



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

May 28, 2013

**Certified Mail #70102780000344917650**  
**Return Receipt Requested**

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

**Certified Mail #70102780000344917667**  
**Return Receipt Requested**

Mr. David Otori  
Mining and Minerals Division  
Mining Act Reclamation Program  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Messrs. Ehlert and Otori:

**Re: Release of Financial Assurance for the Historic Little Rock**  
**Mine, Permit No. GR007RE Modification No. 13-1 and DP-1236**

Freeport-McMoRan Tyrone, Inc. (Tyrone) requested a partial release of financial assurance (FA) of Permit No. GR007RE and Discharge Permit 1236 (DP-1236), under the Non-mining scenario, at the Little Rock Mine on January 15, 2013. The Mining and Mineral Division (MMD) assigned modification number 13-1 to Permit No. GR007RE for this request. In 1999, the MMD and New Mexico Environment Department (NMED) approved the Closure/Closeout Plan (CCP) for historic disturbance at the Little Rock Mine and the FA was updated and approved in 2009. In 2011, the MMD and NMED approved the current 2010 Little Rock CCP where all the reclamation measures addressed in the historic plan were also accounted for by FA, but the exploration borehole abandonment plan. The exploration borehole abandonment plan was completed by the time the CCP was approved in 2011. Therefore, Tyrone requests a partial release of FA associated with the Non-mining scenario for the Little Rock pit, Ohio Mine, borrow pits, and exploration bore holes as described in a letter to the MMD and NMED dated January 15, 2013 (See Table 1 below). The FA for reseeding and maintenance is not being requested at this time. This letter responds to comments from the MMD and the NMED in a letter dated February 11, 2013.

- 1. Please provide the permit modification application fee of \$1,000.00 within 30-days of receipt of this letter for Permit Modification 13-1.*

The application fee of \$1,000.00 for a permit modification is provided in Appendix A of this response letter.

- 2. Please provide the required proof of the publication of the public notice within 30-days of receipt of this letter. The public notice shall meet the requirements of 19.10.12.1210.A (3) NMAC.*

The proof of public notice is provided in Appendix B of this response letter.

3. *In accordance with 19.10.12.1210.A(2), the Application shall describe the reclamation or closeout measures completed. In this case, the Application shall describe the mine areas that have been mined that would have otherwise been reclaimed under the non-mining scenario. Please provide a more detailed description of the mine areas that have been mined that would have otherwise been reclaimed under the non-mining scenario, including drawings and photographs.*

*In addition, in accordance with 19.10.12.1210.A(2), the Application shall contain a detailed estimate of the cost of reclamation that has not yet been completed. Please provide a detailed cost estimate of the reclamation that has not yet been completed for the areas of the Little Rock Mine that are under the non-mining scenario.*

The following information describes the mine areas that have been mined that would have otherwise been reclaimed under the non-mining scenario. The historic disturbance at Little Rock Mine site covers a total area of approximately 63 acres and of that total area 24 acres cover the Copper Leach Stockpile, 2 acres covers the precipitation plant (P-Plant), and 37 acres covers the historic Little Rock pit (See **Appendix C Map 1**).

In the approved 2010 FA release application, Tyrone only applied and received partial release of FA for the earthwork completed for \$694,830 on the Copper Leach Stockpile and P-Plant bringing the total non-mining FA to \$1,520,113. Tyrone is now requesting the FA to include the remaining FA for Facility and Structure Removal (demolition), Earthmoving, and Other (see **Table 1 below**).

The remaining non-mining FA for this area is broken into two parts. Part One in the amount of \$353,282 is for the Copper Leach Stockpile and P-Plant demolition, earthwork, reseeding, maintenance and other items. All of Part One's facilities have been closed in accordance with the 2009 Little Rock Mine Leach Pad and Precipitation Plant Reclamation Construction Design Quality Assurance Plan. Of the \$353,282, Tyrone is requesting FA release for all, but the funds for vegetation and maintenance in the amount of \$102,888. This amount is different than the original application amount, but now accurately accounts for reclamation work completed. Part Two in the amount of \$1,166,832 is FA for the closure requirements of the historic Little Rock pit, Ohio Mine (openings and dam), borrow areas, and exploration boreholes. All of these facilities, but the exploration boreholes located outside the 2011 pit design limit boundary, are addressed under the current and approved 2010 Little Rock Mine CCP.

| <b>Table 1: Current Non-Mining FA Table</b> |                                  |                                    |                     |
|---|----------------------------------|------------------------------------|---------------------|
| <b>ITEM</b>                                 | <b>SUBTOTAL<br/>DIRECT COSTS</b> | <b>SUBTOTAL<br/>INDIRECT COSTS</b> | <b>TOTAL COSTS</b>  |
| <b>Part 1</b>                               |                                  |                                    |                     |
| Facility and Structure Removal              | \$ 59,541                        | \$ 23,578                          | \$ 83,119           |
| Earthmoving                                 | \$ 1,115                         | \$ 441                             | \$ 1,556            |
| Vegetation (no FA release requested)        | \$ 40,703                        | \$ 16,118                          | \$ 56,821           |
| O&M (no FA release requested)               | \$ 32,999                        | \$ 13,068                          | \$ 46,067           |
| Other <sup>1</sup>                          | \$ 118,709                       | \$ 47,009                          | \$ 165,718          |
| Subtotal                                    | \$ 253,066                       | \$ 100,214                         | \$ 353,281          |
| <b>Part 2</b>                               |                                  |                                    |                     |
| Ohio Mine Area                              | \$ 61,131                        | \$ 24,208                          | \$ 85,339           |
| Little Rock Pit                             | \$ 99,458                        | \$ 39,385                          | \$ 138,843          |
| Other <sup>2</sup>                          | \$ 551,478                       | \$ 218,385                         | \$ 769,863          |
| Total Earthwork                             | \$ 712,068                       | \$ 281,979                         | \$ 994,046          |
| O&M   | \$ 123,772                       | \$ 49,014                          | \$ 172,786          |
| Subtotal                                    | \$ 835,840                       | \$ 330,993                         | \$ 1,166,832        |
| <b>Grand Total</b>                          | <b>\$ 1,088,906</b>              | <b>\$ 431,207</b>                  | <b>\$ 1,520,113</b> |

