

State of New Mexico
Energy, Minerals and Natural Resources Department

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Mining and Minerals Division



May 12, 2014

Mr. George Lotspeich
Southwest Resources, Inc.
4011 Mesa Verde Road NE
Albuquerque, NM 87110

RE: Technical Comments, Southwest Resources, Inc. Part 5 Permit for the Section 11/12 Mine, Permit Application MK046RE

Dear Mr. Lotspeich:

The Mining and Minerals Division ("MMD") has reviewed the Southwest Resources, Inc. (SRI) Part 5 Permit Application for the Section 11/12 Mine that was dated January 31, 2014. We also forwarded copies of the Application to the New Mexico Environment Department ("NMED"), Department of Game and Fish ("DGF"), EMNRD Forestry Division ("FD"), Office of the State Engineer ("OSE") and DCA Historical Preservation Division ("HPD"), and requested comments from each agency.

MMD's comments are presented below and the other agencies' comments are attached.

19.10.5.502.D(2)

1. The permit area shown in Figure 1 encompasses Sections 11 and 12; this is not consistent with the 15 acres described in the public notice. Please reconcile the proposed permit area and disturbed areas on Figure 1.
2. A copy of the most recent county assessor's tax schedule is required for verification of ownership; please provide the required information.
3. There is a breached diversion berm to the north and west of Ambrosia Lake that appears to have been constructed for flood control. Please add the diversion to the existing disturbance map, or explain why it is not mine-related.
4. During the inspection on March 13, 2014, MMD noted an additional disturbance area between the Section 11 and Section 12 shafts. The area had signage indicating explosives storage. Please add this area to the existing disturbance map, or explain why it is not mine-related.

19.10.5.506.J(3); 19.10.5.507.A

1. During the inspection on March 13, 2014, MMD noted that the east vent shaft in Section 12 was sealed at the surface, and SRI reported that it had been replaced by the west vent shaft in Section 12. If the east vent shaft was not backfilled, and can be isolated from the underground workings, it may be possible to use the vent shaft as a depository for radioactive waste currently on the surface. This would reduce or eliminate the amount of additional disturbance required for borrowing cover material and reduce the necessary grading. It would also provide better environmental protection compared to managing the waste material on the surface. Please consider this concept.

2. The proposed grading depicted on Figure A-4 appears to indicate that additional material would be pushed or hauled into Ambrosia Lake during reclamation. Removing contaminated material from the vicinity of the lake would be more environmentally protective. Disposal of radioactive waste rock into the vent shaft and/or mine shaft is preferred by MMD. NMED has agreed that returning material to the underground workings would be the better disposal method. Please consider returning radioactive waste rock into the shaft(s).

If surface disposal and management of radioactive waste rock is SRI's preference, then the following 3 comments relating to identification of the source, volume and properties of potential cover material apply:

3. Closeout Plan Section 2.2; Page 5 – Regrading and Covers:

The reclamation plan for the four areas (Non-economic storage area, Equipment storage area, Ore Stockpile and staging area) in this section describes the utilization of cover material (labeled in the Closeout Plan as "clean top soil") as a final surface material. However, the plan does not specifically identify from where these cover materials would be obtained. Please specifically describe (in text and delineate on a plan view map) the locations of the proposed cover materials.

4. Closeout Plan Section 2.2; Page 5 – Regrading and Covers:

Please provide an estimate of the volume of cover material available from the proposed locations in the permit area. Also provide an estimate of the volume of cover material required for placement at the four reclamation areas described in this section. This information should be provided in a table.

5. Closeout Plan Section 2.2; Page 5 – Regrading and Covers:

MMD requires the demonstration of cover material suitability through the analyses as shown on the MMD Mining Act Reclamation Program (MARF) Soil Suitability Guidelines document: Table 1 – Soil and Overburden Evaluation for Plant Establishment and the first three parameters from: Table 2 – Soil & Topsoil Nutrient Suitability Ratings Primary Root Zone (Nitrate-NO₃, Phosphorus and Potassium). For each area proposed as a cover material source, at least one sample is to be obtained and tested for the above parameters.

6. Closeout Plan Section 3.0 – Radiological Surveys

MMD and NMED have recently produced a guidance document for the cleanup and reclamation of Part 5 existing uranium mines. The guidance may be found on the MMD website at

http://www.emnrd.state.nm.us/MMD/MARP/documents/2014-03_JointGuidelinesforExistingMinesandRadiationCleanup_DRAFT.pdf

Consistent with the attached NMED comments, MMD considers that the joint guidance document provides the necessary methods to ensure effective cleanup of radiological contamination. Please review the document and incorporate the methods prescribed in the Joint Guidelines for Existing Mines and Radiation Cleanup into the Closeout Plan.

Please respond to each of the MMD comments listed above and to each of the attached comments from the other agencies, and update Permit Application MK046RE, accordingly. Thank you for your cooperation. Please contact me at (505) 476-3416 with questions or concerns.

Sincerely,



David L. Clark
Coal Program Manager

May 12, 2014

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CC: Fernando Martinez – MMD
Keith Ehlert – NMED
Matthew Wunder – DGF
Michelle Ensey – HPD
Daniela Roth – FD

