

**BEFORE THE DIRECTOR OF THE MINING AND MINERALS DIVISION**  
**IN THE MATTER OF**  
**THE SULLIVAN RANCH**  
**RECLAMATION PROJECT**  
**SO014ER**

**DIRECTOR'S ORDER REQUIRING RECLAMATION OF AN UNPERMITTED**  
**EXPLORATION SITE LOCATED AT SULLIVAN RANCH**

THIS MATTER comes before the Director (Director) of the Mining and Minerals Division (MMD), New Mexico Energy, Minerals and Natural Resources Department, on Permit Application No. SO014ER submitted by BE Resources Inc. (BER) requesting an exploration permit to conduct mineral exploration activities at the Sullivan Ranch in Socorro County, New Mexico, pursuant to 19.10.4 NMAC. MMD will require BER reclaim prior disturbances associated with previous drilling activities at the Sullivan Ranch prior to MMD considering and acting upon the aforesaid application.

The Director having reviewed Permit Application No. SO014ER, having conducted inspections of the proposed Sullivan Ranch, and being otherwise fully advised in the premises, hereby finds and orders as follows:

1. The proposed Sullivan Ranch site consists of surface and subsurface minerals owned by Kenneth and Cherrill Sullivan of Winston, New Mexico, and is located approximately 16 miles north of Winston, Sierra County, New Mexico, in Special Section 2 of T9-8S, R7W, Socorro County, NMPM.

2. Previous mineral exploration activities at the Sullivan Ranch site was conducted without a permit in violation of the New Mexico Mining Act; NMSA 1978, Sections 69-36-1 et seq.; and was the subject of MMD Cessation Order No. C02-8-2,

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issued April 2, 2002, for conducting mineral exploration without a permit. At the time the site was named the Alamosa Mine and identified by MMD as pending MMD Permit No. SO004MN. Subsequently, on June 13, 2002, MMD also issued Notice of Violation 02-8-05 to the operators of the mineral exploration operation for failure to comply with conditions specified in the Cessation Order. To date, neither the Cessation Order, nor the Notice of Violation has been abated.

3. In its pending permit application, BER offers to conduct required plugging and abandonment of previously installed borings that have not been plugged or abandoned in accordance with the requirements of set forth by the New Mexico Office of the State Engineer (OSE) necessary to reclaim disturbances associated with the unpermitted exploration activities subject of the aforementioned Cessation Order and Notice of Violation. Eighteen mineral exploration borings were drilled in the 1960's as part of a U.S. Bureau of Mines (USBM) project exploring mineralization in the Monticello Box area. BER also offered to plug and abandon the USBM bore holes that could be located and are accessible. See, Plan of Operation for Exploration of Bertrandite at the Sullivan Ranch Site, Socorro County, New Mexico, prepared by AMEC Earth & Environmental, Inc., Section 1.1.

4. Review and disposition of Permit Application No. SO014ER should be deferred by MMD pending the reclamation by BER necessary to abate the said Cessation Order and Notice of Violation associated with previous unpermitted mining activity.

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5. The reclamation to be performed by BER should be conducted in conformance with standards established by the OSE and should, in part, consist of plugging a number of boreholes as follows:

(1) Boreholes #18A, 19 and 21 through 23 were drilled to depths of 150 - 360 feet and BER shall plug and abandon to OSE standards. Another borehole, identified as #20, drilled in 2002, is planned as a source of water for the Sullivan Ranch. Borehole #20 should be excluded only upon proof of well permit issued by the OSE.

(2) Boreholes 24, and 26 through 31 were drilled to depths of 580 to 900 feet by the Layne Christensen Company. BER shall also plug and abandon, to OSE standards, boreholes 24, and 26 through 31. Another borehole, identified as DH25, was drilled in 2002 and completed as a monitor well and is planned as a source of water for the Sullivan Ranch. Borehole DH25 should be excluded only upon proof of well permit issued by the OSE.

6. Reclamation by BER should proceed with a minimum of new disturbance to the site and with proper protection against erosion and new sediment transport. Reclamation should include, in addition to plugging drill holes listed in #5, (1) and (2), above, evenly distributing spoil banks, re-contouring of surface disturbed areas to previous grade, ripping access roads, reseeding and mulching. Only those roads that the property owner has identified in writing to be left in place and unreclaimed should be excluded from reclamation work.

