

Kirkland Mining Co, Skull Valley
2015 Transition From Mineral Material Plan of Operation to
Mining Notice

Overview

Kirkland Mining Co submitted to the BLM a mineral materials plan of operation on April 14, 2015. In the beginning, we figured that the whole the mining proposal for Skull Valley would be a simple, small mineral materials sale with a Categorical Exclusion (CX), as per the BLM manuals. However, the local public interest and "controversy" in Skull Valley over the proposal ended up causing management to elevate the NEPA analysis to an environmental assessment (EA), with public meetings, etc. Our Field Manager, Rem Hawes, attended a meeting in Skull Valley organized by the locals where over 100 folks showed up, ostensibly all of whom were opposed to the mining proposal. Also, the Yavapai County Board of Supervisors got involved stating that they wanted the BLM to do a full environmental analysis.

After that, the word we got from Kirkland Mining Co was that they were going scrap the plans for the small, approximately 42,000 ton sale and just do a mining plan for the full 320 acres of interest to avoid having to go through the whole process twice. But then we received another mineral materials sale application a revised plan (which wasn't that different from the original plan) which they wanted analyzed with a CX.

In a conference call, Kirkland Mining Co officials were told that any kind of mineral materials action would require an EA due to all of the public and political complications involved. After a lengthy discussion of the various options, they indicated they were going to submit a Notice under the 43 CFR 3809 regulations for some additional exploration drilling and the collecting of a bulk sample of up to 1,000 tons (as allowed in a Notice under the 3809 regulations) for testing, characterization, and test marketing of the material. The company submitted a mining Notice in August and, following agreement between the BLM and the company regarding the reclamation bond amount, submitted their \$18,294 bond on September 11, 2015. (We reviewed the bond submission and transmitted it to the State Office On September 18 for processing, which should occur any day now.) We expect the company to begin exploration activities about 30 days after the bond is processed.

Agency Discretion & Environmental Review

Under the 3809 regulations, a Notice is not a Federal action and so there is no "approval" involved and no NEPA analysis is performed. We only must ensure that they've met the regulatory requirements regarding submitted information, compliance with other laws and regulations, etc., and having an adequate reclamation bond in place before proceeding with their activities.

There has always been a question as to the "locatability" of the material since it has been mined in past decades both as a locatable (mining claim) mineral and a saleable (mineral materials) mineral. If the additional data from testing the materials supports assertions that the deposit is locatable, then we expect that the company will submit a larger Mining Plan of Operations under the 3809 regulations. Unlike a mineral materials sale, which is entirely discretionary, 3809 actions are reviewed primarily by the BLM to ensure that no unnecessary or undue degradation of Public Lands occurs, all other laws and regulations are followed (Threatened and Endangered Species Act, Archaeological Resources Protection Act, etc.), and adequate reclamation plans and bonds are in place.