

**PERMIT NO. TA001RE  
QUESTA MINE AND MILL  
EXISTING MINE OPERATION**

**MINING AND MINERALS DIVISION  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

This Permit No. TA001RE is issued by the Director of the Mining and Minerals Division (MMD) of the New Mexico Energy, Minerals and Natural Resources Department to:

Molycorp, Inc.  
P.O. Box 469  
Questa, NM 87556

(Permittee) for the Questa Mine and Mill located in Taos County, New Mexico.

**Section 1.                    STATUTES AND REGULATIONS**

This Permit is issued pursuant to the New Mexico Mining Act, NMSA 1978, §69-36-1, et seq. (1993)

This permit is subject to all applicable regulations of the New Mexico Mining Act (Act) New Mexico Mining Act Rules, Subparts 1-13 (Rules), and any other regulations which are now or hereafter in force under the Act; and all such regulations are made a part of this Permit by this reference.

**Section 2.                    PERMIT APPLICATION PACKAGE**

The Permit Application Package (PAP) is comprised of the following documents:

- A.     Site Assessment (6/29/94)
- B.     Permit Application (12/30/94)
- C.     Revision 1 to Permit Application (2/23/95)
- D.     Revision 2 to Permit Application (3/9/95)
- E.     Revision 3 to Permit Application (11/29/95)
- F.     Revision 4 to Permit Application (12/22/95)
- G.     Molycorp Response to MMD Request for Information (12/2/96)

- H. Molycorp submittal of Aquatic Biological Report (1/2/98)
- I. Letter from Molycorp Addressing Outstanding Issues (2/16/98)
- J. Fall 1997 Addendum – Red River Aquatic Biological Assessment (3/6/98)
- K. Supplemental Information for Mine Permit No. TA001RE (10/1/98)

**Section 3.**                    **PERMIT AREA AND DESIGN LIMITS**

- A. The permit area encompasses portions of the following areas: Sections 1 and 2, Townships 28 North, Range 12 East, Sections 25, 35, and 36, Township 29 North, Range 12, East, Sections 5 and 6, Township 28 North, Range 13 East; Township 28 North, Range 13 and 14 East, and Township 29 North, Range 13 and 14 East, in Taos County, New Mexico (NMPM). The approved permit area is delineated in the PAP, in Revision 3 of Application for an Existing Mining Operation, submitted November 29, 1995, on the following figures:
  - 1. Figure 1, “Site Map of Molycorp Questa and Mine Plant Facilities,” October 31, 1995
  - 2. Figure 2, “Mine and Mill,” Sheets 1-4, October 16, 1995
  - 3. Figure 3, “Tailings Disposal,” Sheets 1 and 2, October 18, 1995
  - 4. Figure 4, “Tailings Dam,” October 17, 1995
- B. The approved design limits are delineated/described in the PAP on Figures 1 through 4, and individually identified in Table 1 of Revision 3 of Application for an Existing Mining Operation, submitted November 29, 1995: The units shown on Figures 1 through 4 and identified in Table 1 of Revision 3 of Application for an Existing Mining Operation, are approved as existing units and are subject to the reclamation standard of §507.A of the Rules absent a waiver under 507.B.

**Section 4.**                    **FINDINGS OF FACT**

- A. The application contains all of the information required, as required by §503.F.1 of the Rules. The permittee has submitted a permit revision to incorporate a closeout plan which must be approved by December 31, 1999.
- B. The permittee has provided written information stating the name and official business address of the permittee and its agent for service of process on page 2 of the permit application, as required by §503.F.2 of the Rules.
- C. The permittee has provided the required signature and certification on page 2 of

the permit application, as required by §503.F.3 of the Rules.

- D. A permit application fee in the amount of \$23,000.00 was paid, as required by §503.F.4 of the Rules.
- E. The requirements of notice and opportunity for public hearing were met, as required by §503F.5 of the Rules. The operator provided notice on July 13, 1995. Public hearings were held on September 7, 1995 and September 2, 1998.
- F. The Permittee has provided a notarized statement signed by the Permittee that he agrees to comply with performance standards and reclamation requirements of the permit, Subpart 5 of the Rules, and the Act and allows the Director to enter the permit area without delay during mining and reclamation.

**Section 5.**                    **COMPLIANCE REQUIREMENTS**

The Permittee shall comply with the applicable statutes and regulations in Section 1 and with the applicable regulatory and permitting requirements. The issuance of this permit does not relieve the permittee from the responsibility of complying with other state and federal requirements and standards.

