

RECEIVED

MAY 09 2014

MINING & MINERALS DIVISION

**JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION**

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

Permit No. GR065MN ("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: JC Imperial, LLC
 c/o Mr. Leslie Billingsley
 P.O. Box 427
 Duncan, AZ 85534

("Permittee") in order to conduct mining and reclamation at the Jim Crow Mine, located in portions of Sections 14 and 23, Township 17 South, Range 21 West, Grant County, New Mexico.

Section 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 2014).
- B. This Permit is subject to all applicable regulations of the New Mexico Mining Act ("Act"), New Mexico Mining Act Rules, Title 19, Chapter 10 of the New Mexico Administrative Code ("NMAC" or "Rules"), and any other regulations which are now or hereafter in force under the Act; and all such regulations are made a part of this Permit by this reference.

Section 2. PERMIT APPLICATION PACKAGE

- A. The Permit Application Package ("PAP") consists of the following:
1. A Subpart 3 Minimal Impact New Mining Operations Permit Application, submitted on November 1, 2012;
 2. Amendment #1, received on November 16, 2012. This amendment describes future dewatering of the proposed Jim Crow-Imperial mine into a bentonite lined earthen tank located approximately 150 feet southeast of the Imperial mine shaft;
 3. Amendment #2, dated January 6, 2013. This amendment withdraws the PAP from development of the Imperial claim and limits the PAP to just the Jim Crow mine;

JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 2 of 15

4. Amendment #3, received on April 12, 2013. This amendment describes dewatering of the Jim Crow mine into a flat-bottomed based that is not lined with bentonite in order to allow water to infiltrate;
5. Amendment #4, dated February 20, 2014. This amendment consists of a letter addressing numerous reclamation and operation issues raised by MMD for development and permitting of the Jim Crow Mine. This letter provides reclamation plan details and mine operation details as well as a map of the proposed Jim Crow mine operating area and water discharge pond area.

Any correspondence subsequently submitted to MMD, by the Permittee or its representatives, can be found at MMD offices within the Division's files, and is entitled *Jim Crow Mine, GR065MN* or similar.

Section 3. PERMIT AREA

- A. The Permittee is authorized to conduct mining and reclamation operations only on those lands that are specifically designated and authorized within the permitted area ("Permit Area") and within the proposed design limit. For this Permit, the Permit Area is approximately fifty (50) acres comprised of the Imperial Lode Claim (15.523 acres), the Jim Crow Lode Claim (14.789 acres), the Gold King Lode Claim (16.643 acres) and the southwest corner of the Gold Bug Lode Claim (~3.0 acres) as shown in Figure 1 attached to this Permit, which is based on the figure entitled "J.C. Imperial Group of Patented Mining Claims" within the PAP. The design limit for a minimal impact new mining operation is no more than ten (10) acres of disturbed land, in accordance with §19.10.3.304.A NMAC.
- B. The Permit Area is on private patented mining claims owned by Mr. Leslie Billingsley of JC Imperial, LLC.

Section 4. FINDINGS OF FACT

The Permit Application Package

- A. The PAP is complete and demonstrates that the proposed operation will meet the performance and reclamation standards and requirements of Subsection D, Paragraphs 6 through 8, of §19.10.3.304 NMAC.
- B. The Permittee has paid the initial permit application fee of \$1,000.00, as required by Subsection D of §19.10.2.201 NMAC.

JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 3 of 15

- C. The PAP provides that the proposed operation meets the standards of a "Minimal impact mining operation," addressed in §19.10.1.7.M(2) NMAC, and in §19.10.3.304 NMAC, and does not fall within the exclusions in §19.10.1.7.M(2) NMAC. MMD and the other agencies, pursuant to §19.10.3.304.H NMAC, reviewed the minimal impact designation.
- D. The proposed and approved Post Mining Land Use ("PMLU") is designated as grazing. The reclamation plan described in the PAP, subject to conditions in this Permit, demonstrates that the work to be done will reclaim disturbed areas within the Permit Area to a condition that allows for the establishment of a self-sustaining ecosystem appropriate for the life zone of the surrounding areas.
- E. The term of this Permit is governed by §19.10.6.607 NMAC. In accordance with §19.10.6.607 NMAC, the term of this Permit shall not exceed 20 years, and permit renewals shall not exceed 10 years.

