

State of New Mexico
Energy, Minerals and Natural Resources Department

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July 23, 2024

Daniel Gorski
Standard Silver Corp.
7 Copano Pt Rd
Rockport, TX 78382

RE: Agency Comments and Request for Additional Information, Alhambra Minimal Impact Exploration Project, Permit No. GR094EM – Grant County, New Mexico

Mr. Gorski:

The New Mexico Mining and Minerals Division (MMD) has reviewed an application for a minimal impact exploration permit titled *Alhambra Project* (Application), originally submitted by Standard Silver Corp. on April 18, 2024, under Subpart 3 of the New Mexico Mining Act Rules (Rules). After a site inspection on June 25, 2024, MMD asks that Standard Silver Corp submit an amended application with additional details regarding use of onsite drill water as well as addressing, in writing, the comments provided by each agency in attachment 1.

Pursuant to §19.10.3.302(G) NMAC, MMD sent request for comment letters to relevant state and federal agencies on May 7, 2024. Enclosed with this letter are the reviewing agency comment letters submitted by the following state agencies: the New Mexico Environment Department (NMED), the New Mexico Office of the State Engineer (NMOSE), the New Mexico Department of Game and Fish (NMDG&F), New Mexico State Forestry Division (NMSF), and the New Mexico Department of Cultural Affairs - Historic Preservation Division (NMDCA).

MMD has reviewed the Application and deemed it administratively complete, pursuant to §19.10.3.302(G) NMAC. However, MMD has reviewed the Application and has found it to be *technically incomplete* pending receipt of acceptable supplemental information identified in this letter. **Please respond no later than 30 days of receipt of this letter, to the information requested below.**

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MMD Comments / General:

1. Section 3. A: Project location of Alhambra mine needs to be edited to reflect correct **Range**. Township and section are correct.
2. Please provide map files that are compatible with ArcGIS or Google Earth of the project area boundary.

Office of the State Engineer

1. The applicants propose to use mud/fluid drilling for the exploration in section 4C but did not select or check drilling mud or any fluid for drilling in Section 4A. Applicant should indicate the drilling fluid they intend to use.
2. The boreholes that encounter groundwater must be abandoned in accordance with State regulations 19.27.4.36 NMAC. Applicant must file NMOSE application form WD-11 for a plugging record <http://www.ose.state.nm.us/PDF/WellDrillers/WD-11.pdf>.
3. In the unlikely event that groundwater under artesian conditions is encountered, applicant should cease drilling operations immediately and contact the NMOSE District III Office for completion of the appropriate forms and supervision in accordance with NMOSE regulation 19.27.4.31 NMAC.
4. In section 6D, the applicant did not select any option for the abandonment of a dry hole. Applicants must contact MMD on the plugging of the boreholes that do not encounter groundwater. MMD plugging regulations (19.10.3 NMAC) prevail over those of 19.27.4 NMAC.

*Appendix A describes NMOSE's general concerns related to the drilling of exploratory wells.

New Mexico Department of Game and Fish

1. Standard is proposing to use a closed loop drilling system, which the Department fully supports and recommends. If the containment system for the drilling fluids is not fully enclosed, the Department recommends netting or covering any open containment tanks in order to exclude birds and bats.
2. If netting is used, the Department recommends extruded plastic, knit, or woven netting with a mesh size of three eighths of an inch to exclude smaller animals. The Department does not support the use of monofilament netting due to its tendency to ensnare wildlife, usually resulting in injury or death. Netting material must be held taught over a rigid and adequately supportive frame to prevent sagging into the drilling fluids.
3. It is important to prevent wildlife from entering and becoming trapped in stockpiled pipes used in the drilling process. The Department recommends capping drill pipes as the most effective way to prevent wildlife entry. At a minimum, each section of pipe should be visually inspected prior to use to verify that no wildlife, including small mammals or reptiles, are inside.
4. All proposed drill pad sites, where exploratory holes will be drilled, will be located in previously-disturbed areas such that no mature woody vegetation will be removed. As a

result, the Department does not anticipate any significant impacts to wildlife or forest habitat from the proposed exploration project.

Department of Cultural Affairs

- U.S. Forest Service should be contacted regarding requirements for identification of cultural resources in areas that will be affected by proposed mining activities.

New Mexico Environment Department

Mining Environmental compliance Section

The Applicant is proposing to use water from the existing Alhambra shaft as drilling water. It is estimated in the application that 1,000 gallons per day will be needed, with a total of 60,000 gallons used for the project. NMED recommends a sample be collected of the shaft water and analyzed for the constituents shown in Attachment 1. If possible, NMED would like to be on-site when the sample is collected. Based on the results of the shaft water sampling, NMED may recommend additional environmental protection measures. If there are exceedances of New Mexico Administrative Code Water Quality Standards in 20.6.2.3103, listed in Attachment 1, NMED may recommend the drilling material and fluids be contained in a lined impoundment and NMED will evaluate the need for a discharge permit with the Applicant, outside of the Mining Act process.

The Applicant is proposing to place drill cuttings and soil impacted by fuel spills in multiple existing excavation trenches. This approach may not be protective of the environment, especially since the water quality of the boreholes is not known. It is also noted in the application that some targeted disposal areas are on the Alhambra Dump. If the Applicant wants to pursue onsite, comingled disposal of these two materials, NMED recommends lining a single constructed pit, not on the Alhambra Dump, for disposal. At the completion of the project, it is recommended water be allowed to naturally evaporate prior to the constructed pit being covered with clean soil.

Surface Water Quality Bureau

1. Spill clean-up materials such as absorbent pads must be available on-site at all times during road construction, site preparations, and drilling activities to address potential spills.
2. Fuel, oil, hydraulic fluid, lubricants, and other petrochemicals must have a secondary containment system to prevent spills. Store these materials outside of the flood-prone zone.
3. Process water must be contained within a closed-loop system or lined pits. A discharge of process water may require a discharge permit from NMED or the U.S. Environmental Protection Agency.
4. Drilling cores must be collected and disposed of properly.
5. Pressure wash and/or steam clean all mobile equipment used in the project area before the start of the project and inspect daily for leaks. A written log of inspections and maintenance should be completed.

6. The use of overland travel and site selection, design, and construction of drill pads, reserve pits, and roads should comply with the guidelines described in the Bureau of Land Management “Gold Book” 1. Suspend construction, maintenance activities, or off-road travel during periods when the soil is too wet to adequately support heavy equipment without causing surface disturbance. The operator should commit to repair any surface disturbance they caused.
7. Implement Best Management Practices to prevent direct impacts to watercourses, including springs, wetlands, and arroyos.
8. For temporary surface disturbances during exploration and reclamation activities, the operator should implement erosion control measures that are designed, constructed and maintained using professionally recognized standards (e.g., Natural Resource Conservation Service standards, the Bureau of Land Management “Gold Book”, or the National Best Management Practices for Water Quality on National Forest System Lands).
9. The applicant should ensure that stormwater entering the project area (“run-on”) is diverted from soil storage piles and should place piles uphill of excavations when possible.
10. Roads, pads, and other facility structures should be set back a minimum of 100 feet from any watercourses, including springs, wetlands, and arroyos.

If you have any questions please contact Alaina Osimowicz, Permit Lead, at (505)-490-0967 or alaina.osimowicz@emnrd.nm.gov

Alaina Osimowicz