

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

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



November 17, 2017

Thomas L. Shelley, Manager  
Freeport-McMoRan Cobre Mining Company  
P.O. Box 10  
Bayard, NM 88023

**RE: Transmittal of Approved Permit Revision 15-1  
Return to Active Mining Status, Permit No. GR002RE  
Continental Mine, Grant County, New Mexico**

Dear Mr. Shelley:

The New Mexico Mining and Minerals Division (“MMD”) hereby acknowledge the approval of Permit Revision 15-1 for the return to active mining status at the Continental Mine, Permit No. GR002RE. The Permittee, Freeport-McMoRan Cobre Mining Company (“Cobre”), meets the requirements for discontinuation of standby status and is permitted pursuant to the New Mexico Mining Act to conduct mining and reclamation operations at the Continental Mine and Mill Site within the permit boundaries of Permit GR002RE located upon federal and private lands owned by Cobre within the Hanover-Fierro Mining District in Grant County, New Mexico. If you have any questions, please contact me at (505) 476-3436 or via e-mail at: [james.hollen@state.nm.us](mailto:james.hollen@state.nm.us).

Sincerely,

James Hollen, Permit Lead – GR002RE  
Mining Act Reclamation Program (“MARF”)

**Enclosures:** *Permit Revision 15-1 to Permit GR002RE*

**cc:** Fernando Martinez, Director, MMD  
Holland Shepherd, Program Manager, MARP/MMD  
Doug Haywood, Las Cruces District Office, BLM  
Allyson Siwik, Executive Director, GRIP  
Ghassan Musharrafieh, Chief, Hydrology Bureau, NMOSE  
Dr. Matthew Wunder, Ph.D., Chief, Ecological & Environmental Planning Division, NMDG&F  
Dr. Bob Estes, Ph.D., Archaeologist, NMDCA-HPD  
Kurt Vollbrecht, Program Manager, MECS/NMED-GWQB  
Mine File GR002RE

**PERMIT REVISION 15-1 TO PERMIT NO. GR002RE  
CONTINENTAL MINE  
EXISTING MINING OPERATION**

**MINING AND MINERALS DIVISION  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

Permit Revision 15-1 to Permit No. GR002RE is issued by the Director of the Mining and Minerals Division (“MMD”) of the New Mexico Energy, Minerals and Natural Resources Department to:

Freeport-McMoRan Cobre Mining Company (“Cobre” or “Permittee”)

Whose correct address is:                   303 Fierro Road  
  P.O. Box 10  
  Bayard, NM 88023

for the Continental Mine located in Grant County, New Mexico.

This Permit Revision 15-1 approves the return to operating (herein termed active) status from standby status, for the Continental Mine, Permit No. GR002RE. The following sections of Permit No. GR002RE, as revised by Permit Revision 15-1, (collectively, the “Permit”) are added or revised to read as follows:

**Section 2 (Revision 15-1).**

**PERMIT REVISION PACKAGE**

- A. The Permit Revision Package (“PRP”) submitted in connection with this revision is comprised of the following documents:
1. Cobre letter to MMD, dated December 12, 2014, providing an updated Closure-Closeout Plan.
  2. Cobre Permit Revision Application requesting return to active status, dated December 23, 2014;
  3. Cobre letter to MMD, dated February 10, 2015, providing proof of completed public notice.
  4. Cobre letter to MMD, dated August 3, 2016, requesting the renewal of standby status;
  5. Cobre letter to MMD, dated February 7, 2017, including *Drawing 1 Revised* and an update to the approved permit boundary and design limits.
  6. Cobre letter to MMD, dated April 10, 2017, providing Cobre’s response to MMD’s January 31, 2017, letter.

