

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Cabinet Secretary

**Todd Leahy, JD, PhD**  
Deputy Cabinet Secretary

**Jerry Schoeppner, Director**  
Mining and Minerals Division



**Electronic Transmittal**

May 27, 2022

Christian Krueger  
Freeport-McMoRan Chino Mines Company  
P.O. Box 10  
Bayard, NM 88023

**Re: Exploration Activity within Existing Permit Boundary of Continental Mine MMD  
No. GR002RE**

Dear Mr. Krueger:

The New Mexico Mining and Minerals Division (MMD) has evaluated information regarding ongoing and proposed exploration activities taking place within the MMD permit boundary, which are regulated under condition 8.J.9 of Revision 15-2 of GR002RE – Continental Mine. Based on correspondence with Freeport McMoRan Inc. – Chino Mines Company (FMI-Chino), thirty-six exploration boreholes may be drilled on private property (25 of 36) as well as federal lands (11 of 36). Twenty-five exploration boreholes have been permitted by NMOSE (Permit Nos. M-11649-POD22 thru POD47) for depths up to 1400 to 2700 feet and drilling has already begun on private property as seen during the May 11, 2022 MMD inspection. FMI-Chino reports three drilling rigs are currently on site for multiple purposes of gathering geotechnical, geological and hydrological data. For the federal lands, FMI-Chino anticipates the drilling will begin in the fall of 2022. The boreholes are located northeast-west-southwest of the Hanover Pit, on the Main Tailing Impoundment (MTI) and west to northwest of the MTI near poison spring. Some drilling locations are in areas previously affected by mining activities and other areas are relatively undisturbed all within the MMD permit boundary. The exploration activity is located approximately 3.25 miles north-northwest of Hanover, NM in Grant County New Mexico.

For the benefit of the other state/federal agencies and the public, the NMOSE well drilling permits for 25 of the 36 boreholes and maps for all 36 of the proposed drilling locations can be viewed by visiting the MMD website at:

<https://www.emnrd.nm.gov/mmd/gr002re-continental-mine-exploration-activities/>

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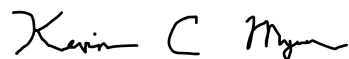
MMD evaluated the drilling under permit GR002RE. Based on an MMD review of the information provided, the plugging of the proposed boreholes would range from \$1.3 to \$2.3 million plus additional costs for acreage disturbed by roads and drill pads. FMI-Chino has adequate financial assurance (\$739,098 in 2019 dollars under miscellaneous areas of disturbances) provided the boreholes will be plugged before drilling rigs are moved to the next location and not deferring all the plugging to the end of the project, which would greatly increase the risk of cave-in of open boreholes and difficulty in successful placement of sealant. To not exceed the financial assurance held for miscellaneous disturbances, **FMI-Chino will provide MMD a copy of the plugging records within two weeks of the completion of each exploration borehole** to ensure plugging of the boreholes is being done sequentially following drilling. If a borehole is completed as a vibrating wire piezometer or other type of monitoring well, FMI-Chino may provide the well record in lieu of a plugging record. Pursuant to Condition 8.J.9 of Revision 15-2 of GR002RE, FMI-Chino must provide details of the 2022 exploration activities, disturbances, and reclamation of these activities in its 2023 annual report.

Based on the available information and as conditioned above, a modification of MMD permit GR002RE to adjust the financial assurance is not necessary.

FMI-Chino must meet other state and federal requirements for exploration drilling, plugging and surface reclamation such as under the authority of U.S. Forest Service, Bureau of Land Management and NM Office of the State Engineer.

Please contact me by phone (505) 490-0726 or via email at: [kevin.myers@state.nm.us](mailto:kevin.myers@state.nm.us) with any questions.

Sincerely,



Kevin Myers, Permit Lead – Permit GR002RE  
Mining Act Reclamation Program (“MARPs”)/MMD

cc: Ty Bays, FMI ([tbays@fmi.com](mailto:tbays@fmi.com))  
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