

State of New Mexico
Energy, Minerals and Natural Resources Department

Michele Luan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd Leahy
Deputy Cabinet Secretary

Fernando Martinez, Director
Mining and Minerals Division



CERTIFIED MAIL – RETURN RECEIPT REQUESTED

January 18, 2019

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

**January 16, 2019 Meeting Notes and Conclusions, Section 12 Mine, McKinley Co., NM
Permit Tracking No. MK046RE**

Mr. Lotspeich:

As a follow-up to the January 16, 2019 Meeting with Southwest Resources Inc., Domenici Law Firm, Permits West, The New Mexico Mining and Minerals Division (“MMD”), and the New Mexico Environment Department (“NMED”), MMD would like to submit the following notes as a guideline to help Southwest Resources Inc. move forward in the permitting process of the Section 12 Mine, Permit Tracking No. MK046RE.

It is MMD’s understanding after the January 16, 2019 Meeting that Southwest Resources wishes to move forward with Option 2 from the November 21, 2018 letter titled, *Agency Comments, Regular Existing Mine Application, Supplemental Information, Section 11/12 Mine, McKinley Co., NM Permit Tracking No. MK046RE*. Included in this letter is information concerning submissions and requirements for Option 2. The submissions and requirements regarding Option 2 in this letter are not an all-inclusive list of permitting requirements for an Existing Mine. Please refer to §19.10.5 NMAC for Existing Mining Operation requirements.

Option 2: Operational Permit Option

Submissions and Requirements

Permit Boundary Map:

1. MMD will require the submittal of an updated Permit Boundary Map that encompasses all contaminated soils on the mine site. The permit boundary map submitted by Southwest Resources, prepared by Permits West on June 12, 2017 does not include all contaminated soils shown from the ERG Survey Boundary layer. The Permit Boundary will also need to include the approved borrow source areas and the approved disposal cell areas.

Mr. George Lotspeich

**January 16, 2019 Meeting Notes and Conclusions, Section 12 Mine, McKinley Co., NM
Permit Tracking No. MK046RE**

January 18, 2019

Page 2 of 3

2. Disturbance on BLM lands east of the mine site caused by windblown contaminated soil will need to be addressed with the BLM. MMD will not require this portion of contaminated soil to be included in the Permit Boundary, however the clean-up of this area will be required in the Interim Reclamation Plan.

Interim Reclamation Plan:

1. MMD will require an Interim Reclamation Plan that addresses the clean-up of contaminated soils per the document, *Joint Guidance for the Reclamation of Existing Uranium Mining Operations in New Mexico* (“Guidance”). MMD considers this interim reclamation phase to be contemporaneous reclamation, and a component of developing the site for mining, by cleaning up/reclaiming portions of the site and preparing the remainder for mining. It is MMD’s understanding that all contaminated soils will be cleaned up in this process except soils that are required for the stability of the headframe or other structures left in place. At the conclusion of this phase in reclamation the Mine Site should be cleaned up per the Guidance with only the Headframe/Shaft, Required Structures, and Vent Shafts safely secured and left in place. Additionally, if the scrap and debris currently on site are left in place, it must be within one of the design limit areas and FA must be posted for its disposal.

2. After the conclusion and approval of the Interim Reclamation Plan work, the Operator will be eligible to apply for release of the Financial Assurance (“FA”) that is related to the earthwork of the Interim Reclamation Plan. The vegetative portion of the FA will be held for the required 12-year period per 19.10.12.1204 A. NMAC.

3. After Interim Reclamation has been completed and approved the Operator has 180 days to begin mining operations. If the operator does not begin mining operations within 180 days, the operator will be required to apply for Standby Status as described in 19.10.7.701 NMAC.

4. During the January 16, 2019 meeting mentioned earlier in this letter the Operator expressed an interest in implementing a 2-phased approach for the interim reclamation. If the Operator plans to move forward with this type of reclamation plan, MMD will require the Operator to submit a reclamation schedule with a detailed timeline for the proposed 2-phase approach.

Closeout Plan:

1. In addition to the Interim Reclamation Plan, the operator will be required to include in the application the Final Reclamation Plan as part of the Closeout Plan, which will be based on the final configuration of the mining operation: disturbed area, mine units and related design limits. We will call this the Mine Operation Plan. The Final Reclamation Plan should include reclamation of all contaminated soils and demolition/disposal of all mine infrastructure.

Mine Operation Plan:

The Mine Operation Plan included in this permit application should generally describe mining operations (mine units and areas disturbed by mining) to be used during an active mining operation that create surficial disturbance. Additionally, the Mine Operation Plan should include design limit boundaries that describe the various mine units to be used for these

Mr. George Lotspeich

**January 16, 2019 Meeting Notes and Conclusions, Section 12 Mine, McKinley Co., NM
Permit Tracking No. MK046RE**

January 18, 2019

Page 3 of 3

operations. More than likely this plan will be a generalization of anticipated surficial disturbances and MMD would ask for a more detailed and comprehensive Mine Operating Plan at a later date.

Please respond to this letter and the November 21, 2018 letter titled, *Agency Comments, Regular Existing Mine Application, Supplemental Information, Section 11/12 Mine, McKinley Co., NM Permit Tracking No. MK046RE* within 60 days of receipt. 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

Cc: Holland Shepherd, Program Manager, MARP/MMD
Jeff Lewellin, Mining Act Team Leader, NMED
Mine File (HI018EM)