



Freeport-McMoRan Inc.  
333 North Central Ave  
Phoenix AZ 85004

For inquiries, contact us via e-mail:  
AP@FMI.com <mailto:AP@FMI.com> Self-service  
website: http://partners.fmi.com



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STATE OF NEW MEXICO  
NM ENRGY MNRLS & NAT RES DPT  
1220 S SAINT FRANCIS DR  
SANTA FE NM 87505-4225

INVOICE NUMBER	INVOICE DATE	PURCHASE ORDER	COMPANY	GROSS AMOUNT	DISCOUNT	NET AMOUNT
05012019HF EMMA-B PERMIT APPLICATION	05/01/19		FREEPORT MINERALS CORPORA	500.00	0.00	500.00
Check Number		Date	Vendor Number	Name		Total Amount
0000918765		05/02/19	0000805500	STATE OF NEW MEXICO		\$500.00

CH249 v.0-02 01-12-2012

WARNING: THIS DOCUMENT CONTAINS SEVERAL DOCUMENT SECURITY FEATURES



Freeport-McMoRan Inc.  
333 North Central Ave  
Phoenix AZ 85004

CHECK NO  
0000918765

64-1278/611-GA

DATE OF CHECK

05/02/19

PAY: FIVE HUNDRED AND 00/100 DOLLARS

TO THE ORDER OF STATE OF NEW MEXICO  
NM ENRGY MNRLS & NAT RES DPT  
1220 S SAINT FRANCIS DR  
SANTA FE NM 87505-4225

CHECK AMOUNT

\$500.00



Bank of America, N.A.

Authorized Signature

DO NOT CASH IF THE WORD VOID IS VISIBLE - SEE REVERSE SIDE FOR LIST OF SECURITY FEATURES

⑈0000918765⑈ ⑆061112788⑆ 329998445⑈

**EXHIBIT "A"**

**Legal Description of Premises**

Grant County Parcel 3086114330264-Section 35, Township 19 South, Range 15 West

Section 35: SW  $\frac{1}{4}$ , NE  $\frac{1}{4}$ , NE  $\frac{1}{4}$ ; NE  $\frac{1}{4}$ , NW  $\frac{1}{4}$ , NE  $\frac{1}{4}$ ; NW  $\frac{1}{4}$ , NE  $\frac{1}{4}$ , NE  $\frac{1}{4}$



When recorded, mail to:

Freeport-McMoRan Tyrone Mining, Inc.  
P.O. Box 571  
Tyrone, New Mexico 88065  
Attn: Ty Bays-Senior Resource Analyst

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## MEMORANDUM OF SURFACE USE AGREEMENT

WHEREAS FREEPORT MCMORAN TYRONE, INC., a Delaware corporation. (hereafter referred to as "Tyrone") and LT RANCH, LLC, a New Mexico limited liability company (hereinafter referred to as "LT") are parties to a Surface Use Agreement dated as of May 7, 2019 (the "Agreement"), pursuant to which LT agrees to allow Tyrone the right to access and drill exploratory wells upon LT owned property described on Exhibit A hereto (the "Property") for a term expiring on July 1, 2024, (the "Term"), all pursuant to the terms and conditions of the Agreement, which are incorporated herein by reference;

NOW, THEREFORE:

1. Notice is hereby given of the Agreement and Tyrone's right subject to the Agreement terms to use and occupy the Property for drilling purposes.
2. The Term may be shorter or longer than defined in this Memorandum of Surface Use Agreement pursuant to the provisions of the Agreement.
3. For persons having a valid interest and need for further information about the Agreement, the address of Tyrone is:

Freeport McMoRan Tyrone, Inc.  
Attn: Ty Bays-Senior Resource Analyst  
P.O. Box 571  
Tyrone, New Mexico 88065

DATED May 7, 2019.

FREEPORT-MCMORAN TYRONE, INC., a  
Delaware corporation

By:   
Erich J. Bower  
President

**4. SPECIFIC REQUIREMENTS:** The applicant must include the following, as applicable to each well type. Please check the appropriate boxes, to indicate the information has been included and/or attached to this application:

