

Conversation Contents

RE: Kirkland Mining Company Visit to Mine Site on March 2, 2016

<areta@kirklandmining.com>

From: <areta@kirklandmining.com>
Sent: Fri Feb 19 2016 09:37:49 GMT-0700 (MST)
To: "Garrett, Verl (Jeff)" <jgarrett@blm.gov>, Karl Weiss <ksweiss@hotmail.com>
CC: Matthew Plis <mplis@blm.gov>, David Hawes <rhawes@blm.gov>, Mark Zouvas <mark@zouvas.com>, Peter Zouvas <pszouvas@yahoo.com>
Subject: RE: Kirkland Mining Company Visit to Mine Site on March 2, 2016

Hi Jeff,

Please confirm your visit to the Kirkland mine site for March 2, 2016. Please let me know what time to expect you.

Ted Eyde will be joining us for the day as well. Our address is:

Kirkland Mining Company
7825 S Iron Springs Road
Skull Valley, AZ 86338

I can be reached on my cell 619-846-4671. Please confirm and, let me know if you have any questions. thanks very much we look forward to seeing on March 2nd , 2016

Best Regards,

Areta Zouvas
Kirkland Mining Company
President
3200 Fourth Ave STE 101A
San Diego, CA. 92103
OFFICE: 619-688-3939
CELL: 619-846-4671
FAX: 619-688-9585
EMAIL: areta@kirklandmining.com

----- Original Message -----

Subject: Re: Kirkland Mining Company regarding locatable determination.
From: "Garrett, Verl (Jeff)" <jgarrett@blm.gov>
Date: Tue, February 02, 2016 12:45 pm
To: Karl Weiss <ksweiss@hotmail.com>
Cc: "areta@kirklandmining.com" <areta@kirklandmining.com>, Matthew Plis <mplis@blm.gov>, Al Burch <burchservices1@aol.com>, David Hawes <rhawes@blm.gov>, Mark Zouvas <mark@zouvas.com>, Peter Zouvas <pszouvas@yahoo.com>

Works for me.

Jeff Garrett
Geologist
Arizona State Office
One North Central Ave., Ste. 800
Phoenix AZ 85004
(602)417-9349

On Tue, Feb 2, 2016 at 1:23 PM, Karl Weiss <ksweiss@hotmail.com> wrote:
Ted Eyde can meet us on 2 March at the site. Will that be OK?

Karl Sandwell-Weiss
Coleman & Weiss Minerals, LLC
545 W. Wetmore Road
Ste 100/101
Tucson, AZ 85705

From: areta@kirklandmining.com <areta@kirklandmining.com>
Sent: Monday, February 1, 2016 8:03 PM
To: Garrett, Verl (Jeff)
Cc: Matthew Plis; Al Burch; Karl Sandwell-Weiss; David Hawes; Mark Zouvas; Peter Zouvas
Subject: RE: Kirkland Mining Company regarding locatable determination.

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I'd like to make it the day that Ted is there. If you can let me know what day that will be, when you know.

Jeff Garrett
Geologist
Arizona State Office
One North Central Ave., Ste. 800
Phoenix AZ 85004
(602)417-9349

On Mon, Feb 1, 2016 at 12:30 PM, <areta@kirklandmining.com> wrote:

Okay, we begin on Monday Feb. 29th and they're estimating 3 to 5 days so please let me know when you would like to come up. We will be happy to have you. Thanks

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Yes, I would like to visit the site while you are drilling.

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Arizona State Office
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On Mon, Feb 1, 2016 at 12:21 PM, <aret@kirklandmining.com>
wrote:

Do you want to do a site visit to the mine while we are drilling the following week?

I believe Ted Iyde is going to join us for a day, not sure which day need to check with Karl.

