

Attachment A: MMD Technical Comments

North Cebolleta Exploration

Permit No. CI019EM

Date: August 13, 2024

OVERVIEW

Name of Operator: Cibola Resources

Permit Update: Application

Agency Responses: *Attached and available for review and response*

New Mexico Department of Cultural Affairs Submitted August 8, 2024

New Mexico Department of Game and Fish Submitted August 12, 2024

New Mexico Environment Department Submitted August 6, 2024

New Mexico Office of the State Engineer No Response.

EMNRD - Forestry Division Submitted July 30, 2024

MMD Comments

1. Section 4.C. Drill Pad Acreage. Please update this acreage to reflect only the drill pad dimensions (60 ft. X 100 ft.).

Operator response: The total disturbance of the project is estimated to be 4.25 acres. This total is a combination of overland access combined with an idealized drill pad footprint of 60 feet by 100 feet (6,000 sq ft or 0.14 ac) at each drilling location. The total combined estimated footprint of disturbance attributable to just the drill pads is 3.28 acres resulting in an average of 5,715 sq ft per location. Due to close spacing, there are several instances where drill pads of the idealized 60 ft by 100 ft size overlap (e.g. RLB187 to RLB182) resulting in the slightly lower average disturbance estimate. These anticipated disturbance areas are estimates only. There may be instances where pad size will be different shaped, slightly larger or slightly smaller depending on actual field and drilling conditions. Cibola will closely monitor its cumulative disturbance to ensure that the total project disturbance does not exceed 5 acres or occur outside of the Permit Area where cultural and biological clearance surveys were conducted.

and/or see attachment: Please see revised maps displaying drill pad disturbance estimates.

2. Section 4.D. Disposal of drill cuttings. MMD will require cuttings to be buried concurrently with completion of drilling and plugging.

Operator response: Drill cuttings are expected to settle in a portion of the excavated mud pit and remain in the subsurface at a depth greater than 3 feet below the land surface. They will be buried when the pit is backfilled with the soil excavated during mud pit construction and the surface will be restored.

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and/or see attachment: no attachment included

3. Section 4.D. Disposal of drill cuttings and Radiation survey. MMD will require a pre-drilling RAD survey be completed and submitted to MMD establish background levels of radiation.

Operator response: A radiation survey of the proposed drilling locations and disturbed areas will be conducted before drilling begins and then again once the backfilling of the mud pits and surface restoration is completed.

and/or see attachment: no attachment included.

4. Section 4.F. Overland Travel. Please break out the overland acreage from total disturbance, see comment 1.

Operator response: Please refer to response 1. The total estimated disturbance of the project is 4.25 acres. This total is a combination of the drill pads and overland access with an idealized width of 10 feet per lineal foot of overland access. The total combined estimated footprint of disturbance attributable to overland access is 0.97 acres. There are several instances where overland access is projected between pads and for anticipated turnarounds. These anticipated disturbance areas are estimates only. There may be instances where overland access will occur differently than the idealized estimate depicted in the maps which will depend on actual field and drilling conditions. Cibola will closely monitor its cumulative disturbance to ensure that the total project disturbance does not exceed 5 acres or occur outside of the Permit Area where cultural and biological clearance surveys were conducted.

and/or see attachment: Please see revised maps displaying overland access disturbance estimates.

5. Section 6.D. Borehole abandonment. MMD reminds Cibola Resources that the top 2 feet of boreholes needs to be capped with topsoil.

Operator response: Drill holes will be plugged to total depth using tremie pipe methods and in accordance with Office of State Engineer regulations and the plans submitted to the OSE in forms. Thus with this drilling operation, each drill hole shall be plugged from total depth to within 2 feet of the original ground surface or the collar of the hole, whichever is lower, with a column of cement, high density bentonite clay or other materials specified in the permit. The hole shall be backfilled with topdressing or topsoil from above the cement plug to the original ground surface. The hole shall be plugged as soon as is practical after drilling is complete, but no later than 30 days after completion of the drilling program. All plugging methods will comply with 19.27.4 NMAC of the State Engineer Office's plugging and abandonment requirements.

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and/or see attachment: no attachment included.

6. Section 6.D. Borehole abandonment. If Cibola Resources expects some boreholes to be dry, please also indicate option for a dry borehole abandonment option.

Operator response: Cibola does not expect any holes to be dry. If a hole is abandoned or lost at a depth above the water table, it will be plugged as described in Section 5.

and/or see attachment: no attachment included.

7. Section 7.C. MMD notes that the Application Amendment submission from July 9th, 2024 changes this section to reflect the use of mud pits. This amendment includes a plan for wildlife protection, and fluid containment.

Operator response: Cibola concurs with this statement.

and/or see attachment: no attachment included.