<b>Exploratory:</b> <input type="checkbox"/> Include a description of any proposed pump test, if applicable.	<b>Pollution Control and/or Recovery:</b> <input type="checkbox"/> Include a plan for pollution control/recovery, that includes the following: <input type="checkbox"/> A description of the need for the pollution control or recovery operation. <input type="checkbox"/> The estimated maximum period of time for completion of the operation. <input type="checkbox"/> The annual diversion amount. <input type="checkbox"/> The annual consumptive use amount. <input type="checkbox"/> The maximum amount of water to be diverted and injected for the duration of the operation. <input type="checkbox"/> The method and place of discharge.	<b>Construction De-Watering:</b> <input type="checkbox"/> Include a description of the proposed dewatering operation, <input type="checkbox"/> The estimated duration of the operation, <input type="checkbox"/> The maximum amount of water to be diverted, <input type="checkbox"/> A description of the need for the dewatering operation, and, <input type="checkbox"/> A description of how the diverted water will be disposed of.	<b>Mine De-Watering:</b> <input type="checkbox"/> Include a plan for pollution control/recovery, that includes the following: <input type="checkbox"/> A description of the need for mine dewatering. <input type="checkbox"/> The estimated maximum period of time for completion of the operation. <input type="checkbox"/> The source(s) of the water to be diverted. <input type="checkbox"/> The geohydrologic characteristics of the aquifer(s). <input type="checkbox"/> The maximum amount of water to be diverted per annum. <input type="checkbox"/> The maximum amount of water to be diverted for the duration of the operation. <input type="checkbox"/> The quality of the water.
<b>Monitoring:</b> <input type="checkbox"/> Include the reason for the monitoring well, and, <input type="checkbox"/> The duration of the planned monitoring.	<input type="checkbox"/> The method of measurement of water produced and discharged. <input type="checkbox"/> The source of water to be injected. <input type="checkbox"/> The method of measurement of water injected. <input type="checkbox"/> The characteristics of the aquifer. <input type="checkbox"/> The method of determining the resulting annual consumptive use of water and depletion from any related stream system. <input type="checkbox"/> Proof of any permit required from the New Mexico Environment Department. <input type="checkbox"/> An access agreement if the applicant is not the owner of the land on which the pollution plume control or recovery well is to be located.	<b>Ground Source Heat Pump:</b> <input type="checkbox"/> Include a description of the geothermal heat exchange project, <input type="checkbox"/> The number of boreholes for the completed project and required depths. <input type="checkbox"/> The time frame for constructing the geothermal heat exchange project, and, <input type="checkbox"/> The duration of the project. <input type="checkbox"/> Preliminary surveys, design data, and additional information shall be included to provide all essential facts relating to the request.	<input type="checkbox"/> The method of measurement of water diverted. <input type="checkbox"/> The recharge of water to the aquifer. <input type="checkbox"/> Description of the estimated area of hydrologic effect of the project. <input type="checkbox"/> The method and place of discharge. <input type="checkbox"/> An estimation of the effects on surface water rights and underground water rights from the mine dewatering project. <input type="checkbox"/> A description of the methods employed to estimate effects on surface water rights and underground water rights. <input type="checkbox"/> Information on existing wells, rivers, springs, and wetlands within the area of hydrologic effect.

**ACKNOWLEDGEMENT**

I, We (name of applicant(s)), \_\_\_\_\_  
 Print Name(s)

affirm that the foregoing statements are true to the best of (my, our) knowledge and belief.

  
 Applicant Signature

\_\_\_\_\_  
 Applicant Signature

**ACTION OF THE STATE ENGINEER**

This application is:

approved       partially approved       denied

provided it is not exercised to the detriment of any others having existing rights, and is not contrary to the conservation of water in New Mexico nor detrimental to the public welfare and further subject to the attached conditions of approval.

Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_, for the State Engineer,

\_\_\_\_\_, State Engineer

By: \_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Print

Title:  
 \_\_\_\_\_  
 Print

FOR OSE INTERNAL USE

Application for Permit, Form WR-07

File No.:

Trn No.:



# NEW MEXICO OFFICE OF THE STATE ENGINEER



## ATTACHMENT 1 POINT OF DIVERSION DESCRIPTIONS

This Attachment is to be completed if more than one (1) point of diversion is described on an Application or Declaration.

<b>a. Is this a:</b> <input type="checkbox"/> Move-From Point of Diversion(s) <input type="checkbox"/> Move-To Point of Diversion(s)		<b>b. Information on Attachment(s):</b> Number of points of diversion involved in the application: <u>13</u> Total number of pages attached to the application: <u>4</u>	
<input type="checkbox"/> Surface Point of Diversion      OR <input checked="" type="checkbox"/> Well			
Name of ditch, acequia, or spring:			
Stream or water course:			
Tributary of:		Mimbres	
<b>c. Location (Required):</b> Required: Move to POD location coordinate must be either New Mexico State Plane (NAD 83), UTM (NAD 83), or Lat/Long (WGS84)			
NM State Plane (NAD83) (feet) NM West Zone <input type="checkbox"/> NM Central Zone <input type="checkbox"/> NM East Zone <input type="checkbox"/>	UTM (NAD83) (meters) Zone 13N <input type="checkbox"/> Zone 12N <input type="checkbox"/>	<input type="checkbox"/> Lat/Long- (WGS84) 1/10 <sup>th</sup> of second	OTHER (allowable only for move-from descriptions - see application form for format) <input type="checkbox"/> PLSS (quarters, section, township, range) <input type="checkbox"/> Hydrographic Survey, Map & Tract <input type="checkbox"/> Lot, Block & Subdivision <input type="checkbox"/> Grant
POD Number: 6	X or Longitude 108°21'22.0"	Y or Latitude 32°37'06.00"	Other Location Description: SESESE Sec. 26., T. 19S., R. 15W
POD Number: 7	X or Longitude 108°21'17.00"	Y or Latitude 32°37'06.00"	Other Location Description: SWSESE Sec. 25., T. 19S., R. 15W
POD Number: 10	X or Longitude 108°21'31.28"	Y or Latitude 32°37'02.52"	Other Location Description: NENWNE Sec. 35., T. 19S., R. 15W (LT RANCH)
POD Number: 11	X or Longitude 108°21'27.90"	Y or Latitude 32°37'02.45"	Other Location Description: NWNENE Sec. 35., T. 19S., R. 15W (LT RANCH)
POD Number: 12	X or Longitude 108°21'26.93"	Y or Latitude 32°36'54.68"	Other Location Description: NWSENE Sec. 35., T. 19S., R. 15W
POD Number: 13	X or Longitude 108°21'22.82"	Y or Latitude 32°36'54.54"	Other Location Description: NESENE Sec. 35 T. 19S., R. 15.W
POD Number: 14	X or Longitude 108°21'22.93"	Y or Latitude 32°36'49.93"	Other Location Description: NESENE Sec. 35., T. 19S., R. 15W
POD Number: 17	X or Longitude 108°21'13.00"	Y or Latitude 32°37'16.00"	Other Location Description: NESWSW Sec. 25., T. 19S., R. 15W
POD Number:	X or Longitude	Y or Latitude	Other Location Description:

