

REV. DATE: 7/14/11

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:

YES **NO**

- | | | |
|--------------------------|----------|--|
| <input type="checkbox"/> | X | Located in or having a direct surface impact on wetlands, springs, perennial or intermittent streams, lakes, rivers, reservoirs or riparian areas. |
| <input type="checkbox"/> | X | 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"/> | X | 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"/> | X | Located in a known cemetery or other burial ground. |
| <input type="checkbox"/> | X | 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"/> | X | 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"/> | X | Expected to use or using cyanide, mercury amalgam, heap leaching or dump leaching in its operations. |
| <input type="checkbox"/> | X | 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"/> | X | 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.

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

J PLEASE PRINT OR TYPE ALL INFORMATION.

1. OPERATOR INFORMATION (§304.D.1)

LIST PROJECT NAME: Iron Duke
NAME OF APPLICANT: Gulf Coast Mining Group, LLC
ADDRESS: 4000 Legato Rd., Suite 1100 Fairfax, VA 22033
PHONE #: tel: 202-262-6393 fax: 202-318-6271 dts@att.net
NAME OF OWNER (if different from applicant's name and address):
ADDRESS: Same as above
PHONE #: Same as above
NAME OF ON-SITE CONTACT OR OPERATOR'S REPRESENTATIVE: David Davidson
ADDRESS: 20701 Scottsdale Rd. 107-293 Scottsdale, Arizona 85255
PHONE #: 480-226-3113

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:

Applicant has fee simple ownership of four patented claims: Iron Duke, Cinco de Mayo, Virginia and Barbara. Access to the patented claims is being pursued through associated processes with the BLM and the State Land Office.

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

1. Surface Owner(s):

<u>Name</u>	<u>Address</u>	<u>Phone #</u>
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Gulf Coast Mining Group, LLC	4000 Legato Rd., Suite 1100 Fairfax, VA 22033 (202) 262-6393	
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2. Mineral Owner(s):

<u>Name</u>	<u>Address</u>	<u>Phone #</u>
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Gulf Coast Mining Group, LLC	4000 Legato Rd., Suite 1100 Fairfax, VA 22033 (202) 262-6393	
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- 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:

None

3. MAPS (§304.D.2)

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

The site is located in sections 3 and 4 of Township 22 S, Range 8 E.

- 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
see Plates 2 and 3 showing boundary of mining claims and areas scheduled for removal of historic mine dumps, roads and pads
2. Previously disturbed areas
Plate 3 is an aerial photograph showing areas near the claims that were disturbed during historic mining operations
3. Perennial, intermittent and ephemeral streams; springs; wetlands; riparian areas; lakes and reservoirs
Plates 2 and 3 show that surface water is not present in the area
4. Proposed and existing roads and other access routes
See Plates 2 and 3
5. Residences
Plates 2 and 3 show no nearby residences
6. Support facilities
All support facilities are mobile and will be placed on pads
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
Plates 1 and 2 show none of these features.
8. Pipelines
Plates 2 and 3 show no evidence of pipelines
9. Oil, gas, water and monitoring wells on and within two miles of the permit area
Plate 1 shows the locations of nearby water wells. No oil, gas or monitoring wells are reported in the area
10. Identify the location of shafts, adits, trenches, ponds, pits, quarries, stockpiles, waste dumps etc –
Plates 1 and 2 shows the locations of historic mines and waste dumps

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 in preparation
NPDES Stormwater submissions in preparation

LIST PERMIT VIOLATIONS; NUMBER, TYPE AND ISSUING AGENCY:

Cessation Order dated 6/15/11 from MMD

5. MINING DESCRIPTION (§304.D.4)

See Attachment for the Mining Description.

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

See Table 1 of Attachment

Pits or Quarries :	How Many	___	Acreage	___	Volume (cu.yds.)
Stockpiles:	How Many	___	Acreage	___	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.)	_____	Width (ft.)
Length (ft.)	_____	Width (ft.)

Other Disturbances: Type

How Many _____ Acreage _____ Volume (cu.yds.)

TOTAL ACREAGE TO BE DISTURBED: _____ acres

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

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

5. CHEMICAL USE (§304.D.4)

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

Name: _____

Use:

NO CHEMICALS USED

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

See Attachment

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

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

B. Describe the source of groundwater information:

C. Describe any dewatering activities to be conducted during mining operations:
None

7. PERFORMANCE STANDARDS (§304.D.7)

See Attachment

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:

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:

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:

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

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.

See Attachment

- A. List adjacent land use other than mining (i.e. grazing):
- B. List the proposed post mining land use (i.e. wildlife):
- C. Describe how reclamation activities will avoid adverse impact to cultural resources:
- 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:
- 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:
- K. What structures will be on the site and how will they be removed or reclaimed? (Buildings, portals, adits, shafts, bore holes, ponds, etc.):
- 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.:

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

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 for Crusher	In preparation
NPDES Stormwater Plan	In preparation

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

See Attachment.

- 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.
- 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.

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: David Snaheen Manager

Name (typed or print): DAVID SNAHEEN

Title/Position: MANAGER

Date: 7/13/11

Signature of Notary:

City/County of Fairfax
Commonwealth of Virginia

The foregoing instrument was acknowledged before

me this 13th day of July, 2011

by Barbara J. Clark

Barbara J. Clark
Notary Public
COMMONWEALTH OF VIRGINIA
Reg #7183683
My Commission Expires Jan. 31, 2012

— Notary Seal —



ATTACHMENT

**ATTACHMENT TO MINIMAL IMPACT NEW MINING OPERATION
IRON DUKE, CINCO DE MAYO, VIRGINIA, AND BARBARA PATENTED CLAIMS
OTERO COUNTY, NEW MEXICO**

Part 5: MINING DESCRIPTION (§304.D.4)

Section A:

Hematite and magnetite are the primary ore minerals

Section B

Surface methods will be used to remove historic waste rock dumps from the claims. This action could be considered reclamation rather than mining.

Section C

The facilities for the mining/reclamation operation are described below, identified in Plates 2 and 3, and presented in tabular form in Table 1. The Area Numbers shown in the left column of Table 1 are plotted on Plate 3.

Table 1: Summary of areas disturbed or improved

Area Number	Name of Area	Description	Status	Acres	Area Subtotals
1	Upper Staging Area	Pads and staging areas	Existing	0.26	
2	Upper Iron Duke Pad	Pads and staging areas	Existing	0.20	
3	Bottom Pad (foot of Rail Grade)	Pads and staging areas	Existing	0.56	
4	Lowermost Pad (on Barbara Patented Claim)	Pads and staging areas	Existing	0.28	1.30
5	Cinco de Mayo Access and Upper Pad	Pads and staging areas	Proposed	0.30	0.30
6	Cat Path- Old Rail Grade	Roads and access	Existing	0.41	
7	Access Road to Iron Duke and Cinco de Mayo	Roads and access	Existing	1.11	
8	Upper Junction Pad (from head of access road to ID And CdM to Cat Path)	Roads and access	Existing	0.09	
9	Upper Access Road (From Junction Pad to North Side Waste Rock)	Roads and access	Existing	0.08	
10	Pad Connecting Road (connects lowermost pad and bottom pad)	Roads and access	Existing	0.16	
11	Widened Drainage Crossing	Roads and access	Existing	0.40	
12	Iron Duke Access Road (to Upper pad from north)	Roads and access	Existing	0.20	2.45
13	Iron Duke Waste Rock	Mining/reclamation areas	Historic	0.90	
14	North Side Waste Rock (Cinco de Mayo and Iron Duke)	Mining/reclamation areas	Historic	2.27	3.17
15	Lower Iron Duke Pad	Pads and staging areas	New	0.28	
16	Access Road to Lower Iron Duke Waste Rock	Roads and access	New	0.38	0.66
	Total Area Improved, Reclaimed, Disturbed			7.88	

Two historic mine waste dumps are to be mined/reclaimed. These are:

- An area approximately 60 yards by 100 yards (0.9 acres) south of the east-west centerline of the Iron Duke Claim (see Plates 2 and 3). This area contains approximately 2 million tons of low grade iron mixed with quarry rock/limestone.
- An area north of the east-west centerline of the Iron Duke and Cinco de Mayo Claims which is approximately 100 yards by 100 yards (2.27 acres) This area also contains approximately 2 million tons of low grade iron mixed with quarry rock/limestone and are identified as mining areas on Plates 2 and 3.

Under this permit, no new pits, quarries or stockpiles will be constructed. Because the quarry rock/limestone will be removed from the site for use in cement, the proposed mining/reclamation program will not create any waste dumps. Some of the rock in the historic waste dumps is "country rock", probably quartz monzonite. This country rock will be left in place or replaced in the area of the historic dump as part of the waste dump reclamation program described in a separate section.

One new road and one new staging/loading pad were recently constructed to facilitate removal and reclamation of the historic waste dumps. These are the Lower Iron Duke Pad (Area Number

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IRON DUKE, CINCO DE MAYO, VIRGINIA, AND BARBARA PATENTED CLAIMS
OTERO COUNTY, NEW MEXICO**

15) and the Access Road to Lower Iron Duke Waste Rock (Area Number 16) shown on Plates 2 and 3 and Table 1. This new disturbance has an area of 0.66 acres.

Because this is a historic mining area, roads and processing pads have existed for about a century. A total of 2.45 acres of existing roads were improved to allow for access of equipment and truck export of ore and quarry rock/limestone. The only improvement to the existing road to the mining district from pavement was a 0.4 acre widening across a drainage. Most of the improvement of existing roads occurred on the patented mining claims.

A total of 1.3 acres of existing pads were improved. All of this work was conducted on the patented mining claims. When the North Side Waste Rock is mined/reclaimed, we anticipate that the historic Cinco de Mayo Access and Upper Pad (0.30 acres) will be improved (Area Number 5, Figure 3). The total area disturbed, reclaimed and improved is 7.88 acres.

Section D

All processing of iron ore and quarry rock/limestone from the waste dump will be dry. Any quarry rock/limestone that can be visually segregated from iron ore will be exported from the site by truck for delivery to the customer without processing.

Section E

A bulldozer and $\frac{3}{4}$ -cu yd front-end loader will be used to move and load quarry rock/limestone and iron ore from the dumps to processing pads. The front-end loader will place quarry rock/limestone and iron ore into trucks for export. The material is being trucked out of state for separation, processing, and shipment to the customers.