8. Section 7.D. Reclamation Details. MMD encourages Cibola Resources to minimize the overall disturbance footprint by only hand broadcast seeds and raking. As observed at CI018EM site, disking and chain harrow practices led to a larger and more disturbed footprint.

Operator response: Cibola concurs with this statement.

and/or see attachment: no attachment included.

9. Attachment A. Right of Entry. While right of way for the Cibola Land grant is clarified, Surface Estate owner Lupo Lands, LLC (Lobo ranch) hasn't provided a statement of right of entry. Please provide statement for right of entry for Lobo Ranch.

Operator response: In the late 1960s and 1970s, Sohio Western Mining Company (Sohio) acquired lands within the Cebolleta Land Grant (CLG) (including the tract where this application occurs) for uranium exploration, development, mining and reclamation. After exploring for, developing and mining uranium and reclaiming affected areas for a number of years, Sohio shut down its operations. Pursuant to a March 23, 1989 Agreement with CLG enabling Sohio to obtain property from CLG required by law for its shutdown, on July 5, 1989, Sohio conveyed "all the oil, gas and mineral rights" in this tract to CLG.

Also, on July 5, 1989, Sohio conveyed limited surface interests in this tract and other lands to Caprock Pipe and Supply, Inc. The conveyance was made subject to the "[o]il, gas and

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mineral rights” conveyed by Sohio to CLG on the same day and subject to “the right to explore, develop, mine and remove the same and to make reasonable use of the surface as may be desirable or necessary in connection therewith” that Sohio had also conveyed to CLG on the same day.

Both the surface and mineral estate deeds were included in the original Part 3 application for this permit.

Currently, the mineral estate and rights to use the surface as “may be desirable or necessary” in connection with the mineral estate is still owned by CLG.

The limited surface estate has been conveyed to numerous subsequent owners since 1989, most recently changing in 2021 when Lupo Lands, LLC acquired the limited surface rights of this tract as part of its larger purchase of the overall Lobo Ranch.

The deeds make clear that CLG owns the rights to utilize the surface of this tract and neither consent nor an access agreement is required from the owner of the limited surface estate in order for CLG to exercise its rights. These rights owned by CLG are leased by Cibola Resources, LLC. The lease was provided in the original Part 3 application for this permit.

Regardless of the fact that neither consent nor an access agreement is required from Lupo Lands, on multiple occasions, Cibola has offered to provide Lupo Lands with a liability waiver or some other form of access agreement in an effort to be good neighbors. Lupo Lands has been unresponsive to those offers, most recently as July 26, 2024.

and/or see attachment: no attachment included.

10. Figure 3 – Map of drilling locations. Application states 25 boreholes, but on review of the map, only 24 are indicated. Please clarify/update as needed.

Operator response: The drilling map provided with the original application was at a scale (1:3,360) where the label for hole RLB160 was excluded due to the close spacing of locations. However, the coordinates for this location were included in the table of coordinates in the original application.

and/or see attachment: Please see Figure 4, which is a larger scale map (1:2,100) displaying labels for each drilling location that correspond to the table of coordinates provided in the original application.

11. Agency Responses:

New Mexico Department of Cultural Affairs

Operator response: No response required, and Cibola expects to work within the the constraints of the agency recommendations.

and/or see attachment: no attachment included.

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New Mexico Department of Game and Fish

Operator response: No response required, and Cibola expects to work within the constraints of the agency recommendations.

and/or see attachment: no attachment included.

New Mexico Environment Department

Operator response: No response required, and Cibola expects to work within the constraints of the agency recommendations.

and/or see attachment: no attachment included.

EMNRD - Forestry Division

Operator response: No response required.

and/or see attachment: no attachment included.

Permit Lead: Samantha Rynas **DATE:** 8/13/2024

MMD review SR 10/01/2024: Cibola Resources has satisfied MMD technical Comments. No further follow up needed.

Figure 3. North Cebolleta Permit Area and Disturbance Estimates

PART 3 MINIMAL IMPACT EXPLORATION OPERATION PERMIT APPLICATION
North Cebolleta Exploration Project
Map Date: September 3, 2024

Applicant: Cibola Resources, LLC, 18032 Road G, Cortez, CO 81321
Map Prepared by: Mike Thompson, Manager



Summary of Total Project Estimated Disturbance
0.97 ac overland travel
3.28 ac drill pads
Total Estimate: 4.25 ac

LEGEND

- Permit Area (cultural and biological clearance area)
- drill pads (avg 100ft by 60ft)
- overland access routes (avg 10ft width)
- current drilling locations
- historic drilling locations
- preexisting roads