**Section 2 (15-1).**      **PERMIT AREA AND DESIGN LIMITS**

- A. The mine permit area is comprised of all or portions of: Sections 3, 4, 5, 8, 9, 10, 11, 14, 15, 16, 17, 20, 21, 22, 23, 27, 28, 31, in Township 17 South, Range 12 West, N.M.P.M.; in Grant County, New Mexico - and shown in *Drawing 1 – Revised, Approved Mining Act Permit Boundary and Design Limits* dated: February 7, 2017, (Item No. 5 of the PRP).
- B. The approved design limits for individual facilities were approved in revision 01-1 to Permit GR002RE, Section 3.B, as delineated in the *Revised Cobre Mining Act Permit Boundary – Drawing 1*, dated: December 30, 2004, and were updated pursuant to Condition 3.B, of revision 14-1 to Permit GR002RE and are identified in: *Drawing 1 – Revised, Approved Mining Act Permit Boundary and Design Limits* dated: February 7, 2017, (Item No. 5 of the PRP). The existing permitted facilities include:
1. North Waste Rock Facility.
  2. North Overburden Stockpile.
  3. Hanover Mountain Area.
  4. Main Tailing Impoundment.
  5. Mine Maintenance and Administration Facilities.
  6. Mill No. 1 Area.
  7. Mill No. 2 Area.
  8. Continental Shaft No. 3.
  9. Magnetite Tailings Impoundment.
  10. Fierro Leach Pad.
  11. Fierro SX/EW Area.
  12. Low-grade Ore Stockpiles.
  13. High-grade Ore Stockpile.
  14. Overburden Stockpiles and Borrow Areas.
  15. Continental Mine Open Pit.
  16. South Waste Rock Disposal Facility.
  17. Cobre to Chino Haul Road.
  18. Pearson-Barnes

**Section 4 (Revision 15-1).**      **FINDINGS OF FACT**

- A. The PRP and Closeout/Closure Plan (“CCP”) are complete and contain all the information required, with the conditions outlined in this revision document, as required by §19.10.5.503.F.1, §19.10.5.506.B.1-4 NMAC, §19.10.5.506.J.1-6 NMAC.

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To Permit GR002RE  
Continental Mine  
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- B. The PRP requesting discontinuation of standby status for the Continental Mine, submitted on December 23, 2014, was determined to be administratively complete on February 19, 2015.
- C. The Permittee has paid the permit revision application fee of \$5,000.00, as required by 19.10.2.201.J NMAC and is in compliance with §19.10.2 NMAC regarding fees.
- D. The Permittee has provided written information stating the name and official business address of the applicant and its agent for service of process, as required by §19.10.5.503.F.2 NMAC.
- E. The Permittee has provided the required signature and certification, as required by §19.10.5.503.F.3 NMAC.
- F. The Permittee agrees to meet applicable federal and state environmental standards and regulations while on active status. On February 16, 2005, the Secretary of the Environment Department provided a written determination that indicated environmental standards of the Department are expected to achieve compliance if carried out as described in the approved closeout plan as required by §19.10.5.506.J.5 NMAC.
- G. The Permittee agrees to comply with the applicable requirements of the Act, the Rules and the Permit during active status, as required by §19.10.5.503.F.6 and §19.10.5.506.J.6 NMAC.
- H. Public notice for the application for revision of the Permit to transition from standby to active status was provided as required by §19.10.9 and §19.10.5.503.F.5 NMAC. Public notice of the permit revision application was published by the Permittee on January 28, 2015, as required by 19.10.9 NMAC.
- I. Public notice of the public hearing was published by MMD on July 19, 2017, for the public hearing held on August 29, 2017, as required by §19.10.9.904.B NMAC.
- J. The closeout plan for the Continental Mine was approved on March 3, 2005, under permit revision 01-1.
- K. The approved Post-Mining Land Uses (“PMLU”) for the Permit area are grazing and industrial. The CCP, subject to conditions in this permit revision, demonstrates that the work to be done will reclaim disturbed areas within the Permit area to a condition that allows for the re-establishment of a self-sustaining ecosystem within the Permit area following closure, appropriate for the life zone of the surrounding areas, unless conflicting in the areas designated as grazing and industrial PMLU pursuant to §19.10.5.507.A NMAC.

