification 14-1 allowing for the discharge of mine water into the Norman King mine and pipeline to the Monzingo Ranch.

In order to accomplish the approval contemplated by this Modification 20-1, the following subparagraphs are added to Permit No. GR058MN:

Section 1 (20-1). 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 2020).

Section 1a (20-1). PERMIT APPLICATION PACKAGE

- A. The permit modification package for modification 20-1 (“20-1 PMP”) consists of:
1. A written request to modify the permit to install a pipeline for mine water discharge to an existing Cattle Tank and construction of a new Discharge Pond, both of which are located on private property owned by Mr. Dan Burk (“Burk Ranch”; see Figure 1 with this Permit Modification 20-1);

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2. Written demonstration of Permittee's right to access property owned by Mr. Dan Burk, owner of the Burk Ranch, dated July 25, 2020.

Section 2 (20-1). **PERMIT AREA**

- A. The Permittee is authorized to conduct mining and reclamation operations only on those lands that are specifically designated and authorized as the permitted area ("Permit Area"). The Permit Area is generally shown in Figure 1 with this Modification 20-1 and is defined as:
 1. The extent of the Billali patented mining claim;
 2. Approximately 5,000 linear feet of pipeline from the Billali Mine portal to two locations:
 - the existing Cattle Tank located southeast of the Billali Mine portal near Summit Peak Road/Carlisle Creek Road; and
 - Approximately 1 acre for construction of a new Discharge Pond southeast of the mine portal on the Burk Ranch within the Bitter Creek arroyo.

Section 3 (20-1). **FINDINGS OF FACT**

The Permit Modification 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.

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- 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 and Tribes

- F. The Director has provided notice of this application to other government agencies and tribes deemed appropriate, in accordance with §19.10.6.608.D(3) NMAC. MMD provided the cooperating agencies (the New Mexico Environment Department ("NMED"), the Department of Game & Fish, the State Forestry Division, the State Historic Preservation Division, and the Office of the State Engineer) with a copy of 20-1 PMP and requested comments from the agencies.
- G. Permitted submitted a Notice of Intent to Discharge to NMED on May 19, 2020, and NMED responded in a letter dated August 27, 2020, that a Discharge Permit is not required as long as the discharge is as described in the Notice of Intent.

Site Inspection

- H. An inspection of the Billali Mine and proposed water conveyance pipeline was conducted by New Mexico Environment Department personnel on behalf of MMD on July 29, 2020.

Right-To-Enter / Property Access Information

- I. The Permit and Modification 20-1 do 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 basis on which the Permittee has a right-to-enter the property to conduct mining 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.
- J. The surface and mineral estate of the Billali patented mining claim is reported to be owned by Billali Mine, LLC. The Permittee has satisfactorily demonstrated its right of access to this mining claim pursuant to §19.10.304.D(1) NMAC.
- K. The Cattle Tank and Discharge Pond locations are reported to be on private land owned by Mr. Dan Burk ("Burk Ranch"). The Permittee has satisfactorily demonstrated its right of access to the surface of these two locations on Burk Ranch pursuant to §19.10.304.D(1) NMAC. gThis Permit does not allow the Permittee to access the mineral estate or to extract, in any way, subsurface leasable, salable, or locatable minerals on the Burk Ranch.

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Water Rights

- L. The Permit and Modification 20-1 do 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.

Financial Assurance

- M. Currently, there is approximately 1.1 acres of disturbance in the Permit Area. Financial assurance is not required at this time for this Permit or modification because the Permit Area is less than two (2) acres of total disturbance, as specified in §19.10.3.304.E NMAC.
- N. Should the total acreage of disturbance exceed 2 acres in the future, Permittee shall be responsible for providing financial assurance for the Permit Area.

Section 4 (20-1). COMPLIANCE REQUIREMENTS

- A. The Permittee shall comply with the statutes and regulations referred to in Section 1 of this Permit and with all other applicable state or federal statutory, regulatory or permitting requirements.
- B. The issuance of this Permit and Modification 20-1 does not relieve the Permittee from the responsibility of complying with other state and federal requirements and standards. It is Permittee's responsibility to ascertain which permits are required.

Section 5 (20-1). AGENCY RIGHT OF ENTRY

- A. The Permittee shall allow authorized representatives of the Director, without advanced notice, upon presentation of appropriate credentials, and without delay:
- 1 to enter upon, or through, any mining or reclamation operation at any time, as provided for in §19.10.3.304.J(5) and §19.10.11.1101.E(1) NMAC for the purpose of conducting inspections 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.

