



State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
and the
ENVIRONMENT DEPARTMENT

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January 21, 2020

Ms. Sherry Burt-Kested, Manager
Freeport-McMoRan Chino Mines Company
P.O. Box 10
Bayard, NM 88023

RE: Response to Agency Technical Comments on Closure/Closeout Cost Estimate and Net Present Value Calculation, Revision 18-1, Chino Mine, Grant County, New Mexico, Permit No. GR009RE

Dear Ms. Burt-Kested:

The Mining and Minerals Division ("MMD") and the New Mexico Environment Department ("NMED"), collectively the "Agencies," reviewed the Response to Comments ("RTC") dated July 30, 2019 from Freeport-McMoRan Chino Mines Company ("Chino") regarding the Updated Closure/Closeout Plan Cost Estimate submitted under Revision 18-1 to permit GR009RE for the Chino Mine, Grant County, New Mexico. The RTCs provided by Chino are based on the June 17, 2019 joint agency comments on the Earthwork Cost Estimate. This letter references the joint Agencies letter dated January 8, 2020, which addressed Net Present Value and Financial Assurance Instrument Framework ("2020 NPV/FA letter") for Chino and other mines.

1. RTC No. 1. This response from Chino regarding documentation of the basis that EquipmentWatch uses a 50-minute work hour will be accepted for this update to the Chino Reclamation Cost Estimate. The Agencies may require further evaluation and discussion to provide clarity during the next 5-year cycle of updates to the Chino Closure/Closeout Plan.
2. RTC No. 2. This response from Chino on borehole plugging cost is accepted and the Chino Reclamation Cost Estimate shall be updated before the application of NPV.
3. RTC No. 3. NPV for Revision 18-1 to the Chino Mine shall be calculated in accordance with the 2020 NPV/FA letter.
4. RTC No. 4. NPV for Revision 18-1 to the Chino Mine shall be calculated in accordance with the 2020 NPV/FA letter.

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January 21, 2020

Page 2

5. NMED RTC No. 1. The RTC provided by Chino to address the comment from NMED regarding the replacement O&M cost of 1% versus 1.5% in Attachment B, STS Direct Cost Cash Flow, is acceptable to the Agencies and shall therefore be updated in the Reclamation Cost Estimate prior to the application of the NPV calculation outlined in the 2020 NPV/FA letter.

Please provide the Agencies with an updated Final Reclamation Cost Estimate for Chino Mine Revision 18-1, NPV calculation, and financial assurance instrument proposal in alignment with the requirements in this letter and the 2020 NPV/FA letter by February 21, 2020.

If you have any questions, please feel free to contact DJ Ennis at (505) 476-3434 or by email at david.ennis@state.nm.us, and/or Brad Reid at (505) 827-2963 or by email at brad.reid@state.nm.us.

Sincerely,



David J. (DJ) Ennis, P.G., Permit Lead
Senior Reclamation Specialist
Mining and Minerals Division



Brad Reid, Permit Lead
New Mexico Environment Department
Mining Environmental Compliance Section

cc: Mine File (GR009RE)