Right-To-Enter / Property Access Information

- F. The Permit does 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.
- G. The surface and mineral estate is reported to be owned by Mr. Leslie Billingsley of JC Imperial, LLC as a series of eight patented mining lode claims. The Permittee has satisfactorily demonstrated its right of access pursuant to §19.10.304.D(1) NMAC through the patented lode claim information submitted in the PAP.

Water Rights

- H. The Permit does 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.

JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 4 of 15

General Information Regarding the Permittee

- I. Neither the Permittee, entities that are directly controlled by the Permittee, nor entities that directly control the Permittee: (i) are in violation of the terms of another permit issued by the Director or in violation of a substantial environmental law or substantive regulation, as those terms are defined in §19.10.3.304.J(4)(a) NMAC at another mining operation in the United States, (ii) have forfeited or had forfeited financial assurance required for another mining, reclamation or exploration permit in the United States, or (iii) have demonstrated a pattern of willful violations of the Act or other New Mexico environmental statutes.
- J. The Permittee has signed a notarized statement agreeing to comply with the requirements of the Permit, the Rules, and the Act, and allows the Director to enter the Permit Area for the purpose of conducting inspections.

MMD's Request for Comments to the Agencies and Tribes

- K. 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 the PAP and requested comments from the agencies.
- L. The Secretary of NMED has provided a conditional written determination, received by MMD on March 12, 2014, stating that the Permittee has demonstrated that the operation permitted hereunder is likely to have minimal environmental impact if operated and reclaimed in accordance with the approved permits and NMED conditions, and will be expected to achieve compliance with all applicable air, water quality and other environmental standards if carried out according to the reclamation plan. This written determination addresses applicable standards for air, surface water and ground water protection enforced by or for which NMED is otherwise responsible.
- M. MMD provided the PAP to the Ft. Sill Apache Tribe for review and comment. No comments from the Ft. Sill Apache Tribe were received by MMD.

Financial Assurance

- N. Financial assurance is not required at this time for this Permit because the Permit Area is less than two (2) acres of total disturbance, as specified in §19.10.3.304.E NMAC.

JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 5 of 15

Section 5. 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. The issuance of this Permit 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 6. AGENCY RIGHT OF ENTRY

- A. The Permittee shall allow the 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) NMAC 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.

Section 7. PERMIT COVERAGE

- A. This Permit shall be binding on any person or persons conducting mining and reclamation operations under this Permit.

Section 8. ENVIRONMENTAL COVERAGE

- A. The Permittee shall take all necessary steps to minimize any adverse impact to the environment or public health and safety resulting from non-compliance with any term or condition of the Permit, the Rules or the Act.

Section 9. COMPLIANCE WITH THE PERMIT & PAP

- A. The Permittee shall conduct mining and reclamation operations only as described in the approved PAP, this Permit, and any other modifications approved by the Director, pursuant to §19.10.6.608 NMAC. The Permittee shall comply with the statutes and regulations in

JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 6 of 15

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 this Permit, the language of this Permit will supersede the PAP.

Section 10. GENERAL OBLIGATIONS AND CONDITIONS

Description of Project / Authorized Disturbances

- A. Within the approved Permit Area, the Permittee will stage a conventional underground mining operation. Pursuant to §19.10.3.304.A NMAC, the Permittee will conduct mining and reclamation activities 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.

Stockpiled Materials and Testing

- C. During operation of the mine, a small temporary ore pile will be stockpiled at the base of the headframe until a sufficient load for trucking off-site has accumulated. The ore will be loaded into trucks by a front-end loader or other similar equipment. The amount of ore stockpiled on site at any given time shall not exceed 50 cubic yards of material in total.
- D. Small low grade ore piles shall be stockpiled on the level areas located north-northeast of the headframe, and shall not exceed 300 short tons of material in total.
- E. A limited amount of waste rock, development waste, or other gangue rock may be brought to the surface and stockpiled on the surface on the level areas located north-northeast of the headframe. Any future waste rock material stockpiled for more than one month shall be analyzed every approximate 100 cubic yards by a certified laboratory for the following parameters prior to disposal on-site:
1. Acid base accounting (“ABA”) using the modified Sobek method;
 2. Net acid generating (“NAG”) testing;
 3. paste pH

JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 7 of 15

- F. Within 6-months after approval of this Permit, the Permittee shall collect a minimum of five (5) samples from the existing waste rock stockpiled within the Permit Area for analysis by a certified laboratory for the parameters listed above in Item E.

