



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

Michelle Lujan Grisham  
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Lieutenant Governor

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Cabinet Secretary, NMED

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Certified Mail

February 18, 2020

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

**Re: Joint Agency Response for FMI Revised Closure/Closeout Cost Estimate Continental Mine  
MMD No. GR002RE and NMED DP-1403 and Financial Assurance Instrument Proposal**

Dear Ms. Burt-Kested,

The Energy, Minerals and Natural Resources Department (EMNRD), Mining and Minerals Division (MMD) and the New Mexico Environment Department (NMED) have reviewed the Freeport-McMoRan (FMI) Chino Mines Company (Chino) response letter that includes the Continental Mine's revised reclamation cost estimate (revised RCE) and financial assurance (FA) instrument proposal dated February 7, 2020 (letter). EMNRD and NMED (Agencies) reviewed the revised RCE and FA instrument proposal.

Approved Amount for Revised RCE

The Agencies approve the revised RCE amount of \$25,060,520 and the final net present value (NPV) amount of \$21,444,901 as calculated in attachment 2 of the letter.

FA Instrument Proposal Acceptance

The Agencies accept FMI's FA instrument proposal for the Continental Mine as tabulated in the FMI letter except for the Cash Trust and Third Party Guarantee (3PG). The Collateral amount remains unchanged at \$1,390,900. The Surety Bond amount remains unchanged at \$632,612. The Cash Trust FA instrument required amount (floor) will be raised by \$460,000 to a total of \$5,760,000. This leaves about 4 percent of the Cash Trust's recent quarterly balance for market fluctuations. The 3PG amount will become to \$1,163,389, which is a reduction of over \$6.9 million in 3PG.

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Updated Appraisal of Collateral Property

Since the current appraisals are over five years old for Continental Mine's Collateral, the Agencies require Chino FMI submit updated appraisals of each property by no later than May 15, 2020.

Next Steps for Modification of GR002RE and Establishment of Updated 3PG Instrument

FMI Chino must submit a permit modification application and fee with draft 3PG documents for review by Agencies no later than March 3, 2020. This will modify Section 8 of Revisions 15-2 and 16-1 of MMD Permit No.GR002RE. After the draft 3PG documents have been accepted by the Agencies, the updated 3PG FA instrument may be jointly signed by FMI-Chino and the Agencies. Then, the modification will be provided by MMD to FMI-Chino for review and acknowledgement. Lastly, the MMD Director signs and issues the modification.

Please contact us with any questions regarding this process or other permitting issues for the Continental Mine.

Sincerely,



Anne Maurer  
Mining Environmental Compliance Section  
Ground Water Quality Bureau - NMED



Kevin Myers  
Mining Act Reclamation Program  
Mining and Minerals Division-EMNRD

cc: Kurt Vollbrecht, MECS ([kurt.vollbrecht@state.nm.us](mailto:kurt.vollbrecht@state.nm.us))  
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