

State of New Mexico
Energy, Minerals and Natural Resources Department

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Mining and Minerals Division



CERTIFIED MAIL – RETURN RECEIPT REQUESTED

November 21, 2018

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

**RE: Agency Comments, Regular Existing Mine Application, Supplemental Information,
Section 11/12 Mine, McKinley Co., NM
Permit Tracking No. MK046RE**

Mr. Lotspeich:

The New Mexico Mining and Minerals Division (“MMD”) has reviewed the Supplemental Information for a Regular Existing Mine Permit Application Package (“PAP”) MK046RE, submitted by Permits West on behalf of Southwest Resources, Inc. (“SRI”) under Subpart 5 of the New Mexico Mining Act Rules (“Rules”). This Supplemental information includes the following documents:

1. *Supplemental Hydrologic Characterization*, July 16, 2018
2. *DRAFT Waste Characterization Study-Phase 2*, May 1, 2018
3. *2.0 Closeout Plan Components*

Enclosed with this letter are the reviewing agency comment letters submitted by the New Mexico Environment Department (“NMED”) and the New Mexico Dept. of Game and Fish (“NMDGF”). Additionally, please find general and specific comments from MMD based on review of this application.

General Comments:

1. Since the original submittal of the January 2014 Closeout Plan MMD, NMED, and other state agencies (“The Agencies”) have noticed that the intended future of the mine has changed over time. The Agencies are still confused as to whether the intent of the permit is to go directly into a **Reclamation Only Permit (Option 1)** with complete reclamation or an **Operational Permit (Option 2)** that would include interim and final closeout reclamation. Both options are spelled out below. Whichever way the operator wishes to proceed will affect the current Closeout Plan and require the Closeout Plan to be modified or replaced to reflect this decision. As it stands right now the January 2014 Closeout Plan leads us to believe that an **Operational Permit**

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(Option 2) is the preferred alternative. However, since 2014 many of the documents received and conversations lead the agencies to believe that the intent of the permit will be a **Reclamation Only Permit (Option 1)**. Please provide the agencies with a clear path forward for the future of the Section 12 Mine. Also, please provide a complete seamless Closeout Plan document reflecting the preferred path forward that follows 19.10.5 NMAC and the joint MMD/NMED document titled *Joint Guidance for the Reclamation of Existing Uranium Mining Operations in New Mexico* (“Guidance”).

Option 1: Reclamation Only Permit

- Complete reclamation of all contaminated soils to meet the criteria set forth in the Guidance
- Demolition and disposal of all mine infrastructure, including backfilling and abandonment of the shaft.
- After complete reclamation the operator will be left with a clean surface estate while still maintaining mineral rights.
- No operating mine permit will be issued and after the 12-year vegetative growth period the mine will be eligible to be released from the NM Mining Act.

Option 2: Operational Permit

- Interim reclamation and clean-up of contaminated soils per the Guidance except where the contaminated soils are supporting mine infrastructure such as the buildings and headframe, which would be addressed in the future through a Final Closeout Plan.
- Mine infrastructure including the shaft, headframe, and buildings will be left in place
- This option will leave the operator with a cleaned up mine site and operational mine permit
- This option will require the mine to apply for standby status following the interim reclamation and the mine will be subject to Existing Mine fees and permitting requirements per 19.10.5 NMAC.
- At mine closure the final reclamation of all contaminated soils and demolition / disposal of all mine infrastructure will be required.

2. Currently the proposed permit area boundary does not include all affected land identified on the ERG Radiological Survey: Ra226 Concentration Results. It is unclear why these areas have been left out and will need to be discussed further.

MMD Comments:

Supplemental Hydrologic Characterization, July 16, 2018

MMD concurs with NMED’s comments and would like to stress that we need to address the question of water in the bottom of the Section 12 Shaft if waste materials are planned to be disposed of down the shaft.

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DRAFT Waste Characterization Study-Phase 2, May 1, 2018

MMD concurs with NMED's comments with the following comments in addition.

1. Please include characterization of proposed borrow area materials in the *Final Waste Characterization Study – Phase 2*. Additionally, as mentioned below, these borrow areas must be approved by MMD prior to borrow activities.

2. Please provide a workplan describing how radiation levels will be compared pre and post reclamation per the Guidance.

2.0 Closeout Plan Components

1. While MMD accepts the newest addition to the application, *2.0 Closeout Plan Components*, this document is lacking in its alignment with the Guidance. Please review this Guidance and incorporate sections 2.0 – 5.0 into the *2.0 Closeout Plan Components*

2. MMD will require much more detail in the form of an approved work plan and approved design before closeout construction activities bulleted in the document can commence.

3. Throughout the January 2014 Closeout Plan much of the narrative seems to be leaning towards the future of a mining operation at an operational mine while the *2.0 Closeout Plan Components* is focused on immediately beginning reclamation activities. Please reconcile these differences in a complete all-encompassing Closeout Plan that reflects the current plan for this mine. Also, please include a detailed reclamation schedule that clearly spells out the sequence of events for activities such as reclamation, standby status, and active mining operations.

4. Borrow areas BP1 and BP2 are mentioned in the *2.0 Closeout Plan Components*. Please include the proposed location for these areas in the mine site map. Also, MMD will require characterization of borrow material, for suitability, prior to approval and will also need to approve the actual borrow sites. A Borrow Material Suitability Plan should be part of the application.

5. Table 1. Reclamation Cost Summary seems to be incomplete and should be removed from this document until it has been completed.

6. MMD and the operator may have to coordinate with the BLM regarding the clean-up of contamination on BLM lands. Has the operator contacted BLM regarding this matter?

NMED Mining Environmental Compliance Section, Ground Water Quality Bureau Comments (“MECS”): Please find enclosed a memorandum from NMED dated on Oct 10, 2018 providing comments based on MECS review of the PAP Supplemental Information submittal.

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NMED Surface Water Quality Bureau Comments: Please find enclosed a memorandum from NMED, dated October 5, 2018 providing comments based on the Surface Water Quality Bureau's review of the PAP Supplemental Information submittal.

NMED Air Quality Bureau Comments: Please find enclosed a memorandum from NMED's Air Quality Bureau (AQB) dated September 27, 2018 providing general comments and recommendations based on the AQB's review of the PAP Supplemental Information Submittal.

NMDG&F Comments: In a letter from NMDG&F to MMD dated October 18, 2018, the NMDG&F provided comments based on their review of the PAP submittal.

MMD and NMED would like to schedule a meeting to discuss this letter at your earliest convenience. Please contact Clint Chisler at (505) 476-3413, or via email at: clinton.chisler@state.nm.us. Should you have any questions, comments, or require additional information concerning this letter or any enclosures, please contact me at (505) 476-3413, or via email at: clinton.chisler@state.nm.us.

Sincerely,



Clint Chisler – Permit Lead, HI018EM
Mining Act Reclamation Program (“MARP”)
New Mexico Mining and Minerals Division

Enclosures:

October 18, 2018, Letter to MMD from NMDGF
September 27, 2018, Letter to MMD from NMED Air Quality Bureau
October 5, 2018, Letter to MMD from NMED Surface Water Quality Bureau
October 10, 2018, Letter to MMD from NMED MECS

Cc w/o enclosures: Holland Shepherd, Program Manager, MARP/MMD
Jeff Lewellin, Mining Act Team Leader, NMED
Matthew Wunder, Ph.D., Chief, Conservation Services Division, NMDG&F
Mine File (HI018EM)