



Chino Mines Company  
P.O. Box 10  
Bayard, NM 88023



July 25, 2016

Mr. Fernando Martinez, Director  
Mining and Minerals Division  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**Re: Freeport-McMoRan Chino Mines Company, Permit GR009RE**

Dear Director Martinez:

This letter modifies the application submitted by Freeport-McMoRan Chino Mines Company (“Chino”) by letter dated April 21, 2016, requesting a modification to its Permit GR009RE. The April 21, 2016 application proposed to change two aspects of its financial assurance for closeout of Chino’s mining operations. In particular, Chino requested that the permit be modified to (1) increase the amount in the Chino CCP Trust recognized as part of Chino’s total financial assurance obligation by ten million dollars (\$10,000,00.00), and (2) decrease the amount of Chino’s total financial assurance obligation covered by the Freeport-McMoRan Inc. (“FCX”) guarantee by ten million dollars (\$10,000,000.00). By this letter, Chino amends its application to increase the amount proposed to be credited from the Chino CCP Trust and to reduce the amount of the FCX guarantee as set forth below. This modified application is intended to address the “Notice of Failure to Maintain Financial Soundness” that you issued on June 9, 2016, as well as your letter dated July 7, 2016.

Under the most recent Permit Modification 14-3 to Revision 01-1 to Permit GR009RE, the current required financial assurance amount for Chino is \$166,336,545. This amount is currently covered by the Third Party Guarantee in the amount of \$102,294,241 and a “cash contribution” of \$64,042,304, which is covered by the funds available in the Chino CCP Trust. Under this modified application, Chino proposes to increase the “cash contribution” specified in the permit to \$121,000,000 and to reduce the amount covered by the Third Party Guarantee to \$45,336,545, for a total of \$166,336,545, the current required amount of financial assurance.

The most recent quarterly report for the Chino CCP Trust issued June 30, 2016, recently received and provided to MMD and NMED, indicates that the current market value (net assets) in the Trust is \$123,268,994. Consequently, there are sufficient funds in the Chino CCP Trust to cover the increase in the “cash contribution.” That report is incorporated into this application by reference.

Based upon the *pro forma* Certificate of Compliance presented with the First Quarter 2016 report dated May 20, 2016, with the reduction in the amount of the guarantee as proposed in this application, along with reductions in the amounts of the FCX guarantees provided for Freeport-McMoRan Tyrone Inc. and Freeport-McMoRan Cobre Mining Company covered by separate applications, FCX will meet the "Alternative 1" financial soundness test specified in 19.10.12.1208(G)(8) NMAC, based on the financial information in FCX's most recent Form 10-Q, filed with the United States Securities and Exchange Commission for the quarter ended March 31, 2016. That Form 10-Q was provided to MMD and NMED with the May 20, 2016 Certificate of Compliance and is incorporated into this application by reference. As a result of the changes to the Chino permit sought by this modification, along with the changes proposed in the Tyrone and Cobre applications, FCX will meet the "Alternative 1" financial soundness test for the guarantees provided by FCX for the Chino operations, as well as for Freeport-McMoRan Tyrone Inc. and Freeport-McMoRan Cobre Mining Company.

We appreciate your attention to this matter and look forward to timely action on this request.

Sincerely,



William E. Cobb  
Vice President

Cc: William Brancard, General Counsel, New Mexico Energy, Minerals and Natural Resources Department  
Gabriel Wade, Attorney, Mining and Minerals Division  
Holland Shepherd, Manager, Mining Act Reclamation Program, MMD  
Trais Kliphuis, Director, Resource Protection Division, NMED  
Kurt Vollbrecht, Manager, Mining Environmental Compliance Section, NMED