

Tyrone Operations
P.O. Drawer 571
Tyrone, NM 88065

January 15, 2013



Certified Mail #70092820000389631550
Return Receipt Requested

Mr. Keith W. Ehlert
Mining Environmental Compliance Section
Ground Water Quality Bureau
New Mexico Environment Department
P.O. Box 5469
Santa Fe, New Mexico 87502

Certified Mail #70092820000389631567
Return Receipt Requested

Mr. David R. Ohori
Mining Act Reclamation Program
Mining and Minerals Division
Energy, Minerals & Natural Resources Dept
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Dear Messrs. Ehlert and Ohori:

Re: Request for Release, Part 2 Non-mining Financial Assurance, Little Rock Mine, GR007RE and DP-1236

The Mining and Minerals Division (MMD) and the New Mexico Environment Department (NMED) are jointly holding financial assurance in the amount of \$1,520,113 for reclamation of the historic disturbance at the Little Rock site including the leach stockpile and the precipitation plant. The financial assurance instrument is surety bond number 022025847 issued by Liberty Mutual Insurance.

The non-mining financial assurance consists of two parts: Part 1 which covers the leach stockpile and precipitation plan, and Part 2 which covers other historic mining disturbance within the permit boundary other than the leach stockpile and precipitation plant. The attached Table 1 is from the October 15, 2009 non-mining reclamation cost estimate that was approved by MMD and NMED by letter dated October 26, 2009. The agencies approved a partial release of Part 1 assurance in the amount of \$694,830 on June 16, 2011 following the completion of most of the reclamation actions for the leach stockpile and precipitation plant in 2010. Of the \$1,520,113 current non-mining assurance amount, \$1,166,833 (Part 2 amount) is designated for reclamation of historic mining features and old exploration drillholes that are not associated with the leach stockpile and precipitation plant.

The Part 2 costs were required in the event that Freeport-McMoRan Tyrone Inc. (Tyrone) did not proceed with mining of the Little Rock copper deposit and did not implement the non-mining closure/closeout plan. In that event, the agencies would have the funds needed to reclaim historic mining disturbance in the permit area. The funds were intended to address old mine openings and a small reservoir at the Ohio Mine area located along and just east of the California Gulch, to plug old exploration drillholes in the permit area and to reclaim certain areas within the old pit. Now that Tyrone has proceeded with mining and has been mining the deposit for

approximately 18 months, Part 2 of the non-mining financial assurance is no longer needed and Tyrone is requesting that it be released.

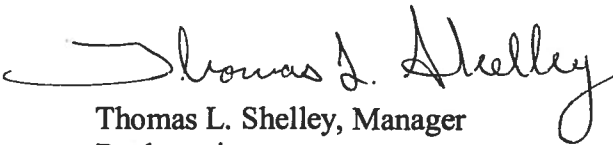
The old mine openings at the Ohio Mine area were closed in 2011 in accordance with the mine permit. The Little Rock pit is expected to encompass the Ohio Mine area within the next 3 to 4 years and the old exploration drillholes within the approved pit limits are being mined-out. Old exploration drillholes located within the permit boundary, but outside of the pit limits, were plugged in 2011 in accordance with an approved procedure. A report on that work dated May 31, 2011 was submitted to the agencies. The old pit area is currently being mined and will be fully encompassed by the active pit within a year or two.

If this release request is approved with no changes, the remaining amount of non-mining financial assurance will be \$353,280 and would all be applicable to the reclaimed leach stockpile and precipitation plant.

You are currently holding a separate financial assurance for reclamation of the active Little Rock Mine and this request for release will not affect that assurance.

Please contact Chuck Johnson at 575-912-5359 or Mandy Lilla at 575-912-5388 with any questions you may have regarding this request.

Sincerely,

A handwritten signature in black ink that reads "Thomas L. Shelley". The signature is written in a cursive style with a large, sweeping initial "T".

Thomas L. Shelley, Manager
Reclamation

TLS:cj
Attachment
20130115-100

Table 1. Little Rock Non-mining Reclamation Cost Estimate - October 15, 2009

Item	Subtotal, Direct Costs	Subtotal, Indirect Costs 39.6%	Current Dollar Cost
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PART 1			
Heap Leach	\$544,635	\$215,676	\$760,311
P-Plant & Impacted Soils	\$91,313	\$36,160	\$127,472
Other ¹	\$81,848	\$32,412	\$114,260
Total Earthwork	\$717,796	\$284,247	\$1,002,043
O&M	\$32,999	\$13,067	\$46,066
Total	\$750,795	\$297,315	\$1,048,110

PART 2			
Ohio Mine Area	\$61,131	\$24,208	\$85,339
Little Rock Pit	\$99,458	\$39,385	\$138,843
Other ²	\$551,478	\$218,385	\$769,864
Total Earthwork	\$712,068	\$281,979	\$994,046
O&M	\$123,772	\$49,014	\$172,786
Total	\$835,840	\$330,993	\$1,166,833

Total Part 1 and 2	\$1,586,635	\$628,307	\$2,214,942
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¹ Includes: disturbed and borrow area, fencing, BMP's, and wildlife habitat features.

² Includes: borrow area, BMP's, abandon exploration holes, and shafts and adit closure.