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

Section A

The Office of the State Engineer lists 4 wells in the general area of the mining/reclamation project (Plate 1). All of these wells are in the aptly named Water Canyon drainage. The OSE database provides a measured depth to water for three of the wells at distances between about 2 miles and 3.5 miles northeast of the site. The depth to water in the closest well is 74 feet. Depths to water at the more distant wells are 70 feet and 400 feet. We conclude that the "shallow" wells are completed within the stream alluvium and fan deposits and the "deep" well accesses a "regional" aquifer. The OSE database does not contain information about the quality of water in these wells.

The patented mining claims are located close to and within the outcropping bedrock of the Jarilla Mountains, the Monzonite Stock (Tm) in Figure 1 (below). Quaternary Alluvium (Q) is mapped east of the patented mining claims and this deposit probably contains limited ground water in the area shown by the blue oval. In our opinion, the Monzonite Stock is not an aquifer and ground water, as defined by New Mexico Regulations, is not present beneath the proposed mining/reclamation project.

**MINIMAL IMPACT NEW MINING OPERATION
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OTERO COUNTY, NEW MEXICO**

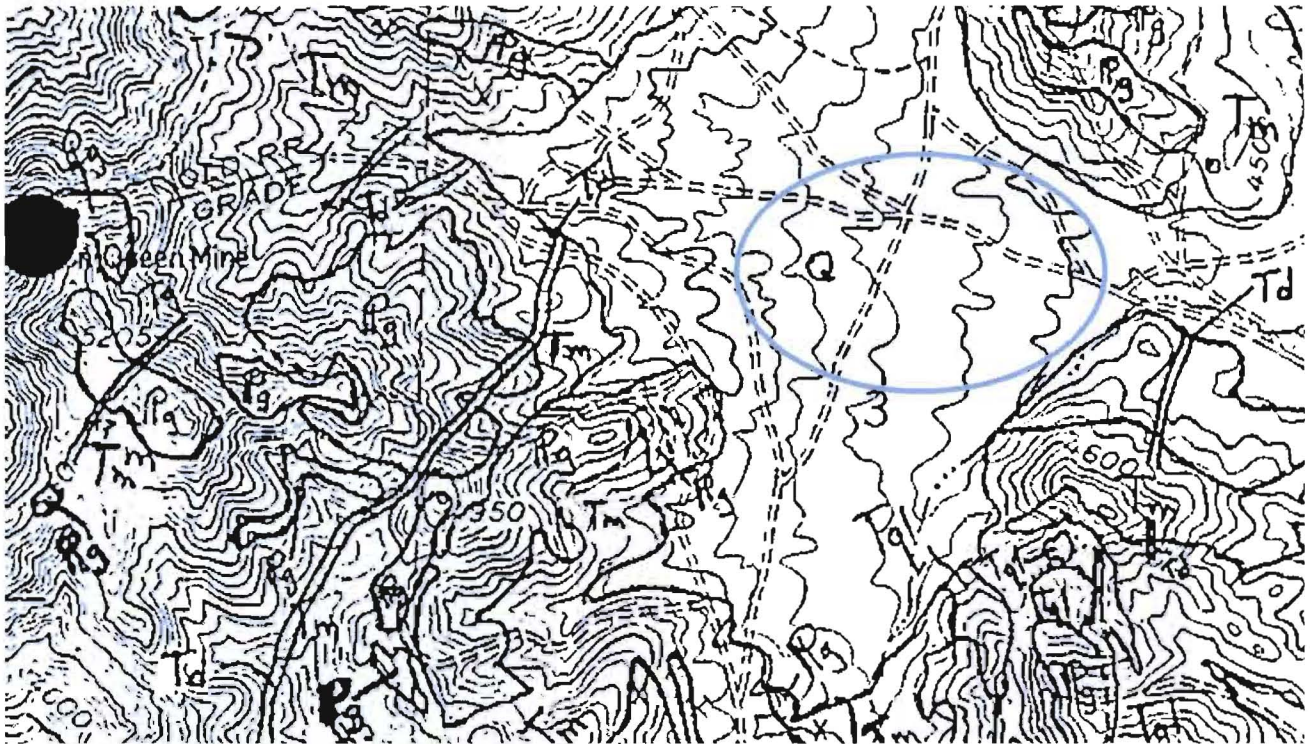


Figure 1: Geologic map of area of the patented mining claims (from http://geoinfo.nmt.edu/publications/openfile/downloads/OFR300-399/351-375/370/ofr_370.pdf)

Section B

The source of ground water information is the OSE database, the geologic map (Figure 1) and our site visit.

Section C

No dewatering activities are associated with the mining/reclamation project.

Part 7 PERFORMANCE STANDARDS (§304.D.7)

Section A

The initial phase will remove and reclaim the historic Iron Duke Waste Rock Dump. After the Iron Duke Waste Rock Dump is removed and reclaimed, operations will commence on the North Side Waste Rock Dump. The company will remove the ore and quarry rock/limestone from the waste dumps in operational sections of about 200 feet by 200 feet at a time. The active area of the waste dump will be maintained with concave slopes in order to retain storm water runoff and minimize erosion during removal of the waste dump. A bulldozer and front end loader will move the waste dump rocks to a working pad for removal.

Some dust will occur from the front-end loader operation. The NM Air Quality Bureau has been advised of the operation and the company is currently securing necessary air permits. We believe that removing the historic waste rock dumps will have a long-term positive impact to the existing

**MINIMAL IMPACT NEW MINING OPERATION
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OTERO COUNTY, NEW MEXICO**

environment. The existing plant species, greasewood, scrub mesquite, a few cacti, and grasses will re-establish themselves on the area after reclamation. A portable toilet will be installed on site and periodically serviced. There will be no chemicals or explosives used on the site. Diesel fuel (or gasoline) for the motors will be brought to the site daily in approved containers by the work crew. Common trash will be collected in a barrel and periodically removed to a landfill.

The operation will be partially visible from US Hwy 54, about three miles to the east. The sound of the plant-operating motors will only be noticeable as the operating area is approached.

Sections B and C

A gate and fence will be placed at the entry to the mining/reclamation project. Appropriate signage will be placed in various areas at the entrance to the project and in the operating areas advising the public of "Private Property" and "Mining and Reclamation Operations".

Workers will receive annual training and recertification under MSHA Part 48. This is currently handled by the New Mexico Bureau of Mine Safety situated in Socorro, NM.

The nature of the mining/reclamation operation does not pose a threat to wildlife or stock.

Sections D and E

As the historic mine waste rock is removed from the hillside, the company will implement the reclamation plan as outlined in this submission. The method of mine dump removal described above combined with implementing the reclamation plan during waste rock removal will minimize the addition of suspended solids to arroyos and control erosion.

Access and staging pads will be sloped toward small basins that will trap any sediment entrained in sheet flow. Overflow from the catch basins is directed to the natural arroyos. These practices will be described in a Notice of Intent for an NPDES Storm Water Multi-Sector General Permit to be submitted to the USEPA for the project. A pollution prevention plan will be prepared providing for best-management practices to ensure minimal impact of the project on vicinity surface-water quality.

Part 5 RECLAMATION PLAN (304.D.8)

Section A, B, C

The area currently is grazed by wildlife. After mining/reclamation is complete, the areas will remain available to wildlife. Reclamation activities will restore the original pre-mining topography to areas outside of the patented mining claims. Pads and roads on the patented mining claims will be re-seeded after the project is complete to minimize erosion and sediment loading to arroyos.

At this time, the company is not aware of any cultural resources in the area of the proposed action.

Section D

No backfilling is proposed.

Section E

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OTERO COUNTY, NEW MEXICO**

This project involves removing the waste dumps and does not use blasting, excavation or any disturbance of in-place ore. The project is essentially removing the impact of past mining activity and, as a result, restoring the hydrologic balance (as much as practical) to conditions that existed before mining began, about a century ago.

As mentioned earlier, slope stabilization and reclamation will occur concurrently with the removal of the waste rock dumps. As the waste rock is removed in 200 by 200 foot sections, large cobbles of country rock will be placed within obvious drainage channels to control erosion. Additionally, at vertical intervals of 50 feet, small berms comprised of country rock cobbles will be anchored in shallow trenches laterally cut across the hill side to slow and direct storm water runoff. On the uphill side of these berms, waddles will be staked across the footing of the berm to control movement of fine-grained materials. Country rock aggregate will be left to armor the slopes between the berms as available.

The intent of this reclamation is to re-establish the pre-mining drainage patterns that existed about a century ago.

Section F

The historic mining activities did not salvage topsoil. The proposed removal of the waste rock dumps will expose the original land surface covered by the dumps about a century ago. We believe the soil thickness of the newly exposed surface will be thin. Many areas beneath the dumps may exhibit no topsoil. Creating new topsoil or preserving any topsoil beneath the historic dumps will be challenging.

Section G

Following the grading, contouring and berming described above, the company will carefully examine the nature of residual soil. At this time, we do not anticipate that seed bed preparation (e.g. scarification) will provide any benefit.

Sections H, I and J

Plant species used for reseeding are those recommended by the Bureau of Land Management for the Orogrande area (Jarilla Mountains). The application rate is that suggested for broadcast seeding is presented in Appendix A. Given the slope of the site and wind conditions, mulch will probably not provide a benefit.

Sections K and L

No buildings will be erected on the site. All of the operating equipment is mobile and will be removed when mining is completed.

New roads and pads at the site are the Access Road to road to the Lower Iron Duke Waste Rock, the Lower Iron Duke Pad, and will later include the Cinco de Mayo Access and Upper Pad on the Cinco de Mayo claim (Area Numbers 16, 15, and 5 on Plate 3). Existing roads and accesses at the site have been graded to make them usable to equipment. All roads will be graded and bermed appropriately to control runoff events. Areas are provided in Table 1.

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OTERO COUNTY, NEW MEXICO**

Roads and pads on the patented mining claims will be left graded and bermed appropriately to control runoff events.

After completion of all activities on the patented mining claims, the Access Road to the Lower Iron Duke Waste Rock and the Lower Iron Duke Pad, which are not located on the patented claims, will be regraded to original contour and re-seeded.