FOR OSE INTERNAL USE

Form wr-08

POD DESCRIPTIONS - ATTACHMENT 1

File Number:	Trn Number:
Trans Description (optional):	

2. WELL(S) Describe the well(s) applicable to this application.

**Location Required: Coordinate location must be reported in NM State Plane (NAD 83), UTM (NAD 83), or Latitude/Longitude (Lat/Long - WGS84).**  
**District II (Roswell) and District VII (Cimarron) customers, provide a PLSS location in addition to above.**

NM State Plane (NAD83) (Feet)     
  UTM (NAD83) (Meters)     
  Lat/Long (WGS84) (to the nearest 1/10<sup>th</sup> of second)

NM West Zone     
  Zone 12N  
 NM East Zone     
  Zone 13N  
 NM Central Zone

Well Number (if known):	X or Easting or Longitude:	Y or Northing or Latitude:	Provide if known: -Public Land Survey System (PLSS) (Quarters or Halves, Section, Township, Range) OR - Hydrographic Survey Map & Tract; OR - Lot, Block & Subdivision; OR - Land Grant Name
1	108'21'18.00"	32'37'14.00"	NWSWSW Sec. 25., T.19S., R.15W
2	108'21'32.11"	32'36'58.64"	SWNESE Sec. 35., T.19S., R.15W (LT RANCH)
3	108'21'27.54"	32'36'58.50"	SWNESE Sec. 35., T.19S., R.15W
4	108'21'18.00"	32'37'10.00"	NWSESE Sec. 25., T.19S., R.15W
5	108'21'26.00"	32'37'07.00"	SWSESE Sec. 26., T.19S., R.15W

**NOTE: If more well locations need to be described, complete form WR-08 (Attachment 1 – POD Descriptions)**  
**Additional well descriptions are attached:  Yes  No      If yes, how many 8**

Other description relating well to common landmarks, streets, or other:  
 Emma Prospect south of Tyrone Mine.

Well is on land owned by: Freeport-McMoRan Tyrone Mining LLC and PODS 2, 10 and 11 are located on LT Ranch, LLC

**Well Information: NOTE: If more than one (1) well needs to be described, provide attachment. Attached?  Yes  No**  
 If yes, how many \_\_\_\_\_

Approximate depth of well (feet): 1300      Outside diameter of well casing (inches): 6 Inches

Driller Name: Layne Christensen      Driller License Number: WD-1728

3. ADDITIONAL STATEMENTS OR EXPLANATIONS

Mineral exploration

FOR OSE INTERNAL USE

Application for Permit, Form WR-07

File No.:	Trn No.:
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File No. \_\_\_\_\_



# NEW MEXICO OFFICE OF THE STATE ENGINEER

## WR-07 APPLICATION FOR PERMIT TO DRILL

### A WELL WITH NO WATER RIGHT



(check applicable box):

For fees, see State Engineer website: <http://www.ose.state.nm.us/>

Purpose:	<input type="checkbox"/> Pollution Control And/Or Recovery	<input type="checkbox"/> Ground Source Heat Pump
<input type="checkbox"/> Exploratory Well (Pump test)	<input type="checkbox"/> Construction Site/Public Works Dewatering	<input checked="" type="checkbox"/> Other(Describe): Mineral Exploration
<input type="checkbox"/> Monitoring Well	<input type="checkbox"/> Mine Dewatering	

A separate permit will be required to apply water to beneficial use regardless if use is consumptive or nonconsumptive.