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- B. In the event that the private landholder of Burk Ranch revokes, 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 the private landholder of Burk Ranch within 60 days after the Director has given Permittee the notice provided for in subparagraph B of this Section 5, the Permittee shall immediately begin reclamation of the Permit Area.

Section 8 (20-1). **COMPLIANCE WITH PERMIT MODIFICATION PACKAGE**

- A. The Permittee shall conduct mining and reclamation operations only as described in the approved PAP, the Permit, and any modifications approved by the Director, pursuant to §19.10.6.608 NMAC. The Permittee shall comply with the statutes and regulations in Section 1 of this Permit, the applicable regulatory and permitting requirements, and any and all conditions that are incorporated into this Permit.
- B. Where the PAP is ambiguous or in apparent conflict with the provisions outlined in the Permit or Modification 20-1, the language of the Permit and Modification 20-1 shall supersede the PAP.

Section 9 (20-1). **GENERAL OBLIGATIONS AND CONDITIONS**

Description of Project / Authorized Disturbances

- A. Within the approved Permit Area, the Permittee will stage a conventional underground mining operation which includes future discharge of mine water via the conveyance pipeline described in Modification 20-1. Pursuant to §19.10.3.304.A NMAC, the Permittee shall conduct mining and reclamation activities only within the Permit Area.
- B. The Permittee is obligated to complete reclamation of all disturbed areas upon completion of mining. The Permittee shall maintain this Permit until reclamation is complete at the site.
- C. The Permittee is authorized to excavate the new Discharge Pond for the percolation of discharged mine water. Discharge Pond shall be sized appropriately to retain the estimated discharge volume from the decline.

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- D. The volume of water pumped from the Billali Mine shall be measured with a totalizing flow meter and reported to the Office of the State Engineer. Pumping of groundwater without a functioning flow meter may be cause for MMD to issue a Notice of Violation or Cessation Order.
- E. The operational capacity of Discharge Pond shall not be exceeded (i.e., no leakage through the earthen berms, overflow or other water discharge other than downward percolation) unless the Permittee has obtained coverage to discharge to a Water of the United States under a National Pollutant Discharge Elimination System ("NPDES") permit. Exceedance of the operational capacity of the Discharge Pond may be cause for MMD to issue a Notice of Violation or Cessation Order.
- F. To the extent practicable, excess alluvial material and grubbed vegetation obtained during construction of Discharge Pond shall be salvaged, transported and applied as reclamation topdressing to the waste rock stockpile at the Billali Mine.

Water Discharge Testing

- G. Water pumped from the Billali Mine during mine dewatering shall be collected and tested semi-annually (two times per year) for the following constituents:
- | | |
|--------------------------------|--------------------------|
| • total dissolved solids (TDS) | • copper |
| • sulfate | • iron |
| • aluminum | • fluoride |
| • arsenic | • lead |
| • cadmium | • manganese |
| • molybdenum | • nickel |
| • selenium | • pH |
| • silver | • alkalinity carbonate |
| • cobalt | • alkalinity bicarbonate |
| • chromium | • zinc |
- H. NMED and MMD shall be notified a minimum of two weeks before the water samples are collected in order to allow NMED and MMD the option of being present during the sample collection process.
- I. Results of the water analyses shall be submitted to both MMD and NMED on or before the last day of April and October and must include analyses sheets signed by the laboratory.

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Reclamation Requirements

- J. Upon closure of the mine, the decline and all associated mine infrastructure (steel headframe and tram system, steel mine collar and gates, concrete pillars, buildings, concrete pads, drainage culverts, air supply pipes, water pipes, ladders, etc.) shall be dismantled and either placed into the decline as backfill, if allowed in advance, in writing, by the State of New Mexico, or removed.
- K. Upon closure of the mine, the decline opening shall be permanently plugged and sealed. The Permittee shall confer with MMD about acceptable methods to permanently plug the decline opening prior to any construction activities related to closure of the decline.
- L. All miscellaneous mining equipment and equipment used to facilitate mining, including, but not limited to, wire mesh, shoring, pipe, pumps, fencing, concrete, timber, stairs, tanks, generators, electrical equipment, sheds, storage containers, scrap metal, pallets, and similar scrap or refuse items not compatible with the PMLU of grazing shall be removed.
- M. Existing roads will not be reclaimed, but will be left in place for future access for grazing support. Any new roads created by the Permittee shall count against the two acre limit of disturbance and shall be reclaimed at the end of the mine life.
- N. Ore piles, low grade ore stockpiles, waste rock piles, and similar piles left on the surface, if any, when mining ceases shall either be placed into the decline opening as backfill, if authorized in advance, in writing, by the State of New Mexico, or shall be graded into the site during reclamation. Material left in place shall be graded and covered with a minimum of two (2) feet of suitable growth material, or shall be suitably amended if authorized in advance by the State of New Mexico, to support vegetative growth suitable to support the PMLU of wildlife and grazing.
- O. Work areas, ponds, waste rock piles, equipment storage areas, ore storage areas, parking lots, created roads, the area around the headframe and decline opening, berms and other areas shall be re-graded with final slopes no steeper than 3:1 where feasible, but in no case steeper than 2:1. All reclaimed areas shall be scarified and re-seeded. Grading shall be performed to achieve positive surface water drainage.
- P. Any areas where vegetation has been disturbed shall be re-seeded utilizing the following weed free, pure live seed ("PLS") mixture:

<u>Species</u>	<u>Broadcast Rate (lbs. PLS/acre)</u>
Sideoats Grama	4.0
Blue Grama	2.0
Black Grama	2.0

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Bottlebrush Squirreltail	2.0
Wild buckwheat	3.0
Mountain mahogany	3.0
<u>Skunkbush sumac</u>	<u>3.0</u>
19.0 lbs. PLS/acre	

Seed mix substitutions may be proposed based on availability of seed at the time of reclamation, however the Permittee shall discuss any proposed changes in the seed mix with MMD and receive written approval from MMD prior to implementation of any changes in the seed mix.

- Q. The Permittee shall notify MMD a minimum of 30 calendar days prior to performing any reclamation at the site.
- R. The Permittee shall leave all disturbances in a manner that is stable, both long term and short term, and non-hazardous to humans, domestic animals, and wildlife.
- S. All lands to be disturbed by the mining operation shall be addressed under the performance reclamation standards and requirements of §19.10.3.304 NMAC and in accordance with the reclamation plan provided in the PAP and this Permit.

Noxious Weed Management

- T. If observed, noxious weeds and/or competitive vegetation shall be controlled by the Permittee.

Best Management Practices ("BMPs")

- U. 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.
- V. No storage of fuels or chemicals shall take place within any watercourse.
- W. The Permittee shall implement best management practices ("BMPs") in a manner that prevents direct impacts to surface water and ephemeral, intermittent, and perennial water courses. The Permittee shall implement erosion control measures that are designed, constructed and maintained using professionally recognized standards. Storm water run-on to the mine site and discharges to Bitter Creek shall be controlled through implementation of appropriate BMPs to control erosion.
- X. All waste material shall be collected and disposed of properly.

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- Y. Appropriate spill clean-up materials, such as absorbent pads, must be available on-site at all times during mining activities to address potential spills. Spills must be reported immediately to 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) 476-6000. For non-emergencies after hours, call (866) 428-6535 or (505) 428-6535 (voice mail, twenty-four hours a day). For emergencies only, call (505) 827-9329 twenty-four hours a day (NM Department of Public Safety).

Cultural and Paleontological Resource Preservation Requirements

- Z. 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.
- AA. In the 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.

Changes, Modifications, or Revisions to the Permit

- BB. Any changes, modifications or amendments to the approved Permit shall be approved, in writing, prior to implementation.

Additional Obligations

- CC. The Permittee shall maintain this Permit until reclamation is completed at the site. The term of this Permit is governed by §19.10.6.607 NMAC.

Section 10 (20-1).

CONCLUSIONS OF LAW

- A. The request for permit modification is complete and accurate and complies with the requirements of the Act and §19.10.3.303 NMAC.

All other provisions, modifications, and revisions for mining and reclamation contained in the Billali Permit, Permit No. GR058MN, 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.

Josh K. B. [Signature]
Authorized Representative of the Permittee

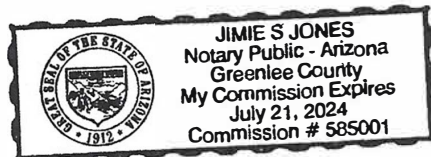
Mine manager
Title

Mineral Acquisitions
Company

Subscribed and sworn to before me this 31 day of August, 2020
[Signature]
Notary Public

My Commission Expires

July 21, 2024




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ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that the Director approves Permit Modification 20-1 to the Billali Mine, Permit No. GR058MN, located in Grant County, New Mexico. The approval allows additional surface disturbance for the construction of a new Discharge Pond and operation of a pipeline to carry subsurface water generated from the Billali Mine to locations identified in the application.

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:



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

Date: 9/1/2020

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Figure 1: Permit Area for Billali Modification 20-1