Best Regards,
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Cc: Matthew Plis <mplis@blm.gov>, Al Burch
<burchservices1@aol.com>,
"Karl Sandwell-Weiss" <ksweiss@hotmail.com>, David
Hawes
<rhawes@blm.gov>, "Mark Zouvas" <mark@zouvas.com>,
Peter Zouvas
<pszouvas@yahoo.com>

I'm not available the week of the week of February 22nd.

Jeff Garrett
Geologist
Arizona State Office
One North Central Ave., Ste. 800
Phoenix AZ 85004
(602)417-9349

On Mon, Feb 1, 2016 at 11:28 AM,
<areta@kirklandmining.com> wrote:
Good Morning All,

I hope this email finds each of you well. Happy New Year to you all!! I hope you had great Holiday season and are having a great New Year.

I wanted to let you know our plans for drilling; we will be starting our drilling on Monday February 29th, 2016. I will be in Phoenix on February 23rd and 24th. I would like to set up a meeting on Wednesday February 24rd with Jeff and Matt to discuss testing the cores, our plans, and the progress in the testing with the third party companies. We have meetings from 12:30 to 3 with Drake and ASU; so it would have to be in the morning between 9 -11:30 or anytime after 3.

We want to make sure we are requesting the right test's from the labs to help us with the locatable determination of our material. As well as I believe Jeff you wanted to come up while we were drilling and get some samples.

Please let me know if you are available to meet with myself and my brother Mark. If the 24th doesn't work we could do the 23rd, let me know time and location.

Thank you for your continued time and consideration, we look forward to seeing you and updating you on our progress.

Best Regards,

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----- Original Message -----

Subject: Re: Kirkland Mining Company regarding locatable determination.

From: "Garrett, Verl (Jeff)" <jgarrett@blm.gov>

Date: Mon, August 31, 2015 6:09 am

To: <areta@kirklandmining.com>

Sorry, just got your e-mail. I was in Kingman on Thursday and was off on Friday.

Jeff Garrett
Geologist
Arizona State Office
One North Central Ave., Ste. 800
Phoenix AZ 85004
(602)417-9349

On Thu, Aug 27, 2015 at 12:43 PM,
<areta@kirklandmining.com> wrote:

Hi Jeff,

Would it be possible to get the outline from you by tomorrow I have several people waiting to put bids together.

I know how busy you are and appreciate the time and consideration. Thanks

Best Regards,

Areta Zouvas
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----- Original Message -----

Subject: Re: Kirkland Mining Company regarding locatable determination.

From: "Garrett, Verl (Jeff)"

<jgarrett@blm.gov>

Date: Tue, August 25, 2015 2:13 pm

To: <areta@kirklandmining.com>

Cc: "Eddy, David" <deddy@blm.gov> ,

David Hawes <rhawes@blm.gov> ,

"Frederick Conrath"

<fconrath@blm.gov> , Mark Zouvas

<mark@zouvas.com> ,

Peter Zouvas

<pszouvas@yahoo.com> , Fred Brost

<fbrost@cox.net> , Dawn

<DMEIDING@fclaw.com>

I think it would be better to provide an

outline that you can work from, rather than attempt to explain everything in a conference call. I'll try to get you something in the next few days.

Jeff Garrett
Geologist
Arizona State Office
One North Central Ave., Ste. 800
Phoenix AZ 85004
(602)417-9349

On Tue, Aug 25, 2015 at 10:47 AM,
<areta@kirklandmining.com> wrote:
Hello Everyone,

In reference to Dave's email below, I would like to set up a conference call to discuss the requirement's, guidelines and regulations in testing and completing a market analysis for KMC to submit to the BLM for determining locatability for our Pozzolan material.

We are beginning to outline a test program, and need to specific in our request. We want to make sure that we meet all the BLM requirements for an examination. I would like to have a call with Jeff Garrett, Dave and Rem to discuss, or if you have a specific outline you can send me that will work as well.

Please let me know what works best for you, I realize you're all busy, and appreciate the time and consideration.

I have CC: Fred Brost and Dawn Meidinger to keep them in the loop.