- L. The most recent financial assurance for the Continental Mine was approved on February 15, 2017, under permit modification 16-2, addressing a change to the Third-Party Guarantee, and Cash Trust account. The Permittee maintains satisfactory financial assurance to address the currently approved Closeout Plan (Revision 01-1), in the amount of \$27,987,884.00 (net present value); as required by §19.10.5.506.J.2 NMAC. The financial assurance instruments are in the form of a Third-Party Guarantee, a Cash Trust, Real Estate Collateral and a Surety Bond and each are in a form acceptable to the Director.
- M. Current financial assurance is adequate for the current closeout plan; however, pursuant to 19.10.12.1206.A NMAC, the Permittee has submitted, to MMD, with the application for Revision 15-1, (i) an updated closeout plan upon which the reclamation cost estimate is based and (ii) an updated reclamation cost estimate for the Continental Mine for the purpose of updating financial assurance.
- N. Permit GR002RE was approved by MMD on December 3, 1996, and was revised to incorporate the CCP for the Continental Mine under permit revision 01-1 approved on October 6, 2005. The Permittee applied for standby status on June 7, 2005. MMD approved standby status on February 6, 2007, under permit revision 05-02, for a term that ended on February 6, 2012. The Permittee applied for a first renewal of standby status on January 23, 2012, and was approved by MMD under permit revision 12-1 on November 4, 2012. Revision 12-1 expired on February 7, 2017. On August 3, 2016, the Permittee applied for a second renewal of standby status that would end no later than February 6, 2022, however, this renewal was not processed, due to Cobre's intent to resume operations and return to active mining status, as approved by this permit revision.
- O. Permit Revision 15-1 was submitted, in December of 2014, to address: 1) an updated Closure-Closeout Plan, and 2) the discontinuation of Standby Status and transition to active status. The discontinuation of Standby Status is addressed under this Revision 15-1. The updated CCP will continue to be addressed under Revision 15-2.

**Section 9 (Revision 15-1). GENERAL OBLIGATIONS AND CONDITIONS**

The return to active status is granted by the Director for the Continental Mine Facility, and approval of this permit revision, is subject to the following conditions:

- A. The Permittee may be subject to enforcement action according to §19.10.11 NMAC for failing to conduct reclamation and closeout operations as described in the Closeout Plan or for failing to submit any of the following:
  - 1) annual reports as required by §19.10.5.510 NMAC;
  - 2) annual fees as required by §19.10.2.202 NMAC.

- B.** The Permittee shall include in the annual reports or by other submittals currently received by MMD, information required by §19.10.5.510 NMAC. In addition, the following information shall be included:
- 1) the status of closure activities for each unit;
  - 2) any maintenance and repair work conducted for any closure component;
  - 3) the date the work was done;
  - 4) vegetative monitoring data as described in Appendix C;
  - 5) vegetative monitoring data collected on re-vegetated areas; and
  - 6) meteorological data, if applicable.
- C.** The following conditions are required to ensure that adequate financial assurance is provided for the site, pursuant to §19.10.5.506.J.2, §19.10.12.1202.B, §19.10.12.1204.A, §19.10.12.1206.A, and §19.10.12.1210 NMAC.
1. The Permittee has provided satisfactory financial assurance to address the currently approved, Closeout Plan (Revision 01-1), in the amount of \$27,987,884.00 (net present value), in the form of a Third-Party Guarantee, a Cash Trust, Real Estate Collateral and a Surety Bond.
  2. The Permittee may apply for and obtain release of financial assurance in accordance with §19.10.12.1210 NMAC.
  3. Current financial assurance is adequate for the current approved CCP, and was most recently updated on February 15, 2017. However, pursuant to 19.10.12.1206.A NMAC, within 180 calendar days of approval, of the scope of work proposed in the Dec 12, 2014 CCP Update and subsequent related correspondence, the Permittee shall submit to MMD, for MMD approval, an updated reclamation cost estimate for the Continental Mine for the purposes of updating the financial assurance and the CCP, now addressed under Revision 15-2.
- E.** If, due to a temporary cessation of mining operations exceeding 180 days or the Permittee wishes to suspend reclamation pursuant to the schedule provided in Revision 01-1 of Permit GR002RE, the Permittee shall submit an application for a Permit Revision for standby status pursuant to §19.10.5.505 and §19.10.7 NMAC.
- F.** In returning to active status the Permittee will provide MMD with a list of activities and milestones related to mine development following the discontinuation of standby status and the transition from standby status to active status. The Permittee shall provide quarterly reports to MMD, due on January 31<sup>st</sup>, on April 30 (an annual summary of the previous twelve months' progress, coincident with required mine permit annual fees and reporting), on July 31, and October 31 of each year. These reports will give an account of the advancement of