Section M

Reclamation of the waste dump areas will occur concurrently with removal operations. All other reclamation will occur within 1 year of cessation of completion of activities on the patented mining claims. Reclamation and re-seeding of roads and pads not located on the patented mining claims that are no longer used will occur in the later half of summer to take advantage of the late summer moisture pattern.

Part 10 Financial Assurance and Permit Fees (304.E &F)

Part A

As described in this submittal, the project will remove historic mine dumps and reclaim the hillside beneath the dumps. In order to accomplish the removal, existing roads and former processing pads have been graded and improved to allow movement and placement of equipment. All of the work described in this submittal occurs on patented mining claims except about 1.2 acres of construction that occur on mining claims controlled by the company:

1. New Lower Iron Duke Pad (0.28 acres)
2. New road connecting the Iron Duke pad to the existing road (0.38 acres)
3. Improvement and widening of about half of existing access road to the Iron Duke and Cinco de Mayo claims (about 0.5 acres)
4. Improvement of the existing road between the lowermost pad on the Barbara Claim to the pad at the base of the former Railroad Grade (about 0.1 acres)

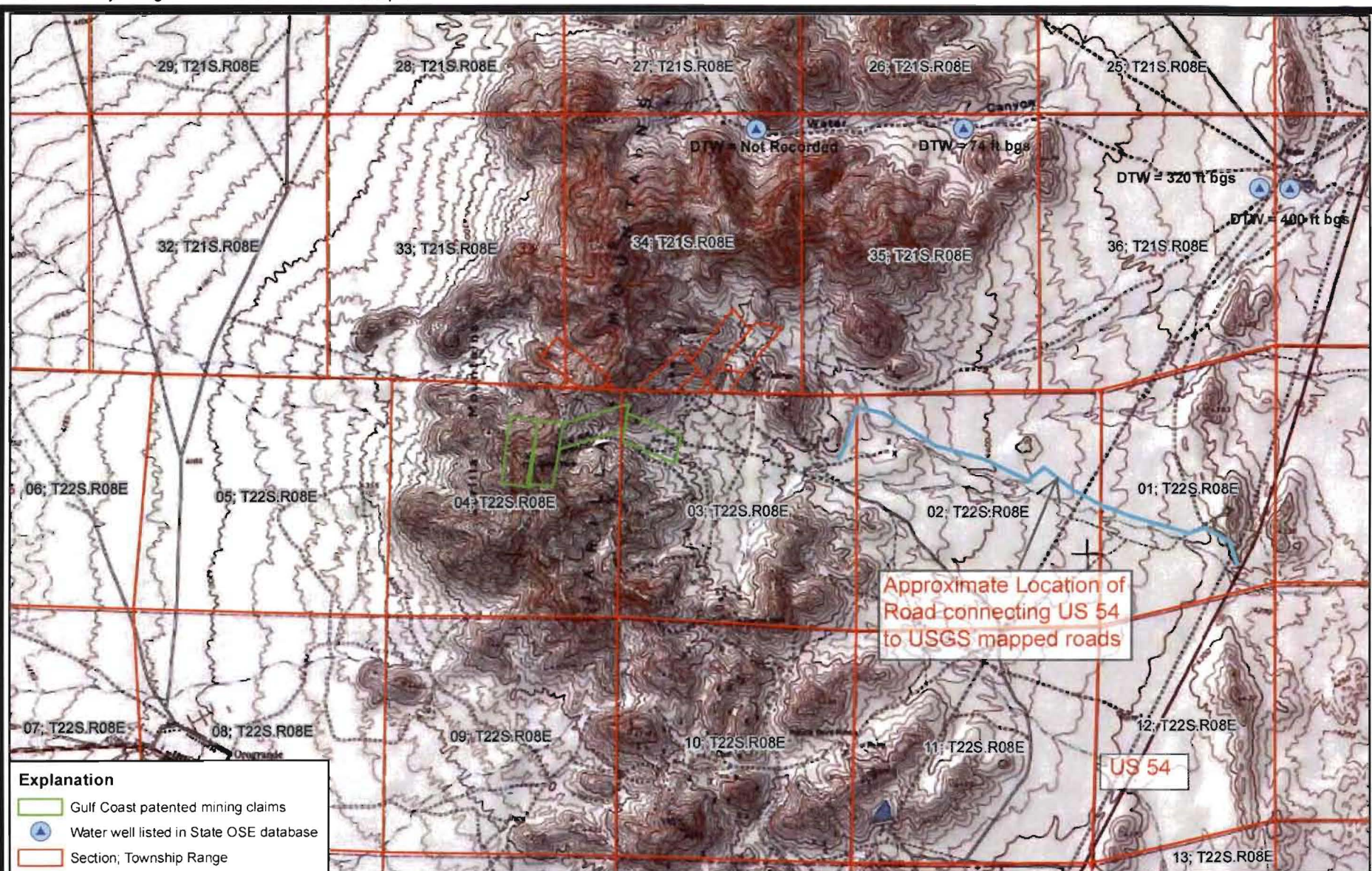
Reclamation of this one acre of disturbed land on BLM surface consists of re-grading the road and pad to the approximate original condition and re-seeding. Based upon experience with reclamation of similar drilling pads and roads associated with oil and gas exploration, the cost of restoring this one acre area is about \$5,000.

On the patented mining claims, which are private property, "reclamation" should not be required. Rather:

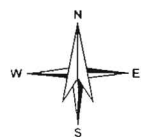
- the waste dump removal effort must proceed according to the plan outlined above to minimize contribution of suspended solids to surface waters (arroyos)
- improved pads must be constructed as proposed above, sloping to small sediment catch basins
- improvements to the existing roads should include structures to minimize erosion and contribution of sediment to surface waters.

An inspection of the active project by MMD to verify that the project is proceeding according to this plan could eliminate any requirement for financial assurance.

PLATES



Base Map: esri.com



0 1,500 3,000
Feet

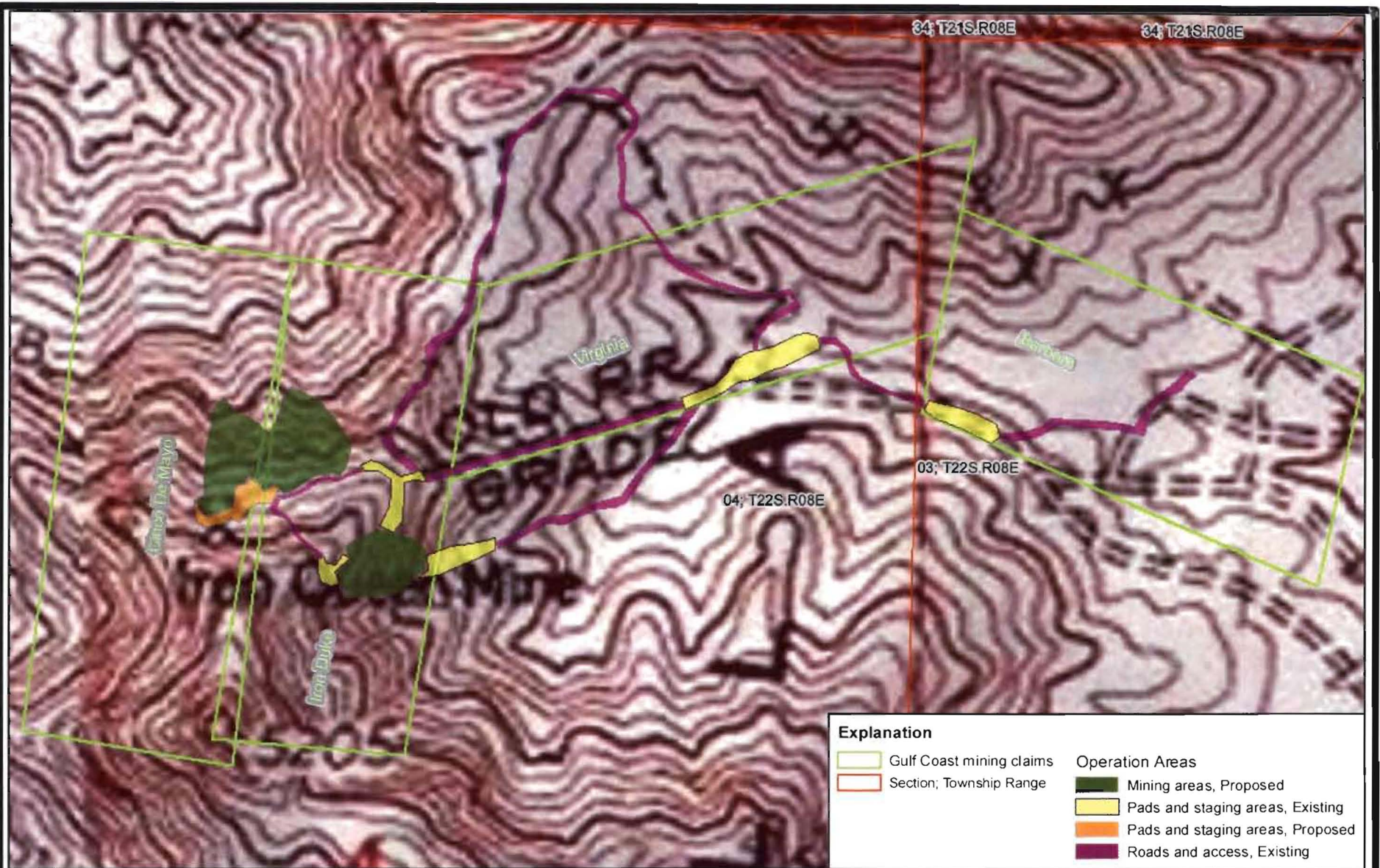
R.T. Hicks Consultants, Ltd
901 Rio Grande Blvd NW Suite F-142
Albuquerque, NM 87104
Ph: 505.266.5004

USGS Topographic Map With MS Claim Overlay

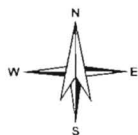
Plate 1

Gulf Coast Mining Group, LLC
Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims

June 29, 2011



Base Map: esri.com



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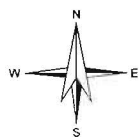
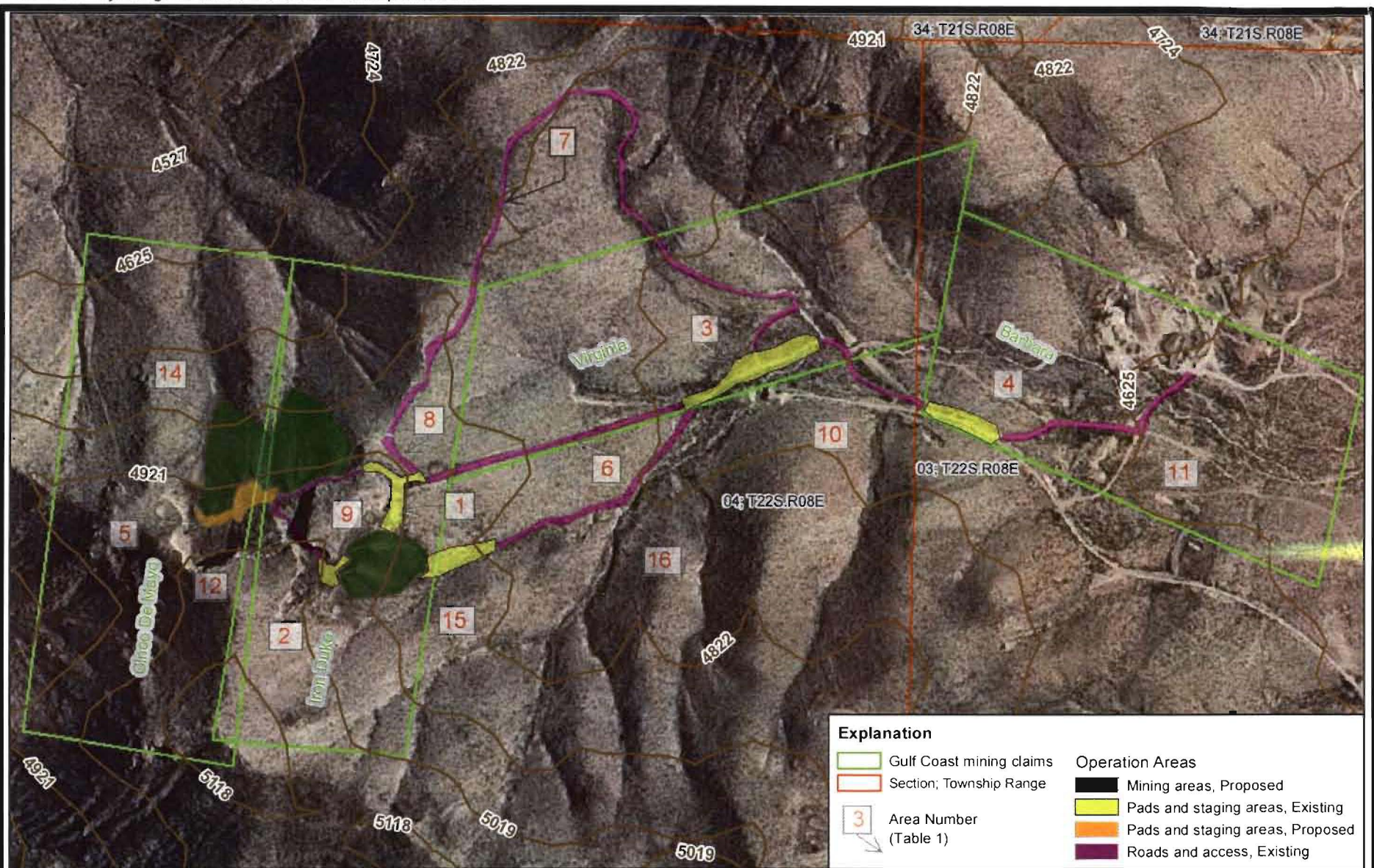
R.T. Hicks Consultants, Ltd
901 Rio Grande Blvd NW Suite F-142
Albuquerque, NM 87104
Ph: 505.266.5004

USGS Topographic Map with MS Claim Overlay and
Existing and Proposed Operation Areas

Gulf Coast Mining Group, LLC
Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims

Plate 2

June 29, 2011



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Feet

R.T. Hicks Consultants, Ltd
901 Rio Grande Blvd NW Suite F-142
Albuquerque, NM 87104
Ph: 505.266.5004

Aerial Photograph with MS Claim Overlay; Existing and Proposed Operation Areas; and Contours

Plate 3

Gulf Coast Mining Group, LLC
Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims

June 29, 2011

APPENDIX A

**ATTACHMENT TO MINIMAL IMPACT NEW MINING OPERATION
IRON DUKE, CINCO DE MAYO, VIRGINIA, AND BARBARA PATENTED CLAIMS
OTERO COUNTY, NEW MEXICO**

APPENDIX A

BLM-Recommended Seed Mix for the Orogrande Area

Reseeding should be accomplished in June or July to coincide with the rainy season. As use of a disc or rangeland drill will be difficult due to the terrain gradient or probable lack of soil thickness, it is anticipated that seed will be broadcast. In this case, the application rate will be twice that of the rate used with a seed drill. The table below lists the seed mix and the application rates.

Common Name	Scientific Name	Application Rate in PLS lbs./acre	
		Seed Drill	Broadcast
Bush muhly	(Muhlenbergia porteri)	2.0	4.0
Sideoats grama	(Bouteloua curtipendula var. Vaughn or Niner)	2.0	4.0
Sand dropseed	(Sporobolus cryptandrus)	2.0	4.0
Plains bristlegrass	(Setaria macrostachya)	2.0	4.0
Scarlet globemallow	(Sphaeralcea coccinea)	1.0	2.0
Fourwing saltbush	(Atriplex canescens var. Santa Rita)	2.0	4.0
Total		11.0	22.0

R. T. HICKS CONSULTANTS, LTD.

901 Rio Grande Blvd NW ▲ Suite F-142 ▲ Albuquerque, NM 87104 ▲ 505.266.5004 ▲ Fax: 505.266-0745

September 26, 2011

Chris Eustice
Sr. Environmental Engineer
MMD, Mining Act Reclamation Bureau
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Response to MMD Technical Comments

Dear Mr. Eustice

Listed below are your questions/comments and our response.

- 1. Pursuant to 19.10.304.D.1 NMAC, please provide a statement of the basis on which the applicant has the right to enter the property to the south of the Virginia claim where disturbance has been both created and proposed.**

The attached letter from the BLM grants the right to enter the property across Federal surface consistent with a Right-of-Way application currently being processed by that agency. Gulf Coast owns all of the mining claims (the "Evergreen Claims") on Federal surface immediately adjacent to and south of the Gulf Coast patented claims (see attached). The Right-of-Way application addresses the main access road and these claims. However, please note that the BLM letter conditions moving equipment across public lands upon obtaining the permit from MMD.

- 2. Pursuant to 19.10.304.D.2 NMAC, please amend Plate 2 and/or Plate 3 (maps) to include the boundaries of the proposed permit area, all previously disturbed areas, ephemeral drainages, and the access route(s) that will be utilized to access the north waste piles. Note; during the agency site visit of August 1, 2011 access to the north waste pile is not in existence.**

Plate 3 has been amended as Plate 3A and Plate 3B. Plate 3A has improved identifiers of the various areas at the mine. Plate 3B is legend for the identifiers. Information included for each area is a description of the type of area (road, pad, etc.), its status (existing, proposed, etc.), and its area in acres. Area subtotals are provided based upon the status of the area.

Regarding the first paragraph of the comment:

- Boundaries of the four claims are shown in "lime green" on Plate 3A and Plate 2.
- All previously disturbed areas are included within Areas numbers 1 through 14 on plate 3A.
- Ephemeral drainages are the arroyos evident on the aerial photograph of Plate 3A. Topographic contours (in brown) are superimposed on the aerial photograph. The primary drainages are to the east with a smaller area draining to the north. These drainages are evident as "V's" pointing up the drainage on the topographic backdrop of Plate 2 and Plate 3A.
- Access to the North Side Waste Rock Pile will use Area 9 (Upper Access Road) and Area 5 (Cinco de Mayo Access and Upper Pad). This last Area was created and used

during the original operations about a century ago. Area 5 has not currently been accessed.

- Access to the North Side Waste Rock Pile may be increased by use of an additional 30 foot by 300 foot strip (0.21 acres) parallel to the eastern edge of the North Rock Waste Pile. This will allow machinery to move laterally east to west to remove the Pile. This area is not shown on Plate 3A. As just described, it would parallel the eastern edge of the Pile and would have a junction with Area 9 (Upper access Road).

Regarding the second paragraph of the comment:

- As explained above, the Plate 3 has been amended to make it easier to read.
- All roads with a status of existing were very old roads that have been improved. The outlines reflect their current status and areas.
- One new road and pad were constructed. These are Area 16 (Access Road to Lower Iron Duke Waste Rock) and Area 15 (Lower Iron Duke Pad).

It is worth noting that even with the additional area possibly proposed to improve access to the North Side Waste Rock Pile; the total disturbed area will not exceed 10 acres. No operations concerning the North Side Waste Rock Profile will occur until removal and subsequent reclamation of the Iron Duke Waste Rock is concluded. Hence, close to 2 acres will have been reclaimed (Areas 2, 12, 13, 14, 15, and 16) before any operations commence on the North Side Waste Rock Pile.

The revised set of Plates is attached.

3. Pursuant to 19.10.304.D.4 NMAC, please provide the dimensions (length and width) for all new roads and the dimensions of the extension, and/or widening, of existing roads within the proposed permit area. Furthermore, provide clarification for the dimensions of all disturbances at their maximum extent, as the PAP currently describes existing dimensions and not necessarily the extent of all dimensions that will have to be reclaimed.

As stated above, the areas listed are for the currently existing dimensions of roads and pads at the site. These were enlarged from their original dimensions and it is not anticipated that they will require enlargement with the exception mentioned above regarding Paragraph 1 of Comment 2. The new road (Area 16, Access Road to Lower Iron Duke Waste Rock) is approximately 735 feet by 25 feet (0.38 acres). The new pad (Area 15, Lower Iron Duke Pad) is approximately 225 feet by 75 feet (0.28 acres).