Water Discharge Testing

- G. Water pumped from the Jim Crow Mine during mine dewatering shall be collected and tested semi-annually (two times per year) for the following constituents: total dissolved solids (TDS), sulfate, aluminum, arsenic, cadmium, molybdenum, selenium, silver, cobalt, chromium, copper, iron, fluoride, lead, manganese, nickel, pH, alkalinity carbonate, alkalinity bicarbonate, and zinc. 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. 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.

Reclamation Requirements

- H. Upon closure, the headframe and associated mine infrastructure (collar, concrete pads, air supply pipes, water pipes, ladders, etc.) shall be dismantled and either placed into the shaft as backfill, if allowed in advance, in writing, by the State of New Mexico, or will be dismantled and removed from the property.
- I. Upon closure, the mine shaft shall be permanently plugged, sealed and covered with a minimum of two (2) feet of suitable growth material to support vegetative growth suitable for grazing. The Permittee will confer with MMD about acceptable methods to permanently plug the shaft prior to any construction activities related to closure of the shaft.
- J. 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, sheds, storage containers, scrap metal, pallets, and similar scrap or refuse items not compatible with the PMLU of grazing shall be removed from the property.
- K. The mining equipment and mining support equipment located inside the hoist house shall be removed from the Permit Area. The hoist house itself will be left in place for storage of materials to support grazing.

JIM CROW MINE
 PERMIT NUMBER GR065MN
 MINIMAL IMPACT NEW MINING OPERATION

- L. 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.
- M. Ore piles, low grade ore stockpiles, waste rock piles, etc. left on the surface, if any, when mining ceases shall either be placed into the shaft as backfill, if authorized in advance, in writing, by the State of New Mexico in advance, or will be graded into the site during reclamation.
- N. Work areas, equipment storage areas, ore storage areas, parking lots, created roads, the area around the headframe, the water infiltration/storage pond, berms and other areas shall be re-graded with final slopes no steeper than 3:1. All reclaimed areas shall be scarified and re-seeded. Grading will achieve positive surface water drainage.
- O. The water infiltration/storage pond shall be allowed to fully drain prior to re-grading of the pond during reclamation.
- 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
Bottlebrush Squirreltail	2.0
Wild buckwheat	3.0
Mountain mahogany	3.0
Skunkbush sumac	3.0
	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. Broadcast seeding shall be performed prior to summer monsoon season. Much of the property is excavated from rock, however seed will be raked into the ground or otherwise lightly covered with a chain harrow where feasible and practical.

JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 9 of 15

- R. The Permittee shall notify MMD a minimum of 30 calendar days prior to performing any reclamation at the site.
- S. Following the re-vegetation and restoration activities, periodic site monitoring shall be conducted by the Permittee to ensure the successful establishment of vegetation and stabilization of the site. Re-vegetated areas that do not exhibit satisfactory vegetative growth by the end of the third growing season shall be mitigated by reseeding, mulching, grading, and/or application of best management practices (“BMPs”) to prevent erosion and site degradation.
- T. A vegetation reference area shall be identified and proposed by the Permittee to MMD within 6 months of the approval date of this Permit. The reference area selected should represent various vegetation types across the Permit Area and shall remain undisturbed for the life of the mine. The size of the reference area should be at least 10% of the total disturbed acreage.
- U. The site shall be considered reclaimed and eligible for release once the following criteria have been met:
1. canopy cover within the reclaimed area equals at least 75% of canopy cover within the identified reference area(s);
 2. species diversity within the reclaimed area approximates the species diversity within identified reference area(s) or within the ecological site description provided by the Natural Resources Conservation Service;
 3. noxious weed species percent cover does not exceed that of the reference area;
 4. no significant erosion is evident on reclaimed areas.
- V. 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.
- W. All lands to be disturbed by the mining operation will 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.

JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 10 of 15

Noxious Weed Management

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

Best Management Practices ("BMPs")

- Y. 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.
- Z. No storage of fuels or chemicals shall take place within any watercourse.
- AA. 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 Carlisle Creek shall be controlled through implementation of appropriate BMPs to control erosion.
- BB. The Permittee shall contain any water produced from the operation at the site. Discharge of water or any industrial fluids to any watercourse may be a violation of the Clean Water Act. All waste material shall be collected and disposed of properly.
- CC. Travel should be suspended during wet, muddy conditions. Construction or maintenance activities should not be performed during periods when the soil is too wet to adequately support heavy equipment. If such equipment creates ruts in excess of six inches deep, the soil is considered too wet to adequately support equipment.
- DD. 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

- EE. 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

JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 11 of 15

human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. 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

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

Financial Assurance

GG. The Permittee is not required to provide financial assurance at this time, in accordance with §19.10.3.304.E NMAC. The Permittee acknowledges that exceedence of two (2) acres of total disturbance shall require that the Permittee provide financial assurance for reclamation of all disturbed areas, development, support areas, and mine infrastructure and not just the amount of disturbance in excess of two acres.

Annual Report and Fees

HH. The Permittee shall submit annual reports pursuant to §19.10.6.610 NMAC, and any fees as required by §19.10.2 NMAC. The Permittee shall identify any areas of new disturbance in each annual report submitted to MMD.

Additional Obligations

II. 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.

JJ. The Permittee shall monitor the site, at least once per year, for the duration of the Permit in order to assure knowledge of the general site conditions and compliance with the Permit and the approved Permit Area.

JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 12 of 15

Section 11. CONCLUSIONS OF LAW

- A. The Director concludes the application meets the requirements of a “Minimal Impact Mining Operation,” addressed in §19.10.1.107.M(2) NMAC. The operation authorized by this Permit is eligible as a minimal impact operation, and the Permittee is authorized to operate a minimal impact mining operation, pursuant to §19.10.1.107.M(2) NMAC and §19.10.3.304 NMAC. The Jim Crow Mine will no longer qualify as a Minimal Impact operation if permit authority is exceeded or if any of the characteristics described in §19.10.1.7.M(2) NMAC exist.
- B. The PAP is complete and accurate and complies with the requirements of the Act and §19.10.3.304 NMAC.
- C. The Director has jurisdiction over the Permittee and the subject matter of this Permit and process.
- D. The Permittee is permitted to conduct mining and reclamation operations on the Permit Area and within the ten (10) acre design limit upon the condition that the Permittee complies with the requirements and conditions of the Act, the Rules, and this Permit, and upon the submission of such annual reports and fees as may be required under §19.10.6.610 NMAC and §19.10.2 NMAC.

JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 13 of 15

CERTIFICATION

I certify that I have read, understand and will comply with the requirements of the Permit. I further certify that I am not in violation of the Act or §19.10 NMAC. I also agree to comply with the performance and reclamation standards and requirements of the Permit, the Rules, and the Act, and allow the Director to enter the Permit Area without delay for the purpose of conducting inspections during mining and reclamation.

Lucia R. B. Wiggley
Authorized Representative of the Permittee

Manager
Title

JC Imperial LLC
Company

Subscribed and sworn to before me this 16 day of May, 2014
Jimie S. Jones
Notary Public

My Commission Expires

July 21, 2016



JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 14 of 15

ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that Permit No. GR065MN, for the operation of a minimal impact new mining operation referred to as the Jim Crow Mine, located in portions of Sections 14 and 23, Township 17 South, Range 21 West, Grant County, New Mexico, is approved. The Permit may not be transferred without prior approval by the Director.

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:



Fernando Martinez, Director
Mining and Minerals Division
Energy, Minerals and Natural Resources Department

Date:

5/13/2014

JIM CROW MINE
PERMIT NUMBER GR065MN
MINIMAL IMPACT NEW MINING OPERATION

Page 15 of 15

Figure 1: Permit Area Shown In Shaded Area Below