<input type="checkbox"/> Temporary Request - Requested Start Date:	Requested End Date:
Plugging Plan of Operations Submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

#### 1. APPLICANT(S)

Name: Freeport-McMoRan Tyrone Mining LLC	Name:
Contact or Agent: check here if Agent <input checked="" type="checkbox"/>	Contact or Agent: check here if Agent <input type="checkbox"/>
Ty Bays	
Mailing Address: P.O. Box 571	Mailing Address:
City: Tyrone	City:
State: NM Zip Code: 88065	State: Zip Code:
Phone: (575) 912-5757 <input checked="" type="checkbox"/> Home <input type="checkbox"/> Cell	Phone: <input type="checkbox"/> Home <input type="checkbox"/> Cell
Phone (Work):	Phone (Work):
E-mail (optional): tbays@fmi.com	E-mail (optional):

FOR OSE INTERNAL USE

Application for Permit, Form WR-07, Rev 11/17/16

File No.:	Trn. No.:	Receipt No.:
Trans Description (optional):		
Sub-Basin:	PCW/LOG Due Date:	



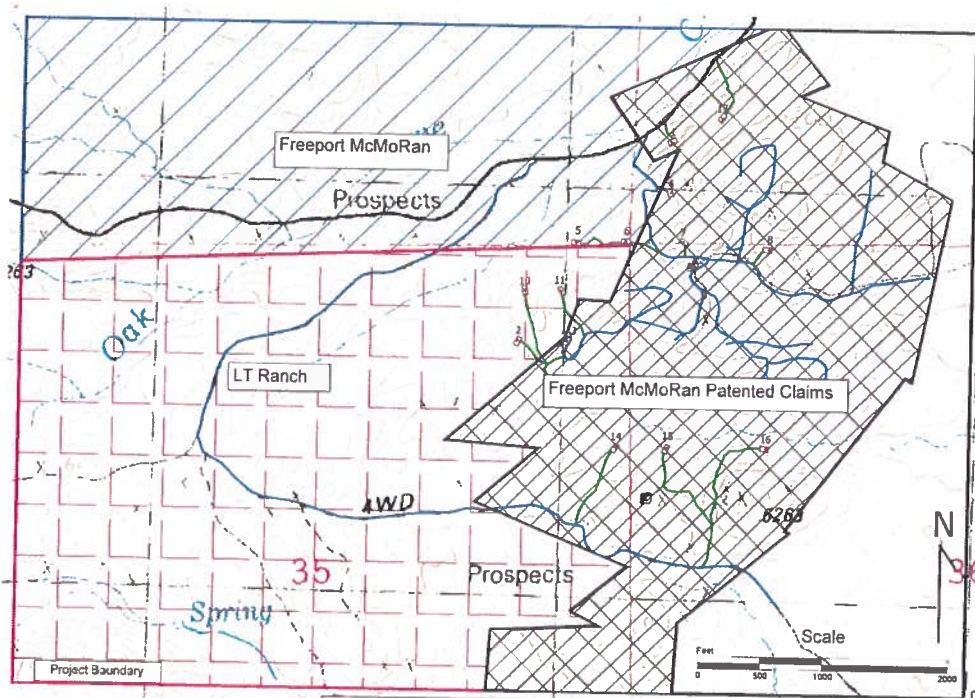
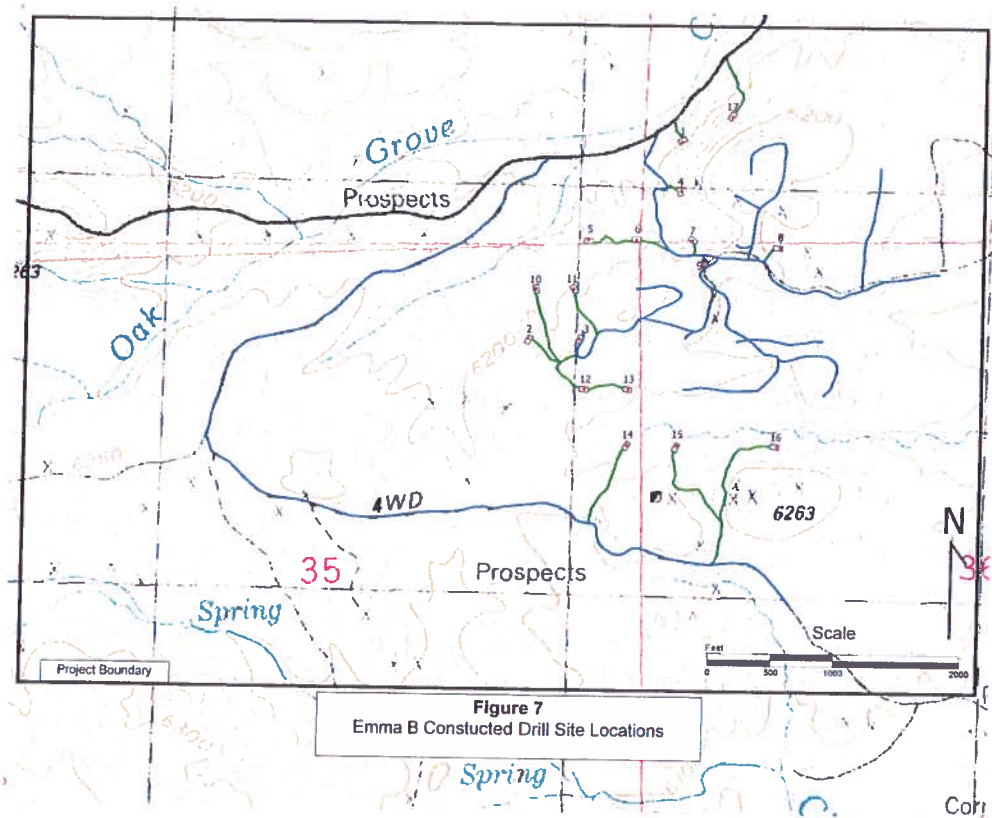