4. Pursuant to 19.10.304.D.7, in addition to safeguarding the entrance to the site, as described in the PAP, provide a description of how the mining and reclamation will be designed and operated to safeguard the public from unauthorized entry and to protect human health and safety, the environment, and wildlife in areas at a distance from the entrance.

Active mining and reclamation activities will be focused in relatively small areas of 1-2 acres. Gulf Coast mines and reclaims one waste pile, then moves to the second waste pile. To protect wildlife, Gulf Coast will install a 3-strand barbed wire fence around the active mining/reclamation areas. To safeguard against unauthorized entry by the public, warning signs in English and Spanish will be placed on the fence, at approximately 200-foot intervals.

- 5. Pursuant to 19.10.304.D.8 NMAC, please provide a description of how the roads will be reclaimed and how all disturbances (pads, roads, and native ground beneath the removed piles,) will be prepared to reduce compaction and allow for successful re-seeding.**

With respect to road reclamation, some of the disturbance lies on Federal surface administered by the BLM. For roads and pads on Federal surface, we must follow the protocols outlined by the BLM. Gulf Coast will employ the standard method for surface reclamation mandated by the BLM Las Cruces office for the disturbance on Federal surface. Most roads and pads associated with the proposed activity were originally constructed nearly a century ago and lie on the private land owned by Gulf Coast. Some of these roads will not be re-seeded after the proposed removal of existing mine waste as future access via these roads is anticipated. Any roads on private surface that the owner proposes to reclaim and re-seed will follow the BLM standards. Prior to closure, Gulf Coast will identify which roads on private surface will remain and provide an explanation of their proposed future use.

Re-seeding of the private surface beneath the waste rock piles is planned during the reclamation process of waste rock removal. Because the waste rock piles scheduled for removal on the private land have existed for about a century, any description of how the relict surface may be prepared will probably change after we expose the surface as we begin the removal process. Therefore, Gulf Coast will provide MMD with a more detailed description of how the native ground beneath the removed piles will be prepared for reseeded on or before 60 days after the first shipment of rock from the site.

- 6. Appendix A of the PAP provides a seed mix and a claim that the seed mix was "BLM-Recommended", yet BLM has informed MMD that they have not provided consultation on a seed mix for this location. MMD encourages Gulf Coast Mining to consult with the BLM and determine and provide to MMD a suitable seed mix for this area.**

We understand that the proposed seed mix was approved by MMD for the Orogrande Placer Gold mining site (W.W. Mining and Production) located near the Iron Duke Mine. Our reference to BLM in the PAP is not entirely correct. However, we will consult with the BLM regarding the optimum seed mix for the permit area as the portion of the land disturbed by the activity lies of Federal surface must be reclaimed and re-seed in accordance with BLM mandates and provide the specific seed mixture to BLM on or before 60 days after the first shipment of rock from the site.

- 7. Pursuant to 19.10.304.E NMAC, please provide a financial assurance amount based on the cost of reclaiming the site by a third party. Note; to assist you, enclosed is a copy of MMD's "Guideline Regarding Financial Assurance for Minimal Impact Mine Sites"**

Because the proposed activity involves removal of existing mine dumps and not mining any native rock, this project is reclamation project on private surface. One can argue that improvement of existing roads on the private surface to facilitate the removal of the mine dumps is "disturbance". However, most or all of the roads on the private surface will not be reclaimed due to the need for future use. Improvement of roads on Federal surface is subject to Federal reclamation mandates (including bonding). With this understanding of the proposed activity, which is described in the permit application, it is our opinion that financial assurance for a reclamation project on private surface is not necessary.

8. Please review and respond to the agency comments attached. MMD received comments from New Mexico Department of Game and Fish, New Mexico Department of Cultural Affairs, New Mexico Environment Department, and the Bureau of Land Management.

The attached letter from the BLM confirms that Gulf Coast Mining must address all appropriate concerns of BLM associated with the improvement of the access road in order to gain access to the property (discussed in the response to your first comment).

With respect to other comments of BLM associated with the proposed actions on surface owned by Gulf Coast:

- More work to determine the property boundaries is planned to ascertain the location of any disturbance (existing or planned) on Federal surface or surface not owned by Gulf Coast Mining.
- Gulf Coast will attempt to recover or preserve any topsoil, which will assist reclamation
- As stated above, Gulf Coast will consult with BLM to determine the best seed mix for reclamation of Federal surface and land owned by Gulf Coast Mining.
- If any mining on Federal surface planned, appropriate agreements with the BLM are required and such agreements generally include provisions for protection of certain species

We believe the responses above address the concerns of NM Game and Fish.

With respect to comments by the Ground Water Bureau of NMED, we believe our submission of the Storm Water Pollution Prevention Plan addresses most of these concerns. We will address deficiencies in this plan identified by David Menzies of NMED and will submit an NOI to the EPA for coverage under the multi-sector general permit. Gulf Coast also understands that the proposed activities must comply with other State and Federal rules, such as spill reporting under the Water Quality Control Commission Regulations, Clean Water Act 404 permitting (none are anticipated).

With respect to the letter from the NMED Air Quality Bureau, Gulf Coast will not be crushing or processing any ore at the site. Therefore, we believe a "stationary source" that requires an air permit will not exist at the site. The only emissions from the proposed activities are fugitive dust and equipment exhaust. Nevertheless, Gulf Coast Mining understands that the mining operation must comply with all applicable air quality regulations.

If you have any questions or comments regarding these responses, please contact me or David Hamilton at our Albuquerque office.

Sincerely,
R.T. Hicks Consultants



Randall T. Hicks
Principal

Copy: David Shaheen, David Davidson for Gulf Coast Mining Group, LLC.

Initials/Date SURNAME
Initials/Date 9-6-2011 9/1/2011
Initials/Date _____
Initials/Date _____
Initials/Date _____

2808 (L0310)

SEP 7 2011

CERTIFIED--RETURN RECEIPT REQUESTED
7006 2150 0004 4494 7009

Mr. David T. Shaheen
Gulf Coast Mining Group, LLC
1818 N. St., NW, Suite 400
Washington D.C. 20036

Dear Mr. Shaheen:

Based on our telephone conversation of August 30, 2011, the Bureau of Land Management (BLM) is willing to grant your company temporary ingress and egress to move mining equipment and haul trucks across public lands to your private lands. This temporary access would be along the road identified in your right-of-way application, NMNM 126999 that is currently being processed by the BLM. In order to obtain this temporary authorization, you will need to agree to do the following:

1. Prior to beginning the movement of mining equipment and haul trucks across the road, you must obtain any authorizations or permits required by the New Mexico State Land Office and the State of New Mexico Mining and Minerals Division. Copies of the authorizations/permits must be filed with this office once they are obtained.
2. The road must remain at its current width and continue to follow its current path. Prior to any maintenance being completed on the road, you must contact this office to conduct an onsite inspection and obtain concurrence that the proposed maintenance can be completed. No further disturbance which would impact the identified cultural sites will be approved.
3. Prior to beginning the movement of mining equipment and haul trucks across the road, you must pay \$2,831.41 for the time spent by a BLM archaeologist to investigate and prepare a damage assessment and proposed mitigation report for the two cultural sites impacted by your unauthorized actions.
4. You are required to mitigate the damage to cultural sites LA 146629 and LA146645 (43 CFR. § 7.15 and 7.16). The BLM estimates the cost to mitigate the damage to the cultural site as \$220,475.00. Prior to beginning the movement of mining equipment and haul trucks across the road, you will deposit a cash bond or certificate of deposit in that amount with the

BLM. You must complete and return the enclosed Right-of-Way Personal Bond, Cash and Book Entry Deposits form in *duplicate*. Once the BLM has finalized the mitigation strategy for the cultural sites, you will hire a qualified cultural resource firm to begin and complete the mitigation strategy for the site. Once you have hired a cultural resource firm to begin mitigation of the site and the mitigation is completed, the BLM will release the bond.

5. You agree to hire a consultant to complete an environmental assessment (EA) for your right-of-way application that meets the requirements of the BLM. The EA will cover the public lands impacted by your unauthorized actions.

At the bottom of this letter you will find a signature block. If you agree to comply with these terms you may affix your signature and return the original copy to my attention at the above address. Please feel free to contact me if you have any questions.

Sincerely,

/s/ Bill Childress

Bill Childress
District Manager

1 Enclosure

cc:

Otero County Manager
1101 New York Avenue, Rm. 106
Alamogordo, NM 88310

I have read the above requirements which I and my company must comply with to obtain temporary authorization for ingress and egress across the public lands. I agree to comply with these requirements and understand that failure to do so will result in the revocation of the temporary authorization.

