

State of New Mexico
Energy, Minerals and Natural Resources Department

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Via Electronic Mail

January 15, 2025

Tyler R. Johnson, Chief Environmental Engineer
Environmental Services
Freeport-McMoRan Chino Mines Company
P.O. Box 10
Bayard, NM 88023

**RE: Status of Financial Assurance and NPV Proposal's for
Updated Closure/Closeout Plan (CCP) Continental and Hanover Mountain Mines,
Revision 23-1, Permit No. GR002RE**

Dear Mr. Johnson,

The New Mexico Mining and Minerals Division (MMD) provides this letter as a status update to the June 25, 2025 technically approvable letter (Letter) for Freeport-McMoRan Chino Mines Company (Chino), Continental Mine Closure/Closeout Plan Update for Revision 23-1 of MMD Permit GR002RE. Since the Letter, Chino has provided a Reclamation Cost Estimate (RCE) in September 2024 for approximately \$27.4 million (earthwork) and \$5 million (water treatment) in 2023 dollars without a net present value (NPV) calculation or a Financial Assurance (FA) instrument proposal. MMD has accepted the RCE from September 2024. This status update will assist the next permit lead complete the Revision 23-1 process.

In October 2024, the New Mexico Environment Department (NMED) and MMD have approved the 2023 appraisal of collateral with a discounted value of \$16,852,200.

The MMD determination of a technically approvable closeout plan in 2024 set in motion Chino's responsibility to submit a NPV calculation and a proposal for financial assurance (FA) in accordance with 19.10.5.506.H NMAC. Chino has communicated that the NPV calculation is still under internal review, and the agencies anticipate Chino's submittal of the NPV calculation and FA proposal during the first quarter of 2025.

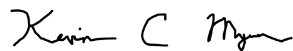
Based on the net present value of a 2019 revised cost estimate, the current FA amounts and instruments for the Continental Mine Permit No. GR002RE are summarized as follows:

FMC Third-Party Guarantee	\$1,618,477
Cash Contribution/Cobre CCP Trust	\$5,760,000
Real Estate Collateral	\$15,250,400
Surety Bond	\$632,612
Total	\$23,261,489

A few major milestones remain in the permitting process such as, FMI's submittal of a NPV calculation and FA instrument proposal, agencies review, NMED provides determination, MMD drafts permit Revision 23-1 of GR002RE, and Chino reviews and acknowledgment of permit conditions before issuance by MMD.

Given that my retirement from the state is only a few days away, an acting or new permit lead will be assigned soon. Should you have any questions, comments, or require additional information concerning this letter or any enclosures, please call DJ Ennis at (505) 372-8634, or email david.ennis@emnrd.nm.gov.

Sincerely,



Kevin Myers, Permit Lead
Mining Act Reclamation Program (MARF)

cc: Sherry Burt-Kested, Manager, Environmental Services, FMI-Chino Mines
Mariana Lafon, FMI-Chino Mines
Christian Krueger, FMI-Chino Mines
DJ Ennis, Program Manager, MARP
David Mercer, Chino AOC Project Manager
Amber Rheubottom, Mining Act Team Leader, MECS, GWQB-NMED
Allyson Siwik, Executive Director, Gila Resources Information Project
Mine File (GR002RE)