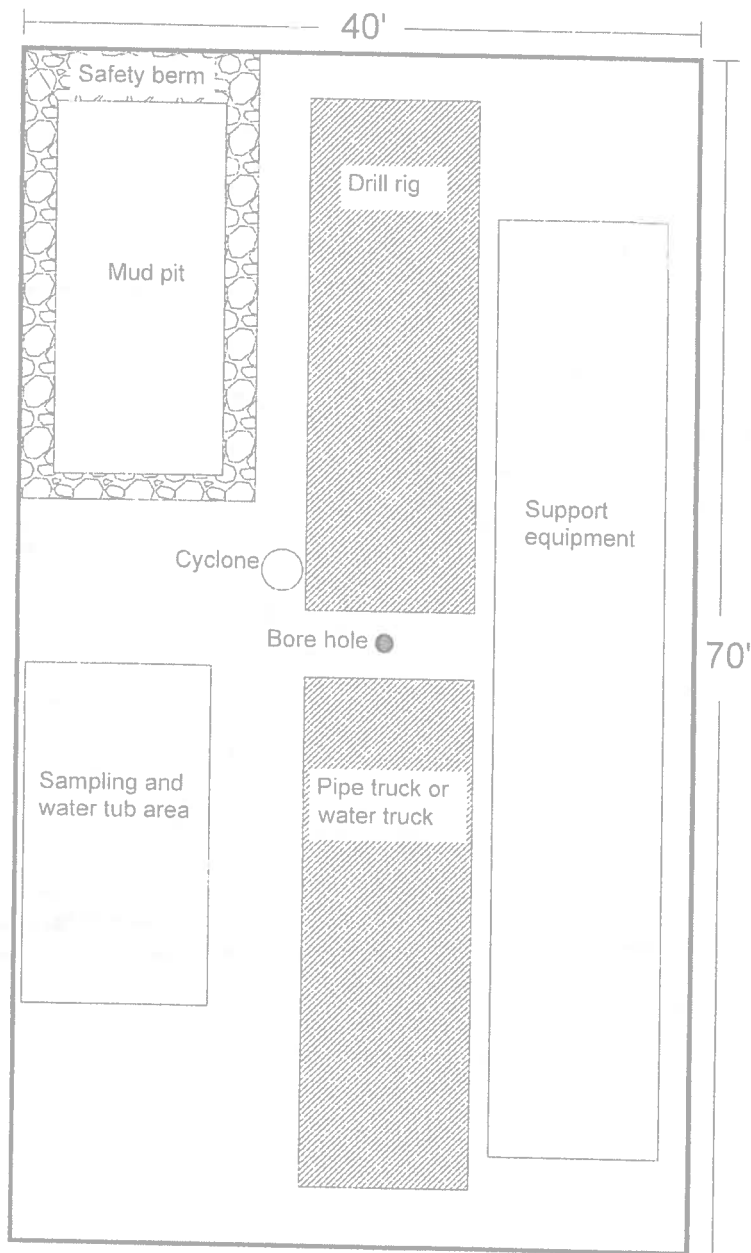
Figure 8  
 Emma-B Drillhole locations, roads &  
 property boundaries

