



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**Bill Richardson**  
Governor

**Joanna Prukop**  
Cabinet Secretary

**Bill Brancard**  
Director

**Mining and Minerals Division**

September 6, 2007

Michael Duncan  
President  
Uranium Company of New Mexico LLC  
2470 St. Rose Parkway, Suite 302  
Henderson, NV 89704

**RE: Permit Approval, Lily Claims Minimal Impact Exploration Project,  
Uranium Company of New Mexico, LLC; Permit No. SA012EM**

Dear Mr. Duncan:

This letter acknowledges the approval of the Minimal Impact Exploration Permit Application for the Lily Claims Minimal Impact Exploration Project, Permit No. SA012EM. The proposed project area lies situated approximately 30 miles northwest of Albuquerque in Sections 21 and 22, Township 12 North, Range 3 West in Sandoval County, NM. Proposed exploration activities include drilling ten 5 ¼ -inch exploration holes to a depth of up to 600 feet below ground surface.

The Mining and Minerals Division (MMD) has reviewed your application in addition to considering reviews and comments on your application by appropriate state and federal agencies involved in the application review process. After the 20-day review period, we reviewed all submitted comments and have attached these letters to this permit approval document for your information.

### **Findings of Fact:**

1. The application is complete and demonstrates that the proposed operation and reclamation will meet the requirements of reclamation, as identified in Part 1, Section 19.10.1.7.R. (1) of the New Mexico Mining Act Rules (the Rules). Reclamation of the disturbed area will be initiated as soon as possible following the completion or abandonment of the exploration operation unless the disturbed area is included within a complete permit application for a new mining operation.
2. The applicant has paid the permit fee in the amount of \$100.00 as determined by Part 2 of the Rules.
3. The applicant has signed a statement indicating he agrees to comply with the reclamation requirements of the permit, Part 3 of the Rules, and the New Mexico

Mining Act (the Act) and allows the Director to enter the permit area, without delay, for the purpose of conducting inspections during exploration and reclamation.

4. The applicant has certified that he is not in violation of the Act or Section 19.10.3. 302 NMAC, of the Rules.

**Approval of this permit is contingent upon the following stipulations:**

1. Uranium Company of New Mexico (UCNM) shall properly plug and abandon all drill holes pursuant to the *New Mexico State Engineer's Office Rules and Regulations Governing Well Driller Licensing, Construction, Repair, and Plugging of Wells*, 19.27.4 NMAC; adopted August 31, 2005.
2. All drill cores/cuttings that show radioactive readings in excess of the immediate background surface readings will either be removed from the site for appropriate disposal or storage or buried no less than 3 feet below ground surface to insure that the radiation readings are the same as background.
3. No drilling and no storage of fuels or chemicals will take place within any drainage areas that are in the permit area.
4. All areas where vegetation is disturbed including overland access roads will be reseeded by broadcast with the following Grassland Vegetation seed mix (adapted from BLM Sagebrush Draws Seed Mix):

<u>Species</u>	<u>Pure Live Seed/Acre</u>
Blue Grama	.5 lbs/acre
Western wheatgrass	3.9 lbs/acre
Galleta	2.1 lbs/acre
Scarlet Globemallow	0.4 lbs/acre
Annual Rye	2.0 lbs/acre
Blue Flax	1.4 lbs/acre
Alkali Sacaton	.5 lbs/acre
Fourwing Saltbrush	.25 lbs/acre

The seed will be sown immediately after reclamation while the soil surface is still friable or if sown after rains have sealed the surface the seed will be raked into the soil.

5. All mud pits constructed shall have at least one side at a 3:1 slope to allow for a wildlife escape route or fenced in accordance with New Mexico Game and Fish wildlife fence procedures. Any mud pits containing materials potentially hazardous to wildlife (toxic or oily substances, wetting agents, gels and thickeners etc.) should be enclosed with fine mesh netting that extends to the ground level or covered to prevent access by birds and bats or other small terrestrial wildlife.

6. All mud pits shall be constructed in a manner that minimizes the possibility for overflow, structural failure and/or breaching during storm events.
7. All drill pads, mud pits, and access roads will be smoothed out and contoured to match the surrounding terrain immediately after the drilling is completed.
8. If any cultural resources are encountered or uncovered during drilling activities, all work should cease within the area of discovery, the remains should be protected in place, and the Office of Cultural Affairs should be notified.
9. Any changes or amendments to the approved permit must be approved prior to implementation.
10. A minimum setback of 100 feet, from any watercourse within the area will be required. (**Watercourse** is defined as any channel having definable beds and banks capable of conducting generally confined runoff from adjacent lands. During floods water may leave the confining beds and banks but under normal flows water is confined within the channel. A watercourse may be perennial, intermittent, or ephemeral.) At specific locations (T-5 and T-6), a 100 foot setback from arroyos and head-cutting drainages in this vicinity cannot be maintained. At these locations (T-5 and T-6), UCNM will maintain a minimum setback of 50 feet.
11. At drill sites T-5 and T-6, the implementation of BMP's will include at minimum: placement of straw or hay bales along the perimeter of these sites (T-5 and T-6) where the 100 foot setback from arroyos and/or head-cutting drainages cannot be maintained.
12. UCNM shall commit to corrective or remedial actions at locations (T-5 and T-6) in the event site activities result in acceleration of existing head-cuts and/or erosion in this immediate vicinity.
13. No excavation or filling shall take place within an ephemeral watercourse until the required permits are obtained from the U.S. Army Corps of Engineers.
14. All overland travel access routes experiencing erosion from heavy traffic or muddy and wet conditions shall be protected using BMP's to reduce erosion and accelerate revegetation within the overland travel routes. These include spreading of hay or straw material in any minor rills, travel paths or any other high traffic areas rutted and impacted by vehicle and equipment traffic.

The issuance of this permit does not relieve you from the responsibility of complying with other state and federal requirements and standards, including but not limited to obtaining all necessary approvals from federal land management agencies prior to conducting mining activities on federal lands.

Since the permit area is on federal land, the expiration or termination of the Bureau of Land Management's authorization to conduct exploration operations on the property

automatically suspends the permittee's authority to continue exploration operations on the property, although not necessarily reclamation operations, by this permit.

This permit is valid for one year from the date of approval (Section 19.10.4.405.A (1) NMAC of the New Mexico Mining Act Rules). Also, at the end of the project you will need to file a termination report based on the requirements of Section 407 of the Rules. If you decide to continue exploration activities beyond that period, you must renew the permit at least 30 days before the date of expiration (Section 19.10.4.405.C (2) NMAC). Please be advised that you are obligated to maintain your site based on the commitments in your permit application, the stipulations of this permit approval document as well as any follow-up correspondence.

If you have any questions, please contact James Hollen of my staff at (505) 476-3436.

By Order of the Director,



Bill Brancard

Director

Mining and Minerals Division

cc: Jim Wallace, Environmental Consulting Services  
Karen Garcia, Chief, Mine Reclamation Bureau  
Holland Shepherd, Program Manager, MARP  
Kurt Vollbrecht, Acting Team Leader, MECS/NMED  
Lisa Kirkpatrick, Chief, Conservation Services Division, NMDG&F  
Bill Dalness, Geologist, Bureau of Land Management  
Andrew Core, NMOSE  
Jess Ward, District 1 Manager, NMOSE  
Michelle Ensey, NMOCA  
Mine File (SA012EM)