

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David F. Martin
Cabinet Secretary - Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Fernando Martinez, Director
Mining and Minerals Division



7008 0500 0001 4875 1082

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

March 14, 2014

Mr. Tom Shelley, Reclamation Manager
Chino Mines Company
Box 10
Bayard, New Mexico 88023

RE: Request for Partial Release of Financial Assurance, Modification 13-1 to Permit GR009RE, Chino Mine

Dear Mr. Shelley:

On December 23, 2013 the Mining and Minerals Division (MMD) received an application from Freeport-McMoRan Chino, Inc. (Chino) requesting a modification to the Chino Mine permit. The proposed permit modification is requesting a reduction in the amount of financial assurance ("FA") required for implementation of the closeout plan for the Chino Mine. Specifically, in accordance with § 19.10.12.1210 NMAC, Chino is requesting a partial release of financial assurance ("FA") in the amount of \$4,682,716 for successful reclamation work completed at the Tailing Ponds 1, 2, and 4 (4 West, and 4 East).

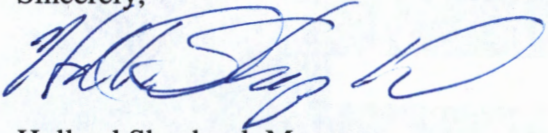
Pursuant to § 19.10.12.1210.A.4 and § 19.10.5.505.B.3 NMAC, MMD provided notice of the proposed modification and partial FA release to the appropriate state agencies and interested parties requesting their review and comments on the proposal. A site visit was conducted January 29, 2014 affording those state agencies and interested parties an opportunity to view the completed reclamation work. A copy of all agency comments, and comments received from Gila Resource Information Project, are attached for your review and records. Please note the request for records made in the comment letter received from Office of State Engineer.

Please note that 19.10.12.1210.D NMAC requires the Director of MMD to notify the Permittee of the decision whether to release all or a part of the FA, requested to be released, within 45 days of the inspection, if no public hearing is held pursuant to 19.10.12.1210.C NMAC. You are hereby being notified that the Director of MMD has determined that the Modification 13-1 proposal for a partial FA release is approvable. Chino should proceed with preparing, and submitting to MMD, a Certificate of Face Amount Adjustment to the third-party guarantee to complete the partial FA release. Once this has been accomplished MMD will be able to complete the approval of the partial release modification.

**RE: Partial Release of Financial Assurance, Request for Modification 13-1, Permit GR009RE, Chino Mine
March 14, 2014**

If you have any questions, please contact me at (505) 476-3437 or Chris Eustice at (505) 476-3438.

Sincerely,

A handwritten signature in blue ink, appearing to read "Holland Shepherd", is written over a light blue rectangular background.

Holland Shepherd, Manager
Mining Act Reclamation Program (MARP)
Mining and Minerals Division

Enclosure

cc: Chris Eustice, MARP Permit Lead
Fernando Martinez, Director, MMD
Kurt Vollbrecht, Manager NMED-MECS
Allyson Siwik, GRIP
Mine File (GR009RE)



SUSANA MARTINEZ
Governor

JOHN A. SANCHEZ
Lieutenant Governor

NEW MEXICO
ENVIRONMENT DEPARTMENT

Ground Water Quality Bureau

Harold Runnels Building, N2050
1190 South St. Francis Drive (87505)
P.O. Box 5469, Santa Fe, NM 87502-5469
Phone (505) 827-0187 Fax (505) 827-0160
www.nmenv.state.nm.us



RYAN FLYNN
Secretary

BUTCH TONGATE
Deputy Secretary

MEMORANDUM

February 24, 2014

TO: Holland Shepherd, Program Manager, Mining Act Reclamation Program

FROM: Keith Ehlert, NMED Acting Mining Act Team Leader

RE: **Comments on Modification 13-1, Chino Mine, Application for Partial Release of Financial Assurance, Permit No. GR009RE**

On January 29, 2014 the New Mexico Environment Department (NMED) received a request for comments on the application from Freeport McMoRan Chino, Inc. (Chino) for partial release of financial assurance associated with reclamation work performed on Tailing Ponds 1, 2, and 4 (4 West and 4 East). The Ground Water Quality Bureau, the Surface Water Quality Bureau, and the Air Quality Bureau have reviewed the application and have no comments at this time.