Best Regards,

Areta Zouvas
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----- Original Message ---

Subject: your latest plan
submittal for your Skull
Valley location
From: "Eddy, David"

<deddy@blm.gov>
Date: Wed, July 15, 2015
2:39 pm
To:
<areta@kirklandmining.com>
Cc: David Hawes
<rhawes@blm.gov>, "Verl
(Jeff) Garrett"
<jgarrett@blm.gov>,
Frederick Conrath
<fconrath@blm.gov>, David
Eddy
<deddy@blm.gov>

Areta,

We have begun reviewing your new proposal received in this office on July 8. Having discussing the subject with the minerals staff in our State Office and HFO's management, we will be sending out a decision letter (which I will be drafting) rejecting your mineral materials sale application. This rejection is based on the statements in footnote 1 of your cover letter stating "...material sale application...is in no way an admission that the material is saleable as opposed to locatable. KMC intends to demonstrate the deposit is of uncommon variety..." and the regulations at 43 CFR § 3809.101 which prevent us from disposing of locatable minerals through mineral materials sales. Also applicable is Interior Board of Land Appeals decision 165 IBLA 140 (attached) which on 165 IBLA 143 states "...BLM could not authorize sale of the stone pursuant to the Common Varieties Act, 30 U.S.C. § 611 (2000), before conducting an examination to determine whether in fact the stone is common or uncommon."

One of our State Office folks has also discussed the matter with some other mineral experts in the BLM and they think that a full Common Variety Determination examination

may not be necessary. If the sample analyses submitted by KMC provides the necessary data parameters and is considered reliable and adequate to meet our requirements, that may be sufficient for us to determine that the material is a locatable mineral rather than common variety material.

Therefore, if KMC submits a Mining Plan of Operations under the 43 CFR § 3809 regulations, we can initiate processing of the proposal using those regulations and guidelines, including possibly determining locatability of the deposit up front. Note that activities conducted under 3809 may occur pending final determination of locatability but that if production is initiated prior to that determination, an escrow account with payments deposited equivalent to the saleable value royalty will be required (43 CFR 3809.101(b)(3)).

We can discuss all of this in more detail in the teleconference tomorrow. Remember that BLM actions are constrained by laws, regulations, and case law which partition allowable actions into the locatable, saleable, and leaseable categories. The gray area is where some types of minerals fall, such as material used as pozzolan, which can be either saleable or locatable depending on a deposits properties.

Dave

--

David Eddy
Geologist
Bureau of Land
Management

Hassayampa Field Office
21605 North 7th Avenue
Phoenix, AZ 85027
(623) 580-5517 (phone)
(623) 580-5580 (fax)

"Garrett, Verl (Jeff)" <jgarrett@blm.gov>

From: "Garrett, Verl (Jeff)" <jgarrett@blm.gov>
Sent: Fri Feb 19 2016 12:08:15 GMT-0700 (MST)
To: areta@kirklandmining.com
CC: Karl Weiss <ksweiss@hotmail.com>, Matthew Plis <mplis@blm.gov>, David Hawes <rhawes@blm.gov>, Mark Zouvas <mark@zouvas.com>, Peter Zouvas <pszouvas@yahoo.com>
Subject: Re: Kirkland Mining Company Visit to Mine Site on March 2, 2016

Dave Eddie, Matt Plis and I will be out to the property between 8 and 8:30 a.m.

Jeff Garrett
Geologist
Arizona State Office
One North Central Ave., Ste. 800
Phoenix AZ 85004
(602)417-9349

On Fri, Feb 19, 2016 at 9:37 AM, <areta@kirklandmining.com> wrote:

Hi Jeff,

Please confirm your visit to the Kirkland mine site for March 2, 2016. Please let me know what time to expect you.

