

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



May 17, 2019

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

Pete Domenici Jr.
Domenici Law Firm
320 Gold Ave. SW Suite # 1000
Albuquerque, NM 87102

**May 15, 2019 Meeting Summary, Section 12 Mine, McKinley Co., NM
Permit Tracking No. MK046RE**

Mr. Lotspeich:

As a follow-up to the May 15, 2019 Meeting with the Domenici Law Firm, Alan Kuhn Associates, LLC, and The New Mexico Mining and Minerals Division (“MMD”). MMD would like to submit the following notes as a guideline to help the Domenici Law Firm move forward in the reclamation process of the Section 12 Mine, Permit Application Tracking No. MK046RE.

It is MMD’s understanding per the April 25, 2009 Email titled, *Section 12 Mine Status*, that Southwest Resources wishes to move forward with Option 1 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 are meeting notes and a path forward regarding reclamation through Option 1.

Meeting Notes

- The Section 12 Mine is still owned by Southwest Resources Inc. that is being represented by the Domenici Law Firm.
- Southwest Resources Inc. is investigating means to salvage equipment on the property including the headframe and hoist as assets to help with funding the reclamation.

Mr. George Lotspeich

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- The parties opened discussion on whether the Option 1 Reclamation could be accomplished through a Director's Order thus freeing up scarce funds by eliminating the burden of obtaining financial assurance by Southwest Resources Inc. MMD will have to talk internally prior to deciding on the Director's Order Option.
- If MMD concludes that the Director's Order Option is appropriate, MMD will keep the New Mexico Environment Department ("NMED") involved in this project and will ask for consultation on the Reclamation Plan from NMED.
- The Domenici Law Firm has indicated that the principals will endeavor to complete a video survey of the shaft within 30 days to verify if there is water in the bottom of the mine shaft. This is an important piece of information that should be ascertained in advance of the interim meeting referenced in the closing paragraph.
- The Conceptual Reclamation Plan required within 90 days of this letter shall include information regarding demolition of structures, earthwork, cover placement, revegetation, and post reclamation radiation survey.

Please respond to this letter within 30 days of receipt for the purpose of scheduling an interim meeting with MMD and NMED and again within 90 days of receipt to propose a conceptual reclamation design. 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, MK046RE
Mining Act Reclamation Program ("MARF")
New Mexico Mining and Minerals Division

Cc: Holland Shepherd, Program Manager, MARP/MMD
Dana David, Assistant General Counsel
Fernando Martinez, MMD Director
Jeff Lewellin, Mining Act Team Leader, NMED
Mine File (MK046RE)