



Susana Martinez, Governor

Environment Department
Ryan Flynn
Cabinet Secretary-Designate

Energy, Minerals and Natural Resources Department
David Martin
Cabinet Secretary-Designate

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CERTIFIED MAIL – RETURN RECEIPT REQUESTED

December 2, 2013

Mr. Thomas L. Shelley, Manager
Reclamation
Freeport-McMoRan Copper & Gold
Tyrone Operations
P.O. Drawer 571
Tyrone, NM 88065

RE: Application for Financial Assurance Release, Tyrone Mine, Permit No. GR010RE and DP-1341

Dear Mr. Shelley:

The New Mexico Mining and Minerals Division (“MMD”) and the New Mexico Environment Department (“NMED”) received a submittal from Freeport-McMoRan Copper & Gold, Tyrone Operations (“Tyrone”), entitled, “Tyrone Mine Financial Assurance Reduction Request for Modification of Permit No. GR010RE, Revision 01-1”, (“Application”), dated December 17, 2012. The Application requested a release of financial assurance (“F.A.”) for the reclamation work completed at the No. 1C/7A stockpile unit at the Tyrone Mine and for completion of the Additional Studies required by MMD Permit No. GR010RE, Revision 01-1, and NMED Discharge Permit DP-1341.

MMD reviewed the Application, and is processing it as Modification 12-3 to Permit No. GR010RE. NMED is processing the Application as an amendment to DP-1341. MMD sent Tyrone comment letters on the Application dated March 26, 2013 and May 20, 2013. Tyrone responded to the MMD comments in a letter to MMD, dated July 10, 2013. In that letter, Tyrone has revised the request for F.A. release from \$5,983,278 (2003 dollars) or \$5,426,777 (net present value, “NPV”) to \$5,914,182 (2003 dollars) or \$5,364,107 (NPV) for the reclamation work completed at the No. 1C/7A stockpile. In addition, Tyrone has revised the request for F.A. release from \$2,263,170 to \$1,933,170 for the Additional Studies required by Permit No. GR010RE, Revision 01-1 and DP-1341 that have been completed as of December 31, 2012.

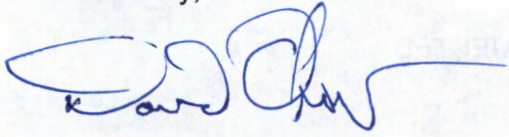
MMD and NMED have reviewed the July 10, 2013 letter from Tyrone and concur with the changes to the Application that Tyrone has proposed. MMD hereby deems the Application technically approvable. MMD and NMED hereby require that Tyrone submit a revised F.A. proposal to MMD and NMED within 30-days of receipt of this letter. The revised F.A. proposal shall include a Certificate of Face Amount Adjustment to the Third Party Guarantee. The amount of the Certificate of Face Amount Adjustment to the Third Party Guarantee shall reduce the Third Party Guarantee by \$7,847,352 (2003 dollars) or \$7,297,277 (NPV). The total Third Party Guarantee shall be reduced from \$98,827,127 (NPV) to \$91,529,850 (NPV). When MMD approves Modification 12-3 and NMED amends DP-1341, the total

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amount of financial assurance required for the closure/closeout plan of the Tyrone Mine shall be \$178,262,354 (NPV) plus \$170,874 for the Copper Mountain South Pit Expansion.

Please contact either David Ohoi at 505-476-3432 or David.Ohoi@state.nm.us or Keith Ehlert at 505-827-9687 or Keith.Ehlert@state.nm.us if you have any questions.

Sincerely,



David Ohoi
Mining Act Reclamation Program ("MARF")
Mining and Minerals Division



Keith Ehlert
Mining Environmental Compliance Section ("MECS")
Ground Water Quality Bureau

cc: Fernando Martinez, Director, Mining and Minerals Division
Jerry Schoeppner, Chief, Ground Water Quality Bureau
Holland Shepherd, Program Manager, MARP
Kurt Vollbrecht, Acting Program Manager, MECS
Allyson Siwik, Gila Resources Information Project
Mine File (GR010RE)
DP-1341