these and other mine development activities, describe the status of tasks, and present a forecast of future actions.

- G. MMD may also verify that the mine is in active status through periodic inspections. The quarterly progress reports shall continue until the mine has commenced active mine production. These requirements may be modified with MMD approval.

**Section 10 (Revision 15-1).**

**CONCLUSIONS OF LAW**

- A. The Director has jurisdiction over the Permittee and the subject matter of this proceeding.
- B. The PRP is complete, accurate, and complies with requirements of the Act and §19.10.7.701, §19.10.5.502 and §19.10.5.503 NMAC of the Rules and conditions described in this Permit Revision document.
- C. The PRP is complete, accurate, and complies with the requirements for Closeout Plans in the Act and §19.10.5.505, §19.10.5.506, and §19.10.5.507.A NMAC. The Permittee, Freeport-McMoRan Cobre Mining Company, is permitted pursuant to the New Mexico Mining Act to conduct mining and reclamation operations at the Continental Mine and Mill Site, Grant County, New Mexico, upon the condition that the Permittee complies with the requirements of the Order, the Act, the Rules, the Permit Conditions, and requirements imposed by this Decision.
- D. The existing NMED environmental determination covering the approved CCP for the Continental Mine states that during active status period, compliance with all applicable air, water quality and other environmental standards will be achieved, in compliance with 69-36-7 P(2) of the Act.
- E. The Permittee meets the requirements for discontinuation of standby status and transition into active status.

All other provisions, modifications, and revisions for mining and reclamation contained in the Continental Mine Permit No. GR002RE Rev. 01-1, and any subsequent revisions and/or modifications remain unchanged.

**CERTIFICATION**

I certify that I have personally examined and am familiar with the information submitted herein, and based on my inquiry of those individuals responsible for obtaining the information, I believe the submitted information is true, accurate, and complete.

I certify that I have read, understand and will comply with the requirements of this Permit Revision. I also agree to comply with the performance and reclamation standards and requirements of the permit, the Rules, and the Act, and allow the Director to enter the Permit area without delay for the purpose of conducting inspections.

Chad D. Tyeck

Authorized Representative of the Permittee

General Manager

Title

Freeport-McMoRan Cobre Mining Company

Company

State of New Mexico  
County of Grant

Subscribed and sworn to before me this 17<sup>th</sup> day of November, 2017

Sandra L. Martin  
Notary Public

My Commission Expires

August 24, 2020  
(date)



OFFICIAL SEAL  
SANDRA L. MARTIN  
NOTARY PUBLIC - STATE OF NEW MEXICO  
MY COMMISSION EXPIRES

August 24, 2020



**ORDER**

NOW THEREFORE, IT IS HEREBY ORDERED that Permit Revision 15-1 of the Continental Mine Permit, approving the transition from standby to active mining status, and allowing Freeport-McMoRan Cobre Mining Company to conduct mining, closeout and reclamation operations in Grant County, New Mexico, is approved.

By Order of the Director, Mining and Minerals Division, Energy, Minerals and Natural Resources Department, of the State of New Mexico.

Mining and Minerals Division

The State of New Mexico

By:



\_\_\_\_\_  
Fernando R. Martinez, Director  
Mining and Minerals Division  
Energy, Minerals and Natural  
Resources Department

DATED: \_\_\_\_\_

11/16/2017