Ted Eyde will be joining us for the day as well. Our address is:

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7825 S Iron Springs Road
Skull Valley, AZ 86338

I can be reached on my cell 619-846-4671. Please confirm and, let me know if you have any questions. thanks very much we look forward to seeing on March 2nd , 2016

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Geologist

Arizona State Office

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----- Original Message

Subject: your latest plan
submittal for your Skull
Valley location

From: "Eddy, David"

<deddy@blm.gov>

Date: Wed, July 15, 2015

2:39 pm

To:

<aret@kirklandmining.com>

Cc: David Hawes

<rhawes@blm.gov>,

"Verl (Jeff) Garrett"

<jgarrett@blm.gov>,

Frederick Conrath

<fconrath@blm.gov>,

David Eddy

<deddy@blm.gov>

Areta,

We have begun reviewing
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Having discussing the
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(623) 580-5580 (fax)

<areta@kirklandmining.com>

From: <areta@kirklandmining.com>
Sent: Fri Feb 19 2016 14:19:44 GMT-0700 (MST)
To: "Garrett, Verl (Jeff)" <jgarrett@blm.gov>
Karl Weiss <ksweiss@hotmail.com>, Matthew Plis
<mplis@blm.gov>, David Hawes <rhawes@blm.gov>, Mark
CC: Zouvas <mark@zouvas.com>, Peter Zouvas
<pszouvas@yahoo.com>
Subject: RE: Kirkland Mining Company Visit to Mine Site on March 2, 2016

Great, see you then.

Best Regards,
Areta Zouvas
Kirkland Mining Company
President
3200 Fourth Ave STE 101A
San Diego, CA. 92103
OFFICE: 619-688-3939
CELL: 619-846-4671
FAX: 619-688-9585
EMAIL: areta@kirklandmining.com

----- Original Message -----

Subject: Re: Kirkland Mining Company Visit to Mine Site on March 2, 2016
From: "Garrett, Verl (Jeff)" <jgarrett@blm.gov>
Date: Fri, February 19, 2016 11:08 am
To: <areta@kirklandmining.com>
Cc: Karl Weiss <ksweiss@hotmail.com>, Matthew Plis <mplis@blm.gov>,
"David Hawes" <rhawes@blm.gov>, Mark Zouvas <mark@zouvas.com>, Peter
Zouvas <pszouvas@yahoo.com>

Dave Eddie, Matt Plis and I will be out to the property between 8 and 8:30 a.m.

Jeff Garrett
Geologist
Arizona State Office
One North Central Ave., Ste. 800
Phoenix AZ 85004
(602)417-9349

On Fri, Feb 19, 2016 at 9:37 AM, <areta@kirklandmining.com> wrote:
Hi Jeff,

Please confirm your visit to the Kirkland mine site for March 2, 2016. Please let me know what time to expect you.

Ted Eyde will be joining us for the day as well. Our address is:

Kirkland Mining Company
7825 S Iron Springs Road
Skull Valley, AZ 86338

I can be reached on my cell 619-846-4671. Please confirm and, let me know if you have any questions. thanks very much we look forward to seeing on March 2nd , 2016

Best Regards,

Areta Zouvas
Kirkland Mining Company
President
3200 Fourth Ave STE 101A
San Diego, CA. 92103
OFFICE: 619-688-3939
CELL: 619-846-4671
FAX: 619-688-9585
EMAIL: aret@kirklandmining.com

----- Original Message -----

Subject: Re: Kirkland Mining Company regarding locatable determination.
From: "Garrett, Verl (Jeff)" <jgarrett@blm.gov>
Date: Tue, February 02, 2016 12:45 pm
To: Karl Weiss <ksweiss@hotmail.com>
Cc: "aret@kirklandmining.com" <aret@kirklandmining.com>, Matthew Plis <mplis@blm.gov>, Al Burch <burchservices1@aol.com>, David Hawes <rhawes@blm.gov>, Mark Zouvas <mark@zouvas.com>, Peter Zouvas <pszouvas@yahoo.com>

Works for me.