David T. Shaheen
Gulf Coast Mining Group, LLC

Date

L0310:ESeum:cp:9/1/2011:x4375:GulfCoast.TempAccess.ComplyWithTerms

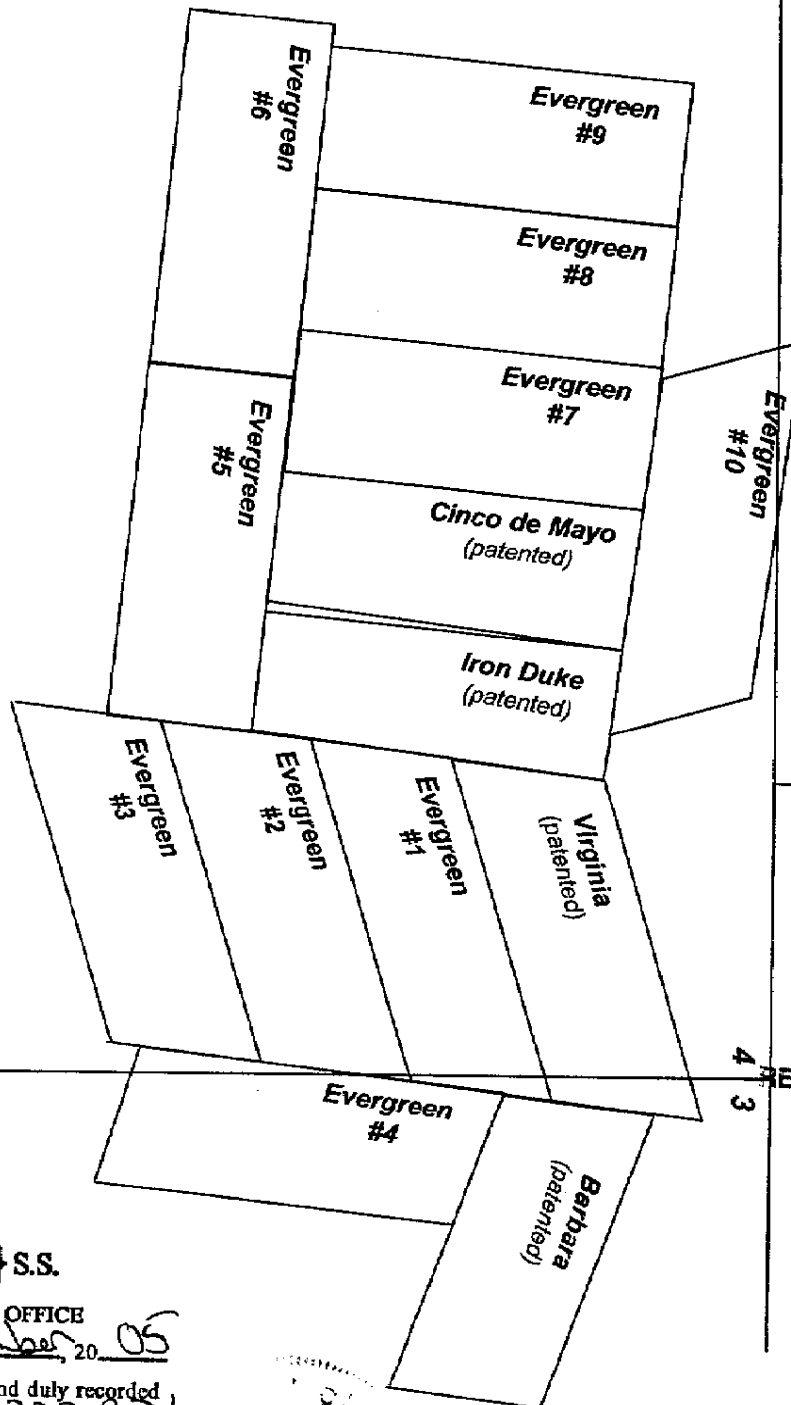
Bk 868 Pg 321

Evergreen Claims Orogrande, NM USA

Silver Hills Mining District
County of Otero
Township 22 S
Range 8 E
Sections 3 & 4



SCALE: 1/8" = 100' 0"



33 34

BLM NMSO
SANTA FE
RECEIVED

DEC 02 2005

PAID

RECEIPT #

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STATE OF NEW MEXICO } S.S.
OTERO COUNTY

FILED FOR RECORD IN MY OFFICE

This 21 day of November, 2005

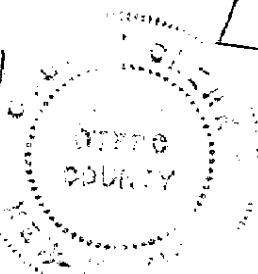
At 5:40 o'clock P M and duly recorded

in Book No. 868 Page 320-321

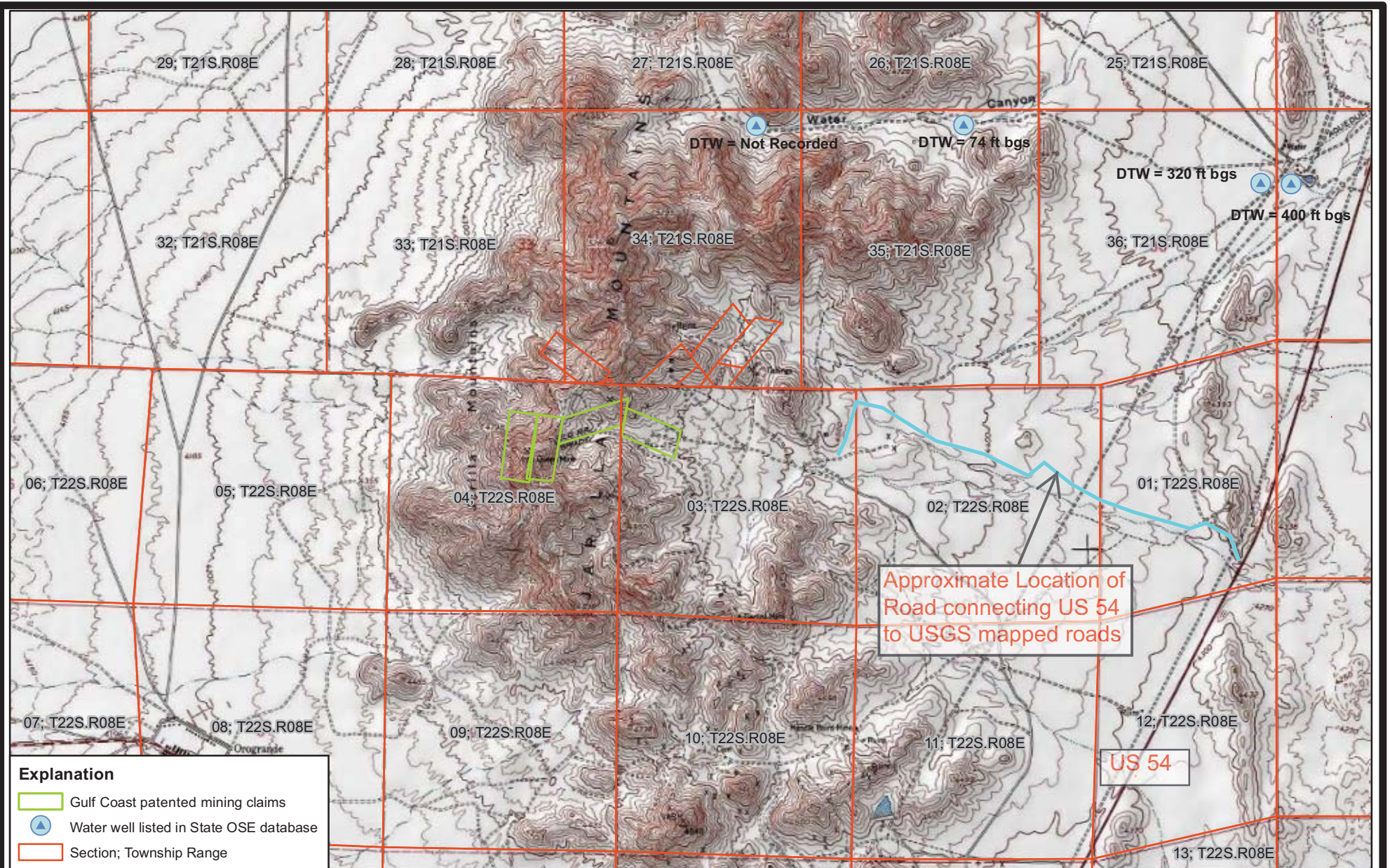
The records of Otero County, New Mexico

Robert Silva
County Clerk, Otero County, New Mexico

By R. Chag Deputy



13600



Base Map: esri.com



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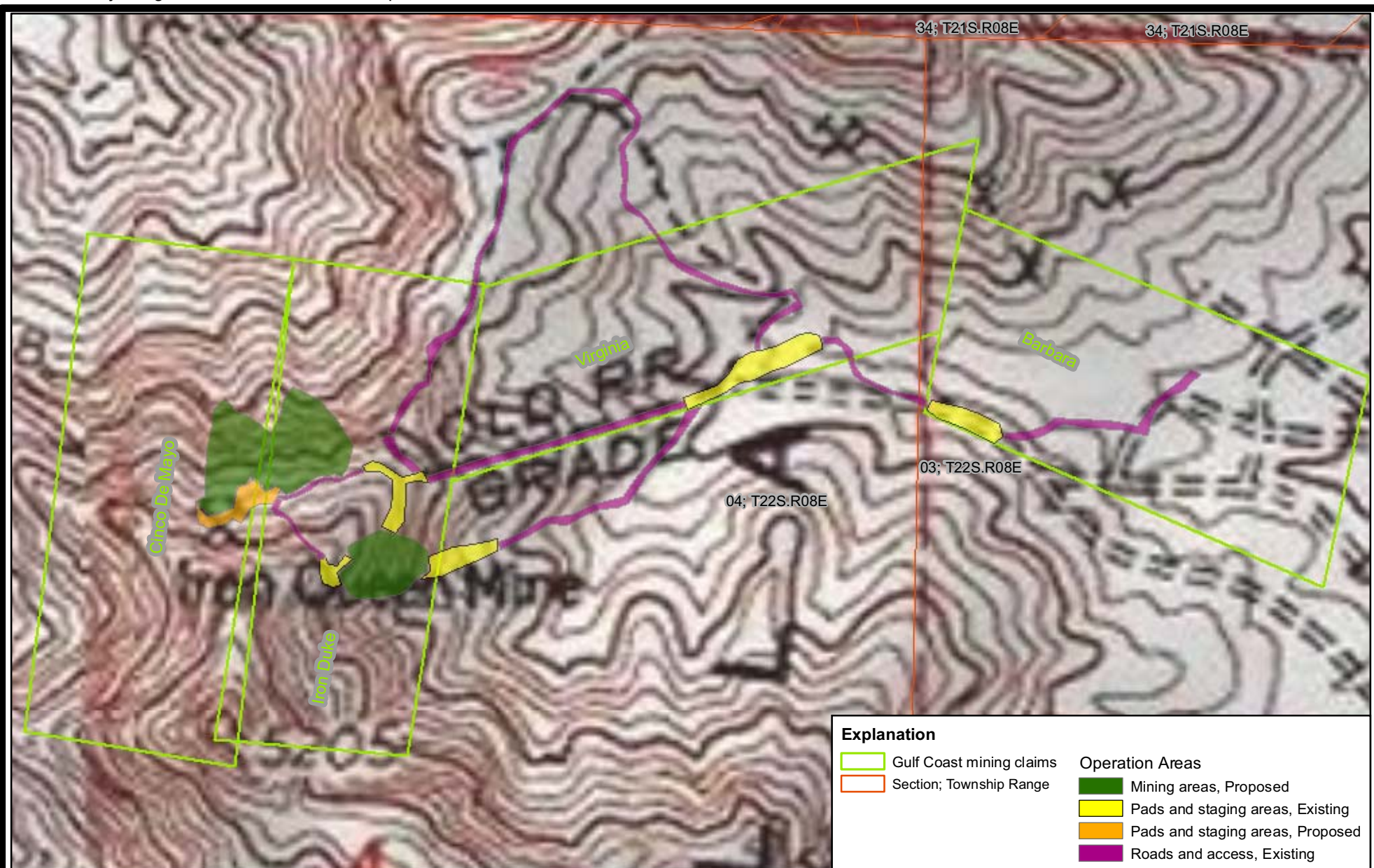
R.T. Hicks Consultants, Ltd
901 Rio Grande Blvd NW Suite F-142
Albuquerque, NM 87104
Ph: 505.266.5004

