

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**John Bemis**  
Cabinet Secretary

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Fernando Martinez, Director**  
Mining and Minerals Division



7008 3230 0000 2319 8266 |

**CERTIFIED MAIL --- RETURN RECEIPT REQUESTED**

March 8, 2012

Mr. Gerald Graham  
Sierra Corporation  
5070 Mark IV Parkway  
Fort Worth, TX 76106

**RE: Site Inspection, need for repairs, Georgetown Mine, Permit No. GR020RE**

Mr. Graham:

On March 5, 2012 the Mining and Minerals Division (MMD) conducted a site visit at the Georgetown Mine in Grant County. It was noted that there's a need for maintenance and repair to the diversion channel to the south of the reclaimed leach pad. This diversion channel apparently received substantial runoff from the adjacent, undisturbed, hillside causing displacement of the riprap in the bottom of the armored diversion channel. Pursuant to New Mexico Mining Act Rule 507.C, all reclaimed surfaces shall be stabilized and maintained to minimize mass movement.

Please provide, within 30 days receipt of this correspondence, MMD with a plan for repairing this diversion channel in a fashion that minimizes disturbance to the reclaimed area and stabilizes the channel to a suitable for a *grazing* post mine land use. I've attached a copy of my inspection report for your assistance.

Please contact me at (505) 476-3438 if you have any questions.

Sincerely,

Chris Eustice, Permit Lead  
Mining Act Reclamation Program

Cc: Fernando Martinez, MMD Director  
Holland Shepherd, MARP Program Manager  
Keith Ehlert, NMED  
John Strand, Sierra Corp., Silver City, NM

**STATE OF NEW MEXICO**  
**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**  
**Director**  
**Mining and Minerals Division**  
**1220 St. Francis St.**  
**Santa Fe, New Mexico 87505**  
**Telephone: (505) 827-3400**

**MINING INSPECTION REPORT**

<b>Name of Operator:</b>	Sierra Corporation
<b>Name of Mine:</b>	Georgetown Mine
<b>Address:</b>	Silver City (UTM 12S 0778601, 3638533)
<b>Permit Number:</b>	GR020RE
<b>Commodity:</b>	Gold <span style="margin-left: 100px;"><u>X</u> SURFACE</span> <span style="margin-left: 20px;">__ UNDERGROUND</span>
<b>Date of Inspection:</b>	March 5, 2012
<b>Time of On-Site Inspection:</b>	1500 – 1600
<b>Weather Conditions:</b>	Cool, Sunny, slight SW wind
<b>Purpose of Inspection:</b>	annual
<b>Lead Inspector:</b>	Chris Eustice, MMD,
<b>Present During Inspection:</b>	Holland Shepherd
<b>ENFORCEMENT ACTION TAKEN:</b> None	
<b>NOTICE OF VIOLATION:</b> # _____ YES: __ NO: <u>X</u>	
<b>CESSATION ORDER:</b> YES: __ NO: <u>X</u>	
Time: On-Site: <u>1</u> Permit Review: <u>1</u> Travel: <u>2</u> Report Writing: <u>1</u>	
<b>TOTAL INSPECTION TIME:</b> <u>5</u> HOURS	
<b>NOTE:</b> Georgetown is located north of the Chino pit. Take Forest Road 73 north from State Highway 152. The site is located about 4 miles from the junction of FR 73 and SH 152. Use the Santa Rita Quad	

**PERMIT UPDATE**

MMD will continue to hold FA (\$2700 = 6 ac X \$750/ac X 60%) for the re-vegetation until success has been demonstrated (after 12 years). This site was re-seeded in 2004. NMED has determined the need to hold back FA (\$2500= \$500/yr for 5 years) for the operation and maintenance of the sediment pond. FA held totals \$5200.

**Annual Inspection  
9/30/2009  
Georgetown Mine**

**Inspection Narrative**

This inspection was performed to evaluate the conditions of the sediment ponds and the diversion channels on the sides of the pile. The FA for the reclaimed waste pile and vegetation was released in 2008. The FA held (jointly w/ NMED) is in the amount of \$5200 to ensure vegetation success and to muck out the sediment ponds.

The reclaimed leach pad and the armored ditches around the south perimeter of the waste pile were inspected. The covered waste rock pile is stable and demonstrates a robust vegetation cover, though in winter dormancy. However, some of the riprap armoring in the bottom of the south side diversion channel has been displaced due to a storm event (when?) that caused excessive run-on, from the hillside to the south, with enough energy to move the undersized rip rap. This erosional feature can easily be repaired and would eliminate any risk to the integrity of the cover leach pad. Perhaps some run-on prevention would aid in stabilizing this channel.

**Corrective action needed.**

The operator needs to be made aware of the need for maintenance. The meandering nature of the diversion channel ought to be preserved as an energy dissipater.

**Photo of south side diversion.**



Additional photo of south side diversion. Note meanders, if supported and/or reinforced the meanders could aid in energy dissipation.



**ACTION ITEMS:**

Stabilize the diversion channel.

**MAINTENANCE ITEMS:**

None

**ENFORCEMENT ACTIONS TAKEN:**

None

**INSPECTOR'S SIGNATURE:**

*C. Genti*

**DATE:** *3/7/2012*