Jeff Garrett
Geologist
Arizona State Office
One North Central Ave., Ste. 800
Phoenix AZ 85004
(602)417-9349

On Tue, Feb 2, 2016 at 1:23 PM, Karl Weiss <ksweiss@hotmail.com> wrote:
Ted Eyde can meet us on 2 March at the site. Will that be OK?

Karl Sandwell-Weiss
Coleman & Weiss Minerals, LLC
545 W. Wetmore Road
Ste 100/101
Tucson, AZ 85705

From: aret@kirklandmining.com <aret@kirklandmining.com>
Sent: Monday, February 1, 2016 8:03 PM
To: Garrett, Verl (Jeff)
Cc: Matthew Plis; Al Burch; Karl Sandwell-Weiss; David Hawes; Mark Zouvas; Peter Zouvas
Subject: RE: Kirkland Mining Company regarding locatable determination.

will do thx

Best Regards,
Areta Zouvas
Kirkland Mining Company
President
3200 Fourth Ave STE 101A
San Diego, CA. 92103
OFFICE: 619-688-3939
CELL: 619-846-4671
FAX: 619-688-9585
EMAIL: aret@kirklandmining.com

----- Original Message -----

Subject: Re: Kirkland Mining Company regarding locatable determination.

From: "Garrett, Verl (Jeff)" <jgarrett@blm.gov>

Date: Mon, February 01, 2016 11:53 am

To: <areta@kirklandmining.com>

Cc: Matthew Plis <mplis@blm.gov>, Al Burch

<burchservices1@aol.com>,

"Karl Sandwell-Weiss" <ksweiss@hotmail.com>, David Hawes

<rhawes@blm.gov>, "Mark Zouvas" <mark@zouvas.com>, Peter

Zouvas

<pszouvas@yahoo.com>

I'd like to make it the day that Ted is there. If you can let me know what day that will be, when you know.

Jeff Garrett

Geologist

Arizona State Office

One North Central Ave., Ste. 800

Phoenix AZ 85004

(602)417-9349

On Mon, Feb 1, 2016 at 12:30 PM, <areta@kirklandmining.com> wrote:

Okay, we begin on Monday Feb. 29th and they're estimating 3 to 5 days so please let me know when you would like to come up. We will be happy to have you. Thanks

Best Regards,

Areta Zouvas

Kirkland Mining Company

President

3200 Fourth Ave STE 101A

San Diego, CA. 92103

OFFICE: 619-688-3939

CELL: 619-846-4671

FAX: 619-688-9585

EMAIL: areta@kirklandmining.com

----- Original Message -----

Subject: Re: Kirkland Mining Company regarding locatable determination.

From: "Garrett, Verl (Jeff)" <jgarrett@blm.gov>

Date: Mon, February 01, 2016 11:26 am

To: <areta@kirklandmining.com>

Cc: Matthew Plis <mplis@blm.gov>, Al Burch

<burchservices1@aol.com>,

"Karl Sandwell-Weiss" <ksweiss@hotmail.com>, David

Hawes

<rhawes@blm.gov>, "Mark Zouvas" <mark@zouvas.com>,

Peter Zouvas

<pszouvas@yahoo.com>

Yes, I would like to visit the site while you are drilling.

Jeff Garrett

Geologist

Arizona State Office
One North Central Ave., Ste. 800
Phoenix AZ 85004
(602)417-9349

On Mon, Feb 1, 2016 at 12:21 PM,
<areta@kirklandmining.com> wrote:

Do you want to do a site visit to the mine while we are drilling the following week?
I believe Ted Hyde is going to join us for a day, not sure which day need to check with Karl.

Best Regards,
Areta Zouvas
Kirkland Mining Company
President
3200 Fourth Ave STE 101A
San Diego, CA. 92103
OFFICE: 619-688-3939
CELL: 619-846-4671
FAX: 619-688-9585
EMAIL: areta@kirklandmining.com

----- Original Message -----

Subject: Re: Kirkland Mining Company regarding locatable determination.