If you have any questions, please contact Keith Ehlert at (505) 827-9687.

xc: Jerry Schoeppner, Chief, GWQB
James Hogan, Chief-Acting, SWQB
Richard Goodyear, Chief, AQB
Fernando Martinez, Director, EMNRD-MMD
Chris Eustice, EMNRD-MMD
Kurt Vollbrecht, Program Manager, MECS
George Llewellyn, MECS Silver City

GOVERNOR
Susana Martinez



INTERIM DIRECTOR AND SECRETARY
TO THE COMMISSION
R.J Kirkpatrick

DEPUTY DIRECTOR
Daniel E Brooks

STATE OF NEW MEXICO
DEPARTMENT OF GAME & FISH

One Wildlife Way Santa Fe, NM 87507
Post Office Box 25112 Santa Fe, NM 87504
Tel (505) 476-8000 | Fax: (505) 476-8123
For information call: (888) 248-6866

www.wildlife.state.nm.us

STATE GAME COMMISSION

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Albuquerque

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Farmington

PAUL M. KIENZLE III
Albuquerque

BILL MONTOYA
Alto

RALPH RAMOS
Las Cruces

February 5, 2014

Chris Eustice, Permit Lead
EMNRD Mining and Minerals Division
1220 South St. Francis Drive
Santa Fe NM 87505



RE: Chino Mine, Modification 13-1 to Permit GR009RE; NMDGF Project No. 16168

Dear Mr. Eustice:

In response to your letter dated January 27, 2014, the New Mexico Department of Game and Fish (Department) has reviewed the document referenced above. Freeport-McMoRan Chino Inc. seeks a partial release of financial assurance for reclamation conducted on Tailings Ponds 1, 2 and 4 (4 West and 4 East). Department staff did not conduct a site inspection related to this request.

Stormwater channels on the top surfaces are lined with Gila conglomerate and limestone riprap. Horizontal channels on the outslopes are constructed using riprap. Spillways where these channels meet and discharge off the corners of the tailings ponds are constructed of articulated concrete block. The stormwater conveyance system as a whole appears to be robust. The state will retain enough funds to reseed the Tailings Ponds if necessary.

As required by the Closeout Plan conditions (part of the Mining and Minerals Division permit), a wildlife habitat feature has been constructed on the reclaimed areas. The rockpile on the tailings pond top surface is constructed in a V shape to block the wind, and large boulders were used with various three-dimensional gaps. Wildlife use of this and other features may be limited until vegetation becomes established because it is distant from existing undisturbed habitat. The federal Office of Surface Mining recommends an average of one rockpile feature per 80 acres of reclaimed habitat.

Thank you for the opportunity to comment on this permit modification. No significant adverse impact to wildlife or important habitat is expected to result from partial release of financial assurance as requested. If there are any questions please contact Rachel Jankowitz, Mining Habitat Biologist at 505-476-8159 or rjankowitz@state.nm.us.

Sincerely,

Matthew Wunder, Ph.D.
Chief Ecological and Environmental Planning Division

DCA (HPD) response to request for comments

State of New Mexico
Energy, Minerals and Natural Resources Department

98608

Susana Martinez
Governor

David F. Martin
Cabinet Secretary - Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary



Fernando Martinez, Director
Mining and Minerals Division



RECEIVED
MME JAN 28 2014
HISTORIC PRESERVATION DIVISION

January 27, 2014

Ms. Michelle Ensey, Archaeologist
Historic Preservation Division
NM Department of Cultural Affairs
407 Galisteo Street, Suite 236
Santa Fe, NM 87503

RE: Request for Partial Release of Financial Assurance, Modification 13-1 to Permit GR009RE, Chino Mine

Dear Ms. Ensey:

On December 23, 2013 the Mining and Minerals Division (MMD) received an application from Freeport-McMoRan Chino, Inc. (Chino) requesting a modification to the Chino Mine permit. The application for modification is requesting a reduction in the amount of financial assurance required for implementation of the closeout plan for the Chino Mine. Specifically, in accordance with § 19.10.12.1210 NMAC, Chino is requesting that the financial assurance be reduced for reclamation work completed at the Tailing Ponds 1, 2, and 4 (4 West, and 4 East).

Pursuant to § 19.10.12.1210.A.4 and § 19.10.5.505.B.3 NMAC, you are hereby notified that MMD has received an application from Chino for a partial release of the financial assurance for the Chino Mine; and MMD is requesting comments from your agency for the application for modification (partial financial assurance release) of the Chino Mine Permit No. GR009RE. A copy of the Chino application package for financial assurance release can be viewed at this link:

<http://www.emnrd.state.nm.us/MMD/MARP/GR009REMod13-1.html>

If your agency has comments related to this document, please respond within 30 days of receipt of this letter.

The application includes information supporting the request for partial release of financial assurance. The supporting information includes:

- Approved 2006 Financial Assurance Cash Flow and NPV [Net Present Value] Calculation used as the starting basis for the NPV calculations.
- The approved cost estimate broken out by tailing pond.
- The current and NPV amounts Chino is requesting for release compared to the approved 2006 cost estimate.