Corr



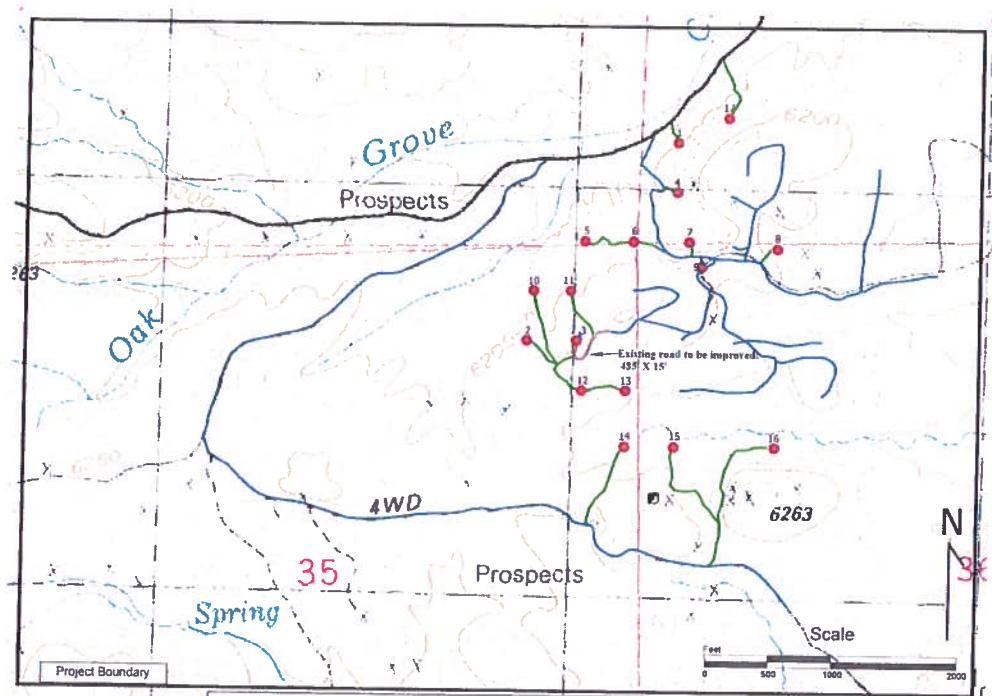
**Figure 7**  
Emma B Constructed Drill Site Locations

Cont



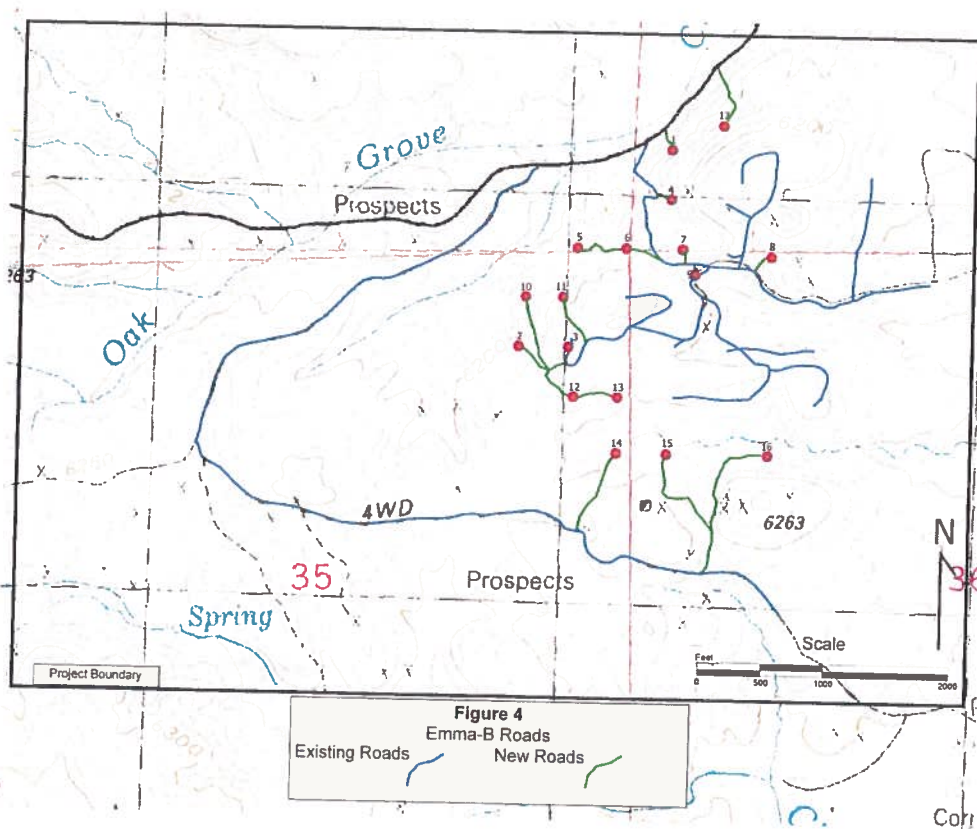
**Figure 6**

Emma B: Typical drill site layout. Drill pads will be required for all boreholes in this project.