USGS Topographic Map With MS Claim Overlay

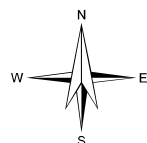
Gulf Coast Mining Group, LLC
Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims

Plate 1

June 29, 2011



Base Map: esri.com

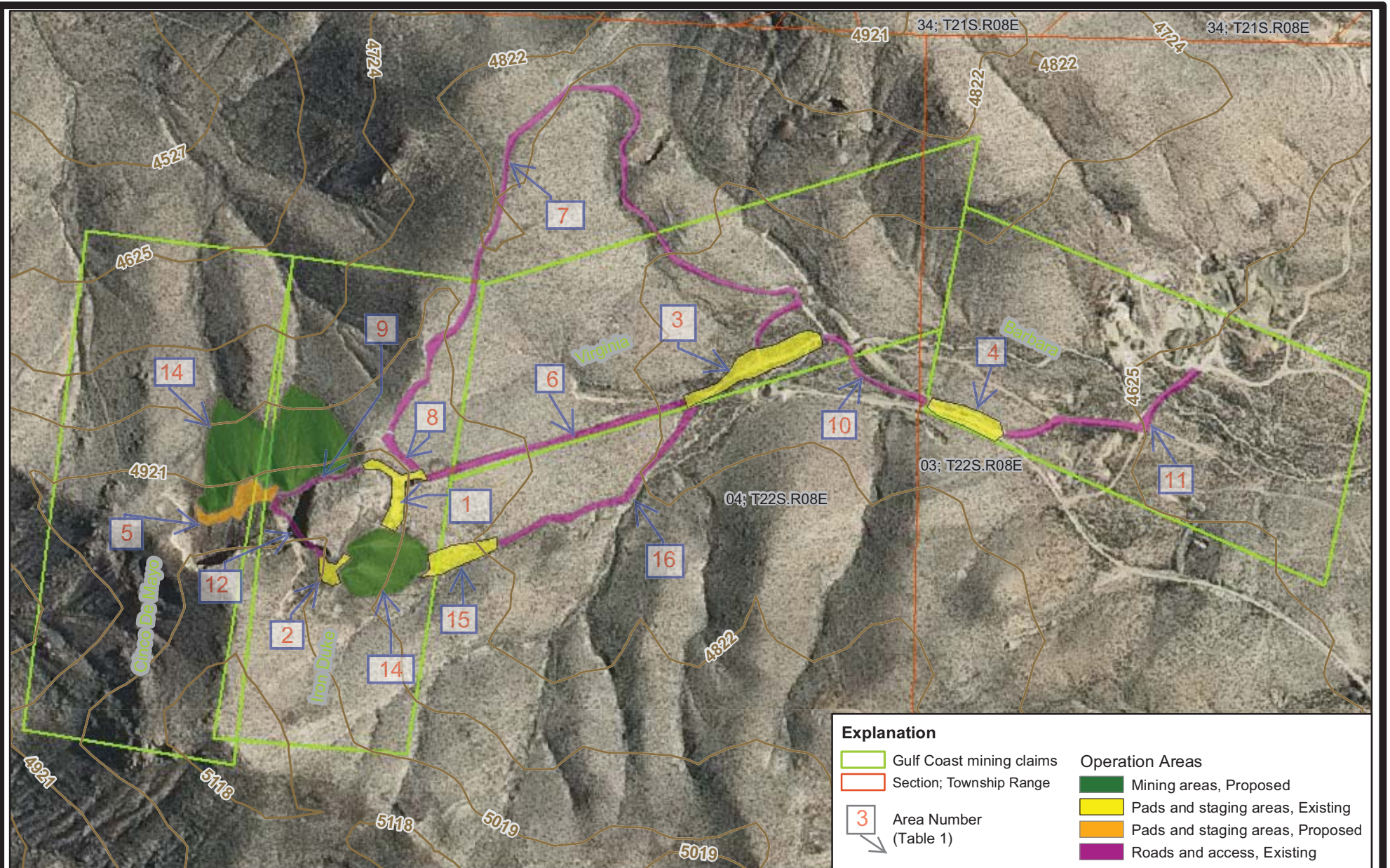


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R.T. Hicks Consultants, Ltd
901 Rio Grande Blvd NW Suite F-142
Albuquerque, NM 87104
Ph: 505.266.5004

**USGS Topographic Map with MS Claim Overlay and
Existing and Proposed Operation Areas**
Gulf Coast Mining Group, LLC
Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims

Plate 2
June 29, 2011



Base Map: RGIS, EDAC UNM



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R.T. Hicks Consultants, Ltd
901 Rio Grande Blvd NW Suite F-142
Albuquerque, NM 87104
Ph: 505.266.5004

Aerial Photograph with MS Claim Overlay; Existing and Proposed Operation Areas; and Contours
Gulf Coast Mining Group, LLC
Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims

Plate 3
June 29, 2011

Area Number	Name of Area	Description	Status	Acres	Area Subtotals
1	Upper Staging Area	Pads and staging areas	Existing	0.26	
2	Upper Iron Duke Pad	Pads and staging areas	Existing	0.20	
3	Bottom Pad (foot of Rail Grade)	Pads and staging areas	Existing	0.56	
4	Lowermost Pad (on Barbara Patented Claim)	Pads and staging areas	Existing	0.28	1.30
5	Cinco de Mayo Access and Upper Pad	Pads and staging areas	Proposed	0.30	0.30
6	Cat Path- Old Rail Grade	Roads and access	Existing	0.41	
7	Access Road to Iron Duke and Cinco de Mayo	Roads and access	Existing	1.11	
8	Upper Junction Pad (from head of access road to ID And CdM to Cat Path)	Roads and access	Existing	0.09	
9	Upper Access Road (From Junction Pad to North Side Waste Rock)	Roads and access	Existing	0.08	
10	Pad Connecting Road (connects lowermost pad and bottom pad)	Roads and access	Existing	0.16	
11	Widened Drainage Crossing	Roads and access	Existing	0.40	
12	Iron Duke Access Road (to Upper pad from north)	Roads and access	Existing	0.20	2.45
13	Iron Duke Waste Rock	Mining/reclamation areas	Historic	0.90	
14	North Side Waste Rock (Cinco de Mayo and Iron Duke)	Mining/reclamation areas	Historic	2.27	3.17
15	Lower Iron Duke Pad	Pads and staging areas	New	0.28	
16	Access Road to Lower Iron Duke Waste Rock	Roads and access	New	0.38	0.66
	Total Area Improved, Reclaimed, Disturbed			7.88	
R.T. Hicks Consultants, Ltd 901 Rio Grande Blvd NW, Suite F-142 Albuquerque, NM 87104 505-266-5004		Identifiers for Plate 3A		Plate 3B	
		Gulf Coast Mining Group, LLC. Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims		September, 2011	

R. T. HICKS CONSULTANTS, LTD.

901 Rio Grande Blvd NW ▲ Suite F-142 ▲ Albuquerque, NM 87104 ▲ 505.266.5004 ▲ Fax: 505.266-0745

November 8, 2011

Chris Eustice
Sr. Environmental Engineer
MMD, Mining Act Reclamation Bureau
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Iron Duke Financial Assurance Proposal

Dear Mr. Eustice

This letter is to propose a phased plan of providing financial assurance (FA) for the Iron Duke Project. MMD's Guidance for Estimating Reclamation Costs (Part 3) was used in the preparation of this proposal. The disturbed area will total 6.87 acres. Gulf Coast proposes to proceed with mining reclamation at the site in two phases. In Phase 1, 4.09 acres will be subject to MMD FA. Some of these areas will then be reclaimed while the remaining areas will be used within the Phase 2 activities. During Phase 2, 4.07 acres are subject to MMD FA.

Activities during Phase 1 requiring MMD FA will occur in this order:

- The Iron Duke Waste Pile (Area 13 on Plate 1A, 0.90 acres) will be removed by accessing the waste rock from the Upper Iron Duke Pad (Area 2, 0.20 acres) and an access strip (Area 18, 0.14 acres, Plates 1A and 1B) parallel to the northern edge of the Iron Duke Waste Rock Pile. Staging and processing occur through use of Areas 1, 3, 4, 6-9, 11, and 12.
- After waste rock removal is completed, Areas 2, 12, 13, and 18 are reclaimed.

Areas 15, 16 and part of Area 7 are on BLM land and are not part of this proposed activity and FA (see Plate 1A and Plate 1B). Ownership of the road (Area 10) connecting the Bottom Pad (Area 3) and the Lowermost Pad (Area 4) is in dispute and is also not part of the FA.

The total working area during Phase 1 is 4.09 acres which are subject to MMD financial assurance. Using the MMD guideline, this corresponds to \$15,597.

$$\begin{aligned}\text{Phase 1 FA} &= 1 \text{ acre} * \$5,400 \text{ (first acre)} + 3.09 \text{ acres} * \$3,300 \text{ (additional acres)} \\ &= \$15,597\end{aligned}$$

Not all of the Areas used in Phase 1 will be reclaimed as several of them are used in Phase 2. As mentioned above, at the conclusion of Phase 1, Areas 2, 12, 13, and 18 will have been reclaimed (1.44 acres out of the 4.09 acres). It is proposed to move this portion of the financial assurance to Phase 2 less a re-vegetation contingency. The re-vegetation contingency is calculated as per MMD practice as:

$$\begin{aligned}\text{Re-veg. Conting.} &= \$800 \text{ per acre re-vegetation cost} * 0.6 \text{ failure rate} * 1.44 \text{ acres} \\ &= \$691\end{aligned}$$

Therefore, most of the Phase 1 FA can be applied to the Phase 2 FA. With vegetation re-established in the reclaimed areas of Phase 1, the sum held in financial assurance from this portion of Phase 1 (\$691) can be applied to the Phase 2 FA reducing the total amount of FA at that time.