RE: Partial Release of Financial Assurance, Request for Modification 13-1, Permit GR009RE, Chino Mine

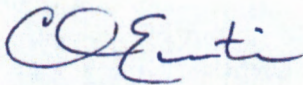
- Detailed cost calculation for each tailing pond corresponding to the summary in Attachment B.
- Public Notice documentation as required by 19.10.9.903 NMSA.

If your agency would like to review a hard copy of any of the application package, please contact MMD.

Pursuant to § 19.10.12.1210.B NMAC, within 30 days receipt of the application package, or as soon thereafter as weather conditions permit, MMD will conduct an inspection and evaluation of the reclamation or closeout measures completed. The inspection is scheduled for 8AM on January 29, 2014. In a correspondence dated January 9, 2014 your agency was given advanced notice of this inspection, and representatives of your agency have been invited to attend the release inspection.

If you have any questions, please contact me at (505) 476-3438.

Sincerely,




Chris Eustice, Permit Lead
Mining Act Reclamation Program (MARP)
Mining and Minerals Division

Enclosure

cc: Holland Shepherd, MARP Program Manager
Fernando Martinez, Director, MMD
Mine File (GR009RE)

NO COMMENT

2/25/14  Michelle Ensey
for the New York State Historic
Preservation Officer

Eustice, Chris, EMNRD

From: Myers, Kevin, OSE
Sent: Thursday, February 06, 2014 2:32 PM
To: Eustice, Chris, EMNRD
Cc: Johnson, Mike S., OSE; Jackson, Charles L., OSE
Subject: OSE Comments for Modification Request 13-1 MMD Permit No. GR009RE Chino Mine - Partial FA release

Chris,

New Mexico Office of the State Engineer (NMOSE) Hydrology Bureau has reviewed the Modification 13-1 requested by Freeport McMoRan Chino Inc. (Chino) – MMD Permit No. GR0009RE.

On January 27, 2014, MMD requested review and comment of this modification for partial financial assurance (FA) release. This partial FA release is related to reclamation work completed at Tailing Ponds 1, 2 and 4 (4 West and 4 East) southeast of Hurley, NM. NMOSE reviewed the modification request. NMOSE Hydrology staff did not attend the field inspection on January 29, 2014, yet staff have been on site as recently as 2012.

1. OSE supports the reduction of third party guarantee financial instrument for this partial FA release of approximately \$4.83 M (2003 dollars) or \$4.68 M NPV.

2. In order to have a complete picture of the changes to wells, NMOSE requests a summary table of wells modified due to reclamation of Tailing Ponds 1, 2 and 4. Specifically, which wells have been plugged, replaced (or will be replaced) or modified (e.g., extended casing). For example, plugging plans of operation have been filed with NMOSE District 3 for points of diversion (PODs): M-10670-POD8 (Chino well number 214-05-03), M-10670-POD10 (Chino well number 214-05-05), and M-10170-POD96 (Chino well DM-16-SR). At a minimum, the summary table should include the final disposition, NMOSE POD number (& Chino well number) and location of each well that was modified due to reclamation at the older tailings area.

If you have any questions about the above, contact me.

Kevin Myers, Hydrologist
Hydrology Bureau - NM OSE
P.O. Box 25102
Santa Fe, NM 87504-5102
Ph: (505) 476-7402
Fax: (505) 476-0220

<http://www.ose.state.nm.us/>



Gila Resources Information Project

Promoting Healthy Communities by Protecting Our Environment Since 1998

February 28, 2014

Mr. Chris Eustice, Permit Lead
Mining Act Reclamation Program (MARF)
Mining and Minerals Division/EMNRD
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Comments on Application for Financial Assurance Release, GR009RE, Revision 01-1

Dear Mr. Eustice:

Thank you for including the Gila Resources Information Project (GRIP), as represented by Rebecca Summer, on the January 29, 2014 inspection tour of the Chino mine Tailings Ponds 1, 2 and 4. We feel it is important for local citizens to understand the importance, the magnitude and complexity of the reclamation being implemented at local mines. We appreciate the opportunity to see first-hand the reclamation work performed by Freeport-McMoRan (FMI).

GRIP concurs with the financial assurance (FA) release taken from the third party guarantee rather than the cash trust to maintain certainty in the liquidity of the FA.

We also concur with the need to hold back some FA to ensure availability of funding until the revegetation work can be fully evaluated at the end of twelve years. However, is the amount of the remaining FA sufficient to cover any work that might be required to ensure that the area achieves a PMLU of self-sustaining ecosystem? Also is any FA needed to deal with potential erosion of outcrops at tailings ponds before the end of the 12 year period?

I thank you for consideration of my comments.

Sincerely,

Allyson Siwik, Executive Director