IT IS THEREFORE ORDERED as follows:

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1. Review and disposition of Permit Application No. SO014ER shall be deferred by MMD until BER provides a written report and certification evidencing completion of the reclamation necessary to abate the Cessation Order and Notice of Violation associated with previous unpermitted exploration activities.
2. BER shall reclaim all areas disturbed by unpermitted exploration activities described in Finding No 5, above.
3. BER shall properly plug and abandon drill holes in accordance with guidance specified in a memo from the OSE to MMD, dated June 18, 2007 (copy attached), or as otherwise required by OSE: (1) Plug 12 boreholes drilled in 2001-2002 by unpermitted activities at the Sullivan Ranch. Boreholes to be plugged are approximately 6 to 8 inches in diameter, and range to a maximum depth of 900 feet. Boreholes 20 and DH25, shall be excluded, from plugging and abandonment, only upon proof of well permits issued by the OSE.
4. No new drilling and no storage of fuels or chemicals shall take place within any drainage areas that are in the reclamation area.
5. During reclamation activities, best management practices (BMPs) shall be liberally used to prevent local erosion or sediment transport, including silt fencing, straw bales, wattles or geotextile fabrics, as appropriate. Any temporary berms will be regraded. In addition, the following requirements shall apply to BER's reclamation activities:
  - A. All areas where vegetation is disturbed, shall be reseeded with the following pure live seed mixture (by weight):

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Barley 65 percent,  
Blue grama 10 percent,  
Black grama, if available 5 percent,  
Side-oats grama 10 percent,  
New Mexico feather grass 5 percent,  
Hall panicum 5 percent.

The seed will be broadcast immediately after reclamation while the soil surface is still friable. A rake or harrow will be used to incorporate seed to a shallow depth within the soil.

B. Drill pads to be reclaimed shall be ripped to at least 1-foot depth, mulched and seeded. The seeding rate shall be 20 lb/acre, broadcast. The rate of mulch shall be 1.5 to 2 tons/acre.

C. All drill pads and other disturbances associated with reclamation shall be smoothed out and contoured to match the surrounding area and to reduce erosion.

D. If any cultural resources are uncovered during reclamation activities, all work should cease within the area of discovery, the remains should be protected in place, and the Department of Cultural Affairs should be notified.

E. Following the reclamation activities, monitoring shall be conducted to assure successful establishment of vegetation and stabilization of the site.

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F. Re-vegetated areas that have not become established by the end of the growing season (October 1) shall be treated (mulching, contouring, waterbars) to prevent erosion and site degradation.

G Reclaimed areas will be monitored for one year after seeding. If there are signs of surface erosion or lack of adequate plant growth, BER will take steps to stabilize or revegetate the area.

H. All trash and debris generated from the exploration activities shall be removed from the area and taken to a licensed landfill.

6. Reclamation of the disturbed area shall be completed by July 30, 2008, except monitoring and maintenance activities. This order does not relieve BER from the responsibility of complying with other state and federal requirements and standards.

7. Successful completion of reclamation by BER shall abate MMD Cessation Order No. C02-8-2 and Notice of Violation No. 02-8-05 issued against David Tognoni.

8. Unless for good cause shown to extend the date of this order, if BER should fail to meet the deadlines provided in this Order, MMD may proceed with appropriate proceedings under the New Mexico Mining Act against David Tognoni or any other responsible party.

9. BER shall provide a letter report to MMD, within 30 days of completion of reclamation and no later than August 30, 2008 summarizing the steps taken to complete the project. This report shall include a map of the area, identifying all boreholes that were plugged. The map shall be at a scale of approximately 1:10,000.

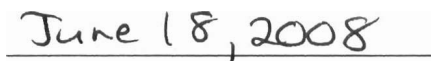
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The report shall include a certification that all work was conducted in accordance with OSE and MMD requirements.

10. BER shall inform MMD at least 5 days in advance of reclamation activities commencing in the field.

By Order of the Director of Mining and Minerals Division

  
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Bill Brancard

  
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Date