**Section 6.**                    **AGENCY RIGHT OF ENTRY**

The Permittee shall allow the authorized representatives of the Director without advance notice, upon presentation of appropriate credentials, and without delay to:

- A. enter as provided in §503.F.6 and §1101.E.1 of the Rules, and
- B. be accompanied by one or more citizens for the purpose of conducting an inspection in accordance with Rule 1210.B when the inspection is in response to a complete financial assurance release application.

**Section 7.**                    **PERMIT COVERAGE**

This permit shall be binding on any person or persons conducting mining or reclamation operations under this Permit.

**Section 8.**                    **COMPLIANCE WITH THE PERMIT APPLICATION PACKAGE**

The Permittee shall conduct operations only as described in the approved PAP and any revisions or modifications approved by the Director. The Permittee shall comply with any and all conditions that are incorporated in this PAP.

**Section 9.**                    **CONDITIONS**

This permit is subject to the following Conditions:

- A.     The Permittee may be subject to enforcement action according to Subpart 11 of the Mining Act Rules for failing to submit any of the following:
  - 1. annual reports as required by §509;
  - 2. annual fees as required by §202; and
  - 3. financial assurance as required by §506.J.2 and Subpart 12 of the Rules.
  
- B.     The Permittee shall submit an application for permit revision for standby status pursuant to §505 and Subpart 7 if: (1) cessation of mining operations exceeds 180 days after approval of the closeout plan and (2) the Permittee desires to suspend reclamation pursuant to the closeout plan.
  
- C.     The issuance of this permit does not relieve the permittee from the responsibility of complying with other state and federal requirements and standards, including but not limited to obtaining all necessary approvals from state and federal land management agencies prior to conducting mining activities on federal lands.
  
- D.     If the Permittee conducts exploration within the permit area that creates a new disturbance, or if the Permittee conducts exploration in an area within the permit area that is not covered by the closeout plan, the Permittee must identify the general areas or locations within the permit area where exploration activities may be conducted and provide general design information regarding measures that will be taken to minimize disturbance, enhance stability and control erosion. During each inspection by MMD, the Permittee shall identify to the inspector any areas of new disturbance due to exploration activities made since the previous inspection. The Permittee shall also identify any areas of new disturbance due to exploration activities in each annual report submitted to MMD. Disturbance within the permit area due to exploration activities shall be reclaimed in accordance with the closeout plan.

**Section 11.**                    **CONCLUSIONS OF LAW**

- A.     The Director has jurisdiction over the Permittee and the subject matter of this proceeding.
  
- B.     The PAP is complete, accurate and complies with the requirements of the Act and §502 and §503 of the Rules.

- C. The Permittee, Molycorp Inc., is permitted to conduct mining and reclamation operations at the Questa Mine and Mill in Taos County, New Mexico, upon the condition that the Permittee complies with the requirements of the Order, the Act, the Permit Conditions and requirements imposed by this Decision.

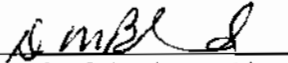
**ORDER**

NOW THEREFORE, IT IS HEREBY ORDERED that the Permit Application of Molycorp Inc. to conduct mining and reclamation operations at the Questa Mine and Mill in Taos County, New Mexico, is approved. The Permit may not be transferred without approval by the Director. The Permit is subject to all conditions set out in the Director's Findings of Fact, Conditions and Conclusions of Law, and Order.

By Order of the Director, Mining and Minerals Division, Energy, Minerals and Natural Resources Department, of the State of New Mexico.

Mining and Minerals Division

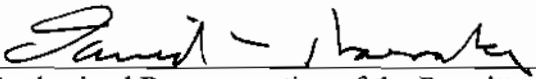
The State of New Mexico

BY:   
Douglas M. Bland, Director  
Mining and Minerals Division  
Energy, Minerals and Natural  
Resources Department

DATED: 12/31/98

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 certify that I have read, understand and will comply with the requirements of this Permit. I also agree to comply with the performance standards and requirements of this permit, the Rules, and the Act, and allow the Director to enter the Questa Mine and Mill permit area without delay for the purpose of conducting inspections.

  
Authorized Representative of the Permittee

Mine Manager  
Title

Molycorp, Inc.  
Company

Subscribed and sworn to before me this 30<sup>th</sup> day of December, 1998

  
Notary Public

My Commission Expires

1/13, 2002