From: "Garrett, Verl (Jeff)" <jgarrett@blm.gov>

Date: Mon, February 01, 2016 11:17 am

To: <areta@kirklandmining.com>

Cc: Matthew Plis <mplis@blm.gov>, Al Burch
<burchservices1@aol.com>,

"Karl Sandwell-Weiss" <ksweiss@hotmail.com>,
David Hawes

<rhawes@blm.gov>, "Mark Zouvas"

<mark@zouvas.com>, Peter Zouvas

<pszouvas@yahoo.com>

I'm not available the week of the week of
February 22nd.

Jeff Garrett
Geologist
Arizona State Office
One North Central Ave., Ste. 800
Phoenix AZ 85004
(602)417-9349

On Mon, Feb 1, 2016 at 11:28 AM,
<areta@kirklandmining.com> wrote:

Good Morning All,

I hope this email finds each of you well. Happy
New Year to you all!! I hope you had great
Holiday season and are having a great New
Year.

I wanted to let you know our plans for drilling;
we will be starting our drilling on
Monday February 29th, 2016. I will be in
Phoenix on February 23rd and 24th. I would
like to set up a meeting

on Wednesday February 24rd with Jeff and Matt to discuss testing the cores, our plans, and the progress in the testing with the third party companies. We have meetings from 12:30 to 3 with Drake and ASU; so it would have to be in the morning between 9 -11:30 or anytime after 3.

We want to make sure we are requesting the right test's from the labs to help us with the locatable determination of our material. As well as I believe Jeff you wanted to come up while we were drilling and get some samples.

Please let me know if you are available to meet with myself and my brother Mark. If the 24th doesn't work we could do the 23rd, let me know time and location.

Thank you for your continued time and consideration, we look forward to seeing you and updating you on our progress.

Best Regards,

Areta Zouvas
Kirkland Mining Company
President
3200 Fourth Ave STE 101A
San Diego, CA. 92103
OFFICE: 619-688-3939
CELL: 619-846-4671
FAX: 619-688-9585
EMAIL: aret@kirklandmining.com

----- Original Message -----

Subject: Re: Kirkland Mining Company regarding locatable determination.

From: "Garrett, Verl (Jeff)"

<jgarrett@blm.gov>

Date: Mon, August 31, 2015 6:09 am

To: <aret@kirklandmining.com>

Sorry, just got your e-mail. I was in Kingman on Thursday and was off on Friday.

Jeff Garrett
Geologist
Arizona State Office
One North Central Ave., Ste. 800
Phoenix AZ 85004
(602)417-9349

On Thu, Aug 27, 2015 at 12:43 PM,
<aret@kirklandmining.com> wrote:
Hi Jeff,

Would it be possible to get the

outline from you by tomorrow I have several people waiting to put bids together.

I know how busy you are and appreciate the time and consideration. Thanks

Best Regards,

Areta Zouvas
Kirkland Mining Company
President
3200 Fourth Ave STE 101A
San Diego, CA. 92103
OFFICE: 619-688-3939
CELL: 619-846-4671
FAX: 619-688-9585
EMAIL: aret@kirklandmining.com

----- Original Message ---

Subject: Re: Kirkland Mining Company regarding locatable determination.
From: "Garrett, Verl (Jeff)" <jgarrett@blm.gov>
Date: Tue, August 25, 2015 2:13 pm
To: <aret@kirklandmining.com>
Cc: "Eddy, David" <deddy@blm.gov>, David Hawes <rhawes@blm.gov>, "Frederick Conrath" <fconrath@blm.gov>, Mark Zouvas <mark@zouvas.com>, Peter Zouvas <pszouvas@yahoo.com>, Fred Brost <fbrost@cox.net>, Dawn <DMEIDING@fclaw.com>

I think it would be better to provide an outline that you can work from, rather than attempt to explain everything in a conference call. I'll try to get you something in the next few days.

