

State of New Mexico
Energy, Minerals and Natural Resources Department

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Deputy Cabinet Secretary

Fernando Martinez, Director
Mining and Minerals Division



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CERTIFIED MAIL – RETURN RECEIPT REQUESTED

May 27, 2015

Ms. Lynn Lande, Chief Environmental Engineer
Freeport-McMoRan Inc., Chino Mines Company
P.O. Box 10
Bayard, NM 88023

RE: Additional Comments on Proposed 3A Stockpile, Modification 14-2 to Permit GR009RE

Dear Ms. Lande,

The New Mexico Mining and Minerals Division (“MMD”) received on July 14, 2014 a proposal from Freeport-McMoRan Inc., Chino Mines Company (“Chino”) to modify Permit No. GR009RE. This modification (14-2) is to accommodate the construction of the 3A Waste Stockpile at the Chino Mine. MMD provided comments (“MMD Comments”) on that proposal in a letter to Chino dated November 14, 2014. MMD received a letter from Chino, dated February 18, 2015 with responses to the MMD Comments (“Chino Response”). MMD has reviewed the Chino Response letter and has the following comments:

1. Chino’s response to MMD Comment No. 1 included a proposal to “use cover material from the Upper South Stockpile”. At this time MMD will allow Chino to use the blended cover material, however, approval of the blended cover material will be contingent upon the outcome of the test plots. Allowing use of the blended cover material at this time also is contingent upon Chino using only Kneeling Nunn rhyolite (“KNR”) as cover material in the cost estimate. Kneeling Nunn rhyolite is the only cover material approved, for the mine area, by Revision 01-1 to GR009RE, unless and until the test plots are deemed successful and/or complete.
2. The suggested “contingencies” in Chino’s response to MMD Comment No. 2 are unacceptable. Please update the cost estimate to include the costs associated with segregating suitable KNR, to be used as cover material for the proposed waste rock stockpile, from the heterogeneous borrow stockpile. MMD will consider releasing this additional financial assurance if the outcome of the test plot study is successful if MMD approves the blended cover material as suitable cover material.

Additional Comments on Proposed 3A Stockpile, Modification 14-2 to Permit GR009RE

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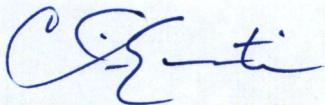
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3. Chino's response to MMD Comment No. 3 is satisfactory for the sake of this modification 14-2 proposal and the associated cost estimate. However, MMD re-emphasizes that the proposed blended cover material is not approved.
4. Chino's responses to MMD comment Nos. 4, 5, 6, 7, and 8 are satisfactory.
5. With regard to Chino's response to MMD comment No. 9, MMD requires that the previous and approvable FA releases for both Modifications 13-1 and 14-3 be completed separately and independently. For MMD to approve this Modification 14-2, Chino will have to submit the needed Certificate(s) of Face Amount Adjustment to complete Modifications 13-1 and 14-3. Please describe how the required FA will be administered for this Modification 14-2.
6. Chino's responses to MMD comment Nos. 10, 11, 12 and 13 are satisfactory.
7. Chino's responses to the comments made by the Office of State Engineer and the Department of Cultural Affairs are satisfactory.

Please note that MMD may have additional comments on the updated cost estimate when the 14-2 proposal is considered technically complete.

Please respond to the MMD comments within 30 days of receipt of this letter. Please contact Chris Eustice at 505-476-3438 or at chris.eustice@state.nm.us, if you have any questions.

Sincerely,



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

cc: Fernando Martinez, Director MMD
Holland Shepherd, MARP Program Manager
John Hall, Mining Act Team Leader, NMED GWQB
Allyson Siwik, GRIP
Mine File (GR009RE)