Estimated Disturbance
0.46 ac overland travel
1.32 ac drill pads

Estimated Disturbance
0.05 ac overland travel
0.65 ac drill pads

Estimated Disturbance
0.33 ac overland travel
0.52 ac drill pads

Estimated Disturbance
0.13 ac overland travel
0.79 ac drill pads

Source: Esri, Maxar, Earthstar Geographics, and the GIS User Community

Figure 4. North Cebolleta Drilling Locations







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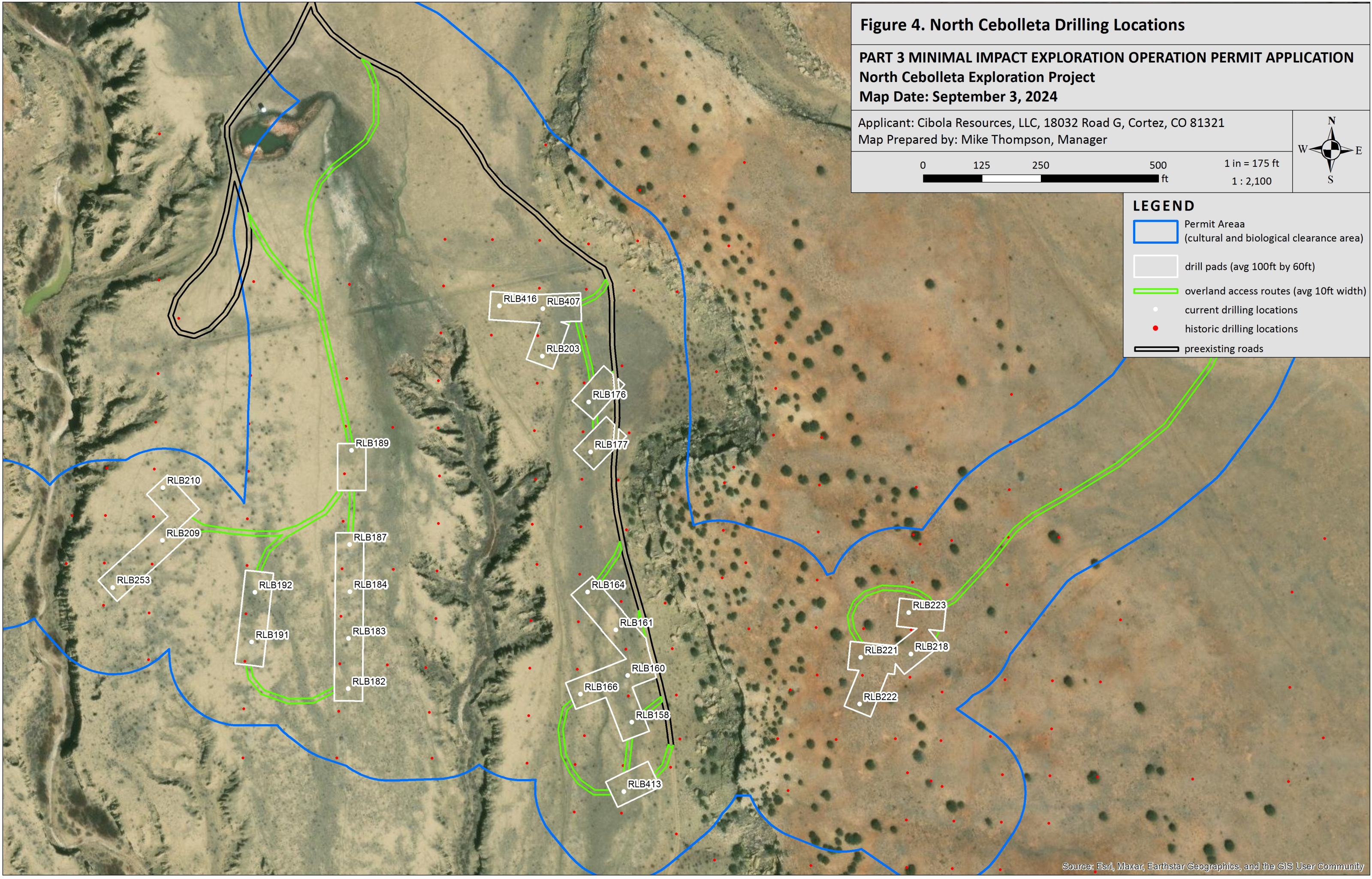
Applicant: Cibola Resources, LLC, 18032 Road G, Cortez, CO 81321
Map Prepared by: Mike Thompson, Manager

0 125 250 500 1 in = 175 ft
ft 1 : 2,100



LEGEND

-  Permit Areaa (cultural and biological clearance area)
-  drill pads (avg 100ft by 60ft)
-  overland access routes (avg 10ft width)
-  current drilling locations
-  historic drilling locations
-  preexisting roads



Source: Esri, Maxar, Earthstar Geographics, and the GIS User Community