Jeff Garrett
Geologist
Arizona State Office
One North Central Ave.,
Ste. 800
Phoenix AZ 85004
(602)417-9349

On Tue, Aug 25, 2015 at
10:47 AM,
<areta@kirklandmining.com>
wrote:

Hello Everyone,

In reference to Dave's
email below, I would like
to set up a conference
call to discuss the
requirement's, guidelines
and regulations in testing
and completing a market
analysis for KMC to
submit to the BLM for
determining locatability
for our Pozzolan material.

We are beginning to
outline a test program,
and need to specific in our
request. We want to make
sure that we meet all the
BLM requirements for an
examination. I would like
to have a call with Jeff
Garrett, Dave and Rem to
discuss, or if you have a
specific outline you can
send me that will work as
well.

Please let me know what
works best for you,
I realize you're all busy,
and appreciate the time
and consideration.

I have CC: Fred Brost and
Dawn Meidinger to keep
them in the loop.

Best Regards,

Areta Zouvas
Kirkland Mining
Company
President
3200 Fourth Ave STE
101A
San Diego, CA. 92103
OFFICE: 619-688-3939
CELL: 619-846-4671
FAX: 619-688-9585
EMAIL:
areta@kirklandmining.com

----- Original
Message -----
Subject: your
latest plan
submittal for your

Skull Valley
location
From: "Eddy,
David"
<deddy@blm.gov>
Date: Wed, July
15, 2015 2:39
pm
To:
<areta@kirklandmining.com>
Cc: David Hawes
<rhawes@blm.gov>,
"Verl (Jeff)
Garrett"
<igarrett@blm.gov>,
Frederick Conrath
<fconrath@blm.gov>,
David Eddy
<deddy@blm.gov>

Areta,

We have begun
reviewing your
new proposal
received in this
office on July 8.
Having discussing
the subject with
the minerals staff
in our State
Office and HFO's
management, we
will be sending
out a decision
letter (which I
will be drafting)
rejecting your
mineral materials
sale application.
This rejection is
based on the
statements in
footnote 1 of
your cover letter
stating
"...material sale
application...is in
no way an
admission that
the material is
saleable as
opposed to
locatable. KMC
intends to
demonstrate the
deposit is of
uncommon
variety..." and
the regulations at
43 CFR §
3809.101 which
prevent us from
disposing of

locatable minerals through mineral materials sales. Also applicable is Interior Board of Land Appeals decision 165 IBLA 140 (attached) which on 165 IBLA 143 states "...BLM could not authorize sale of the stone pursuant to the Common Varieties Act, 30 U.S.C. § 611 (2000), before conducting an examination to determine whether in fact the stone is common or uncommon."

One of our State Office folks has also discussed the matter with some other mineral experts in the BLM and they think that a full Common Variety Determination examination may not be necessary. If the sample analyses submitted by KMC provides the necessary data parameters and is considered reliable and adequate to meet our requirements, that may be sufficient for us to determine that the material is a locatable mineral rather than common variety material.

Therefore, if KMC submits a Mining Plan of Operations under

the 43 CFR § 3809 regulations, we can initiate processing of the proposal using those regulations and guidelines, including possibly determining locatability of the deposit up front. Note that activities conducted under 3809 may occur pending final determination of locatability but that if production is initiated prior to that determination, an escrow account with payments deposited equivalent to the saleable value royalty will be required (43 CFR 3809.101(b)(3)).

We can discuss all of this in more detail in the teleconference tomorrow. Remember that BLM actions are constrained by laws, regulations, and case law which partition allowable actions into the locatable, saleable, and leaseable categories. The gray area is where some types of minerals fall, such as material used as pozzolan, which can be either saleable or locatable depending on a deposit's properties.

Dave

--
David Eddy
Geologist
Bureau of Land
Management
Hassayampa
Field Office
21605 North 7th
Avenue
Phoenix, AZ
85027
(623) 580-5517
(phone)
(623) 580-5580
(fax)