In Phase 2, activities will occur in this order:

- The North Side Waste Rock Pile will be removed in 200-foot by 200-foot segments (about 0.92 acres at a time of the 2.27 acre area) through use of the Cinco de Mayo access and upper pad (Area 5, 0.30 acres) and an access strip parallel to the eastern side of the North side Waste Rock Pile (Area 17, 0.21 acres, Plates 1A and 1B). Staging and processing occur through use of Areas 1, 3, 4, 6-10, and 11.
- After waste rock removal is completed, Areas 1, 3-9, 11, the last portion of 14, and 17 are reclaimed.

The total area working area during Phase 2 is 4.07 acres subject to MMD FA. Using the MMD guideline, this corresponds to \$15,531 plus the \$691 re-vegetation contingency for the Phase 1 areas.

$$\begin{aligned}\text{Phase 2 FA} &= 1 \text{ acre} * \$5,400 \text{ (first acre)} + 3.08 \text{ acres} * \$3,300 \text{ (additional acres)} \\ &= \$15,564\end{aligned}$$

$$\begin{aligned}\text{Total Phase 2 FA} &= \text{Phase 2 FA} + \text{Re-vegetation contingency} \\ &= \$15,564 + \$691 \\ &= \$16,225\end{aligned}$$

This total is \$16,225. If re-vegetation of the Phase 1 areas is demonstrated before Phase 2 operations are completed, the Phase 2 FA can be reduced by this amount.

When reclamation of the Phase 1 and Phase 2 areas subject to MMD FA is completed, MMD will release all remaining financial assurance.

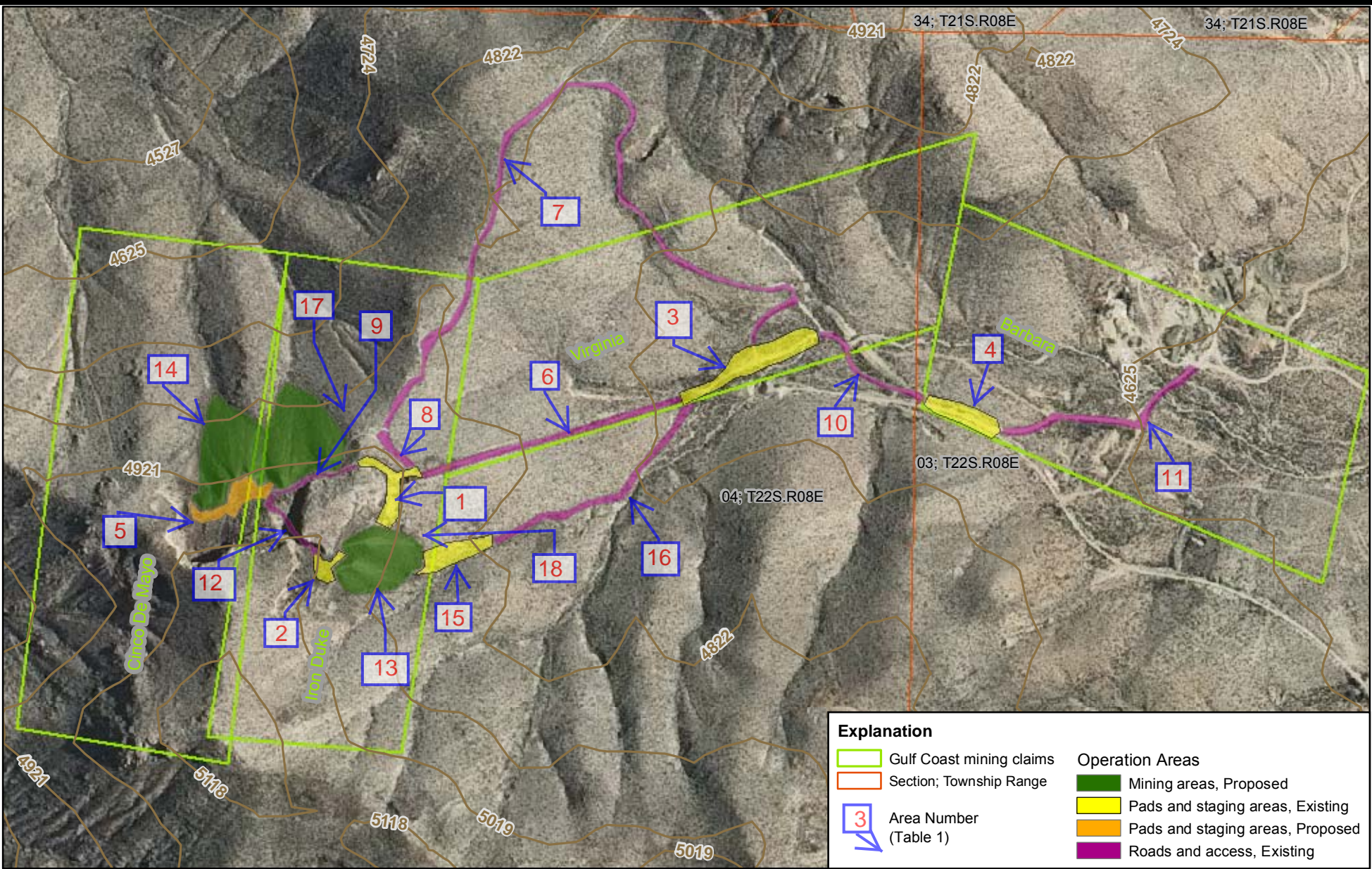
If you have any questions or comments regarding these responses, please contact me or David Hamilton at our Albuquerque office.

Sincerely,
R.T. Hicks Consultants



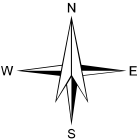
Randall T. Hicks
Principal

Copy: David Shaheen, David Davidson for Gulf Coast Mining Group, LLC.



Explanation	
	Gulf Coast mining claims
	Section; Township Range
	Area Number (Table 1)
Operation Areas	
	Mining areas, Proposed
	Pads and staging areas, Existing
	Pads and staging areas, Proposed
	Roads and access, Existing

Base Map: RGIS, EDAC UNM



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R.T. Hicks Consultants, Ltd
901 Rio Grande Blvd NW Suite F-142
Albuquerque, NM 87104
Ph: 505.266.5004

Aerial Photograph with MS Claim Overlay; Existing and Proposed Operation Areas; and Contours
Gulf Coast Mining Group, LLC
Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims

Plate 1A
Nov, 2011

Area Number	Name of Area	Description	Status	Acres	Area to be Mined - Reclaimed sequentially in 200 by 200 foot areas [acres]	Phase 1 (Iron Duke Waste Rock)		Phase 2 (North Side Waste Rock)		
						Active Areas during Phase 1	Inactive Areas during Phase 1	Active Areas during Phase 2		Inactive Areas during Phase 2
						Areas Used in Phase 1 for which MMD Reclamation Applies	Areas not used in Phase 1 (reserved for Phase 2)	Areas Used in Phase 2 for which MMD Reclamation Applies	Area to be mined or area that has been mined and reclaimed in Phase 2	Areas reclaimed from Phase 1
1	Upper Staging Area	Pads and staging areas	Existing	0.26		0.26		0.26		
2	Upper Iron Duke Pad	Pads and staging areas	Existing	0.20		0.20				0.20
3	Bottom Pad (foot of Rail Grade)	Pads and staging areas	Existing	0.56		0.56		0.56		
4	Lowermost Pad (on Barbara Patented Claim)	Pads and staging areas	Existing	0.28		0.28		0.28		
5	Cinco de Mayo Access and Upper Pad	Pads and staging areas	Proposed	0.30			0.30	0.30		
6	Cat Path- Old Rail Grade	Roads and access	Existing	0.41		0.41		0.41		
7	Access Road to Iron Duke and Cinco de Mayo (49% of length is on BLM Land and will not be used under this permit)	Roads and access	Existing	1.11		0.57		0.57		
8	Upper Junction Pad (from head of access road to ID And CdM to Cat Path)	Roads and access	Existing	0.09		0.09		0.09		
9	Upper Access Road (From Junction Pad to North Side Waste Rock)	Roads and access	Existing	0.08		0.08		0.08		
10	Pad Connecting Road (Ownership of Area is in dispute)	Roads and access	Existing	0.16						
11	Widened Drainage Crossing	Roads and access	Existing	0.40		0.40		0.40		
12	Iron Duke Access Road (to Upper pad from north)	Roads and access	Existing	0.20		0.20				0.20
13	Iron Duke Waste Rock	Mining/reclamation areas	Historic	0.90		0.90				0.90
14	North Side Waste Rock (Cinco de Mayo and Iron Duke)	Mining/reclamation areas	Historic	2.27	0.92		2.27	0.92	1.35	
15	Lower Iron Duke Pad (This area will not be used under this permit)	Pads and staging areas	New	0.28						
16	Access Road to Lower Iron Duke Waste Rock (This area will not be used under this permit)	Roads and access	New	0.38						
17	Proposed Access ro North Side Waste Rock	30 by 300 foot area on eastern edge of North Side Waste Rock	New	0.21			0.21	0.21		
18	Proposed Access ro Iron Duke Waste Rock	30 by 200 foot area on the northern edge of Iron Duke Waste Rock	New	0.14		0.14				0.14
		Subtotals for each Phase				4.09	2.78	4.08	1.35	1.44
		Total Area for each Phase. Does not include Areas that are not part of the Project (Areas 10, 15, 16, part of Area 7)				6.87		6.87		
R.T. Hicks Consultants, Ltd 901 Rio Grande Blvd NW, Suite F-142 Albuquerque, NM 87104 505-266-5004		Plate 1A Identifiers, Areas, and Categorization of Areas for Phased Mining of the Iron Duke Project				Plate 1B				
		Gulf Coast Mining Group, LLC. Barbara, Cinco de Mayo, Iron Duke, & Virginia MS Claims				November, 2011				