**Figure 5**  
 Emma-B Existing Road Improvement  
 Existing Roads      New Roads      Improvement

Corr



**Figure 4**  
 Emma-B Roads  
 Existing Roads  
 New Roads

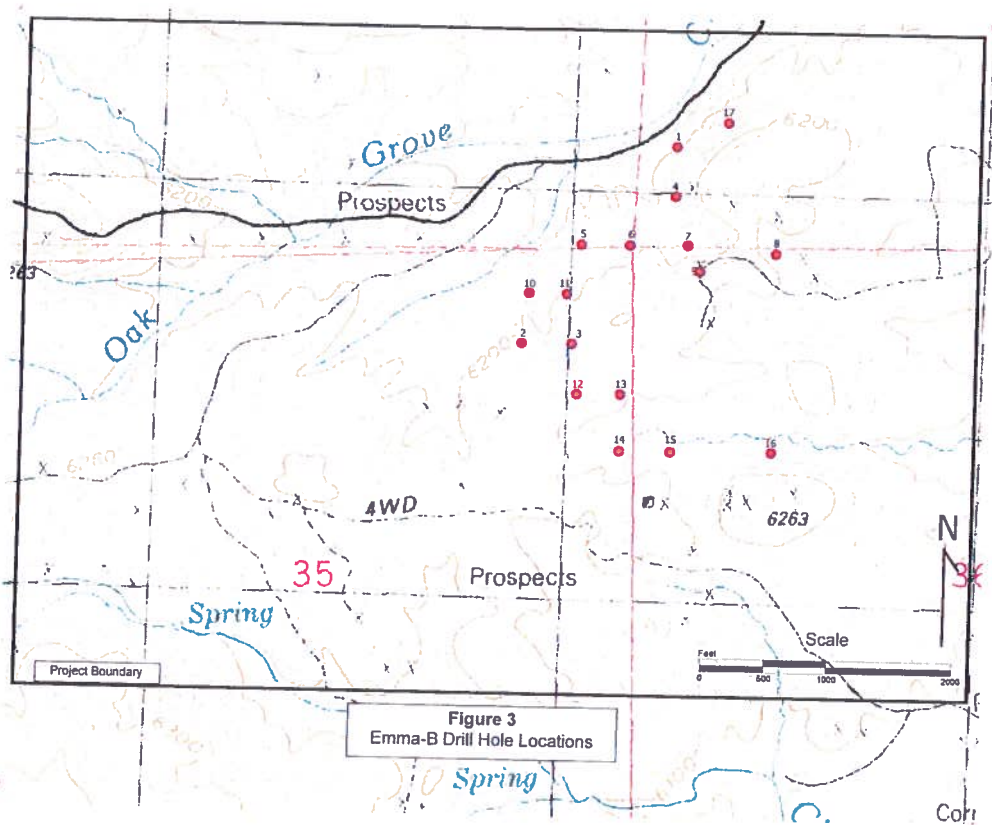


Figure 3  
Emma-B Drill Hole Locations

Corr

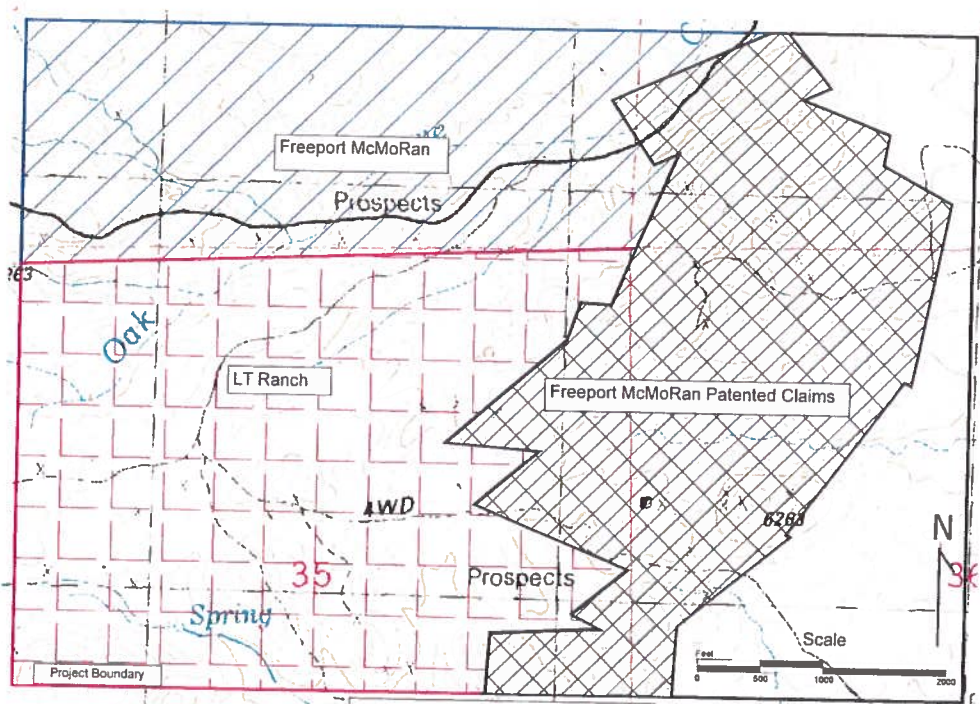
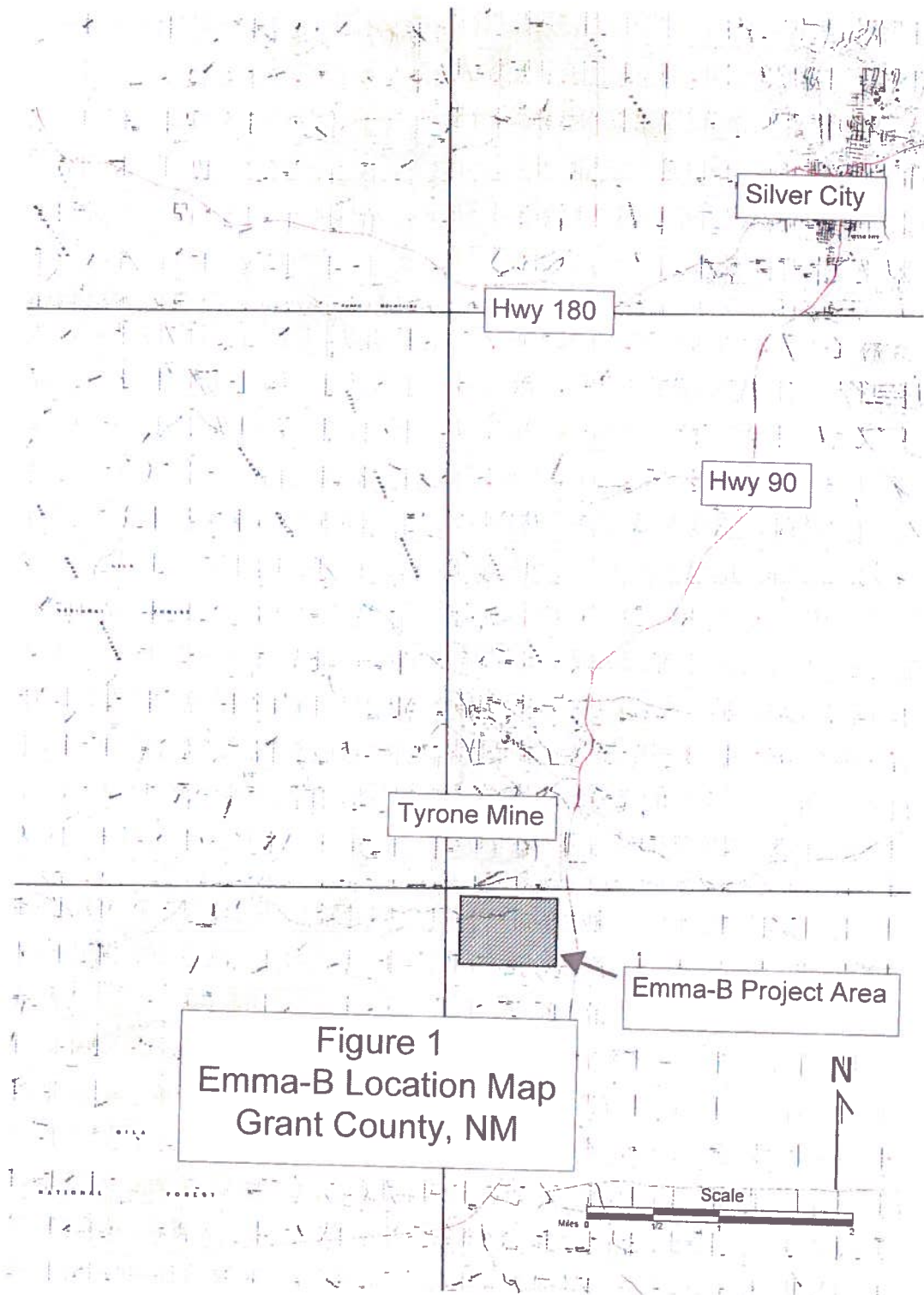


Figure 2  
 Emma-B  
 Project boundary and land ownership

Corr



Silver City

Hwy 180

Hwy 90

Tyrone Mine

Emma-B Project Area

Figure 1  
Emma-B Location Map  
Grant County, NM





**2019 Financial Assurance Cost Estimate for Exploration Drilling**

Description	Unit	Quantity	Unit Rate (\$/unit)	Total Cost (\$)
<b>FA</b>				
Surface Reclamation Costs (1st acre)	acre	1.00	\$ 8,900	\$ 8,900
Drill Road & Pad Reclamation	acre	2.43	\$ 4,900	\$ 11,903
<sup>1</sup> Plug and Abandon Exploration Drill Holes	ft.	10,400	\$ 14	\$ 145,600
<b>Total FA</b>				<b>\$ 166,403</b>

**SECTION 9 – CERTIFICATION REQUIREMENT (§302.1.3 & 4)**

I certify that I have personally examined and am familiar with the information submitted herein, and based on my inquiry of those individuals responsible for obtaining the information; I believe the submitted information is true, accurate, and complete. I agree to comply with the reclamation requirements set forth in this permit application and related correspondence, the New Mexico Mining Act and the Rules. Further, I certify that I am not in violation of any other obligation under the New Mexico Mining Act or the Rules adopted pursuant to that Act and I allow the Director to enter the permit area, without delay, for the purposes of conducting inspections during exploration and reclamation.

Signature of Permittee or Authorized Agent:



Name (type or print):

Ty Bays

Title/Position:

Senior Land & Water Resource Analyst

Date:

5/7/2019