<sup>1</sup>Disturbed and borrow area, fencing, BMP's, and Wildlife habitat features

<sup>2</sup>Includes: Borrow area, BMP's, abandon exploration holes, and shafts and adit closure

In 2011, prior to the startup of the Little Rock Mine, FA was provided to MMD and NMED in the amount of \$1,424,470 (see Table 2) as described in the 2010 Updated Closure/Closeout Plan for Little Rock Mine. With approval of the Updated 2010 CCP, FA is now in place for all of Part 2 facilities listed above, but the exploration boreholes located outside the current pit design limit.

The exploration boreholes located outside the current Little Rock pit design limit were abandoned in accordance with the December 2, 2010 plan. The abandonment details are described in the 2011 Little Rock Drillhole Plugging Report. The exploration boreholes located within the current pit design limit is addressed in the 2010 CCP. Appendix D includes pictures of the facilities discussed above.

Tyrone, therefore, is seeking a FA release in the amount of \$ 1,417,225 (see Table 1) which will leave FA in place for historic disturbance in the amount of \$ 102,888 and FA in the amount of 1,424,470 for current mine disturbance for a total of \$ 1,527,358 (see Table 2 below).

| Table 2: Remaining FA after Release |                       |                         |                   |
|-------------------------------------|-----------------------|-------------------------|-------------------|
| ITEM                                | SUBTOTAL DIRECT COSTS | SUBTOTAL INDIRECT COSTS | TOTAL COSTS       |
| <b>NON-MINING SCENARIO</b>          |                       |                         |                   |
| Vegetation                          | \$ 40,703             | \$ 16,118               | \$ 56,821         |
| O&M                                 | \$ 32,999             | \$ 13,068               | \$ 46,067         |
| <b>Total Non-Mining Costs</b>       | <b>\$ 73,702</b>      | <b>\$ 29,186</b>        | <b>\$ 102,888</b> |

| <b>MINING SCENARIO</b>                              |                     |                   |                     |
|---|---------------------|-------------------|---------------------|
| <b>Earthwork</b>                                    |                     |                   |                     |
| Pit Haul Roads, Fencing, & Berm                     | \$ 177,250          | \$ 70,191         | \$ 247,442          |
| Primary Haul Roads                                  | \$ 83,512           | \$ 33,071         | \$ 116,582          |
| Pit Backfill Area & Diversion Channel               | \$ 124,435          | \$ 49,276         | \$ 173,711          |
| Other Disturbed Areas <sup>1</sup>                  | \$ 168,786          | \$ 66,839         | \$ 235,625          |
| <b>Total Earthwork</b>                              | <b>\$ 553,983</b>   | <b>\$ 219,377</b> | <b>\$ 773,360</b>   |
| <b>O&amp;M</b>                                      |                     |                   |                     |
| Erosion Control and Monitoring                      | \$ 137,839          | \$ 54,584         | \$ 192,423          |
| Water Quality Monitoring and Reporting <sup>2</sup> | \$ 367,256          | \$ -              | \$ 367,256          |
| Monitoring Well Access Road Maintenance             | \$ 65,495           | \$ 25,936         | \$ 91,431           |
| <b>Total O&amp;M</b>                                | <b>\$ 570,590</b>   | <b>\$ 80,520</b>  | <b>\$ 651,110</b>   |
| <b>Total Mining Earthwork and O&amp;M</b>           | <b>\$ 1,124,573</b> | <b>\$ 299,898</b> | <b>\$ 1,424,470</b> |

| <b>FA SUMMARY TABLE</b>                       |                     |                   |                     |
|---|---------------------|-------------------|---------------------|
| <b>2013 Proposed FA Release</b>               | <b>\$ 1,088,906</b> | <b>\$ 431,207</b> | <b>\$ 1,520,113</b> |
| <b>2013 Little Rock FA remaining in Place</b> | <b>\$ 1,198,275</b> | <b>\$ 329,083</b> | <b>\$ 1,527,358</b> |

<sup>1</sup>Disturbed areas revegetation, demolition, abandon monitoring wells, exploration holes and reclaim well access roads

<sup>2</sup>Indirect costs apply only to reclamation related activities

To eliminate confusing language, Tyrone is requesting that the Non-mining scenario terminology no longer be applied once FA release is approved and in the future the reseeding and O&M be tracked under the Little Rock Mining Scenario.

Messrs. Ehlert and Ohori  
May 28, 2013  
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Tyrone appreciates your review of this information and if you have any questions, please contact Lynn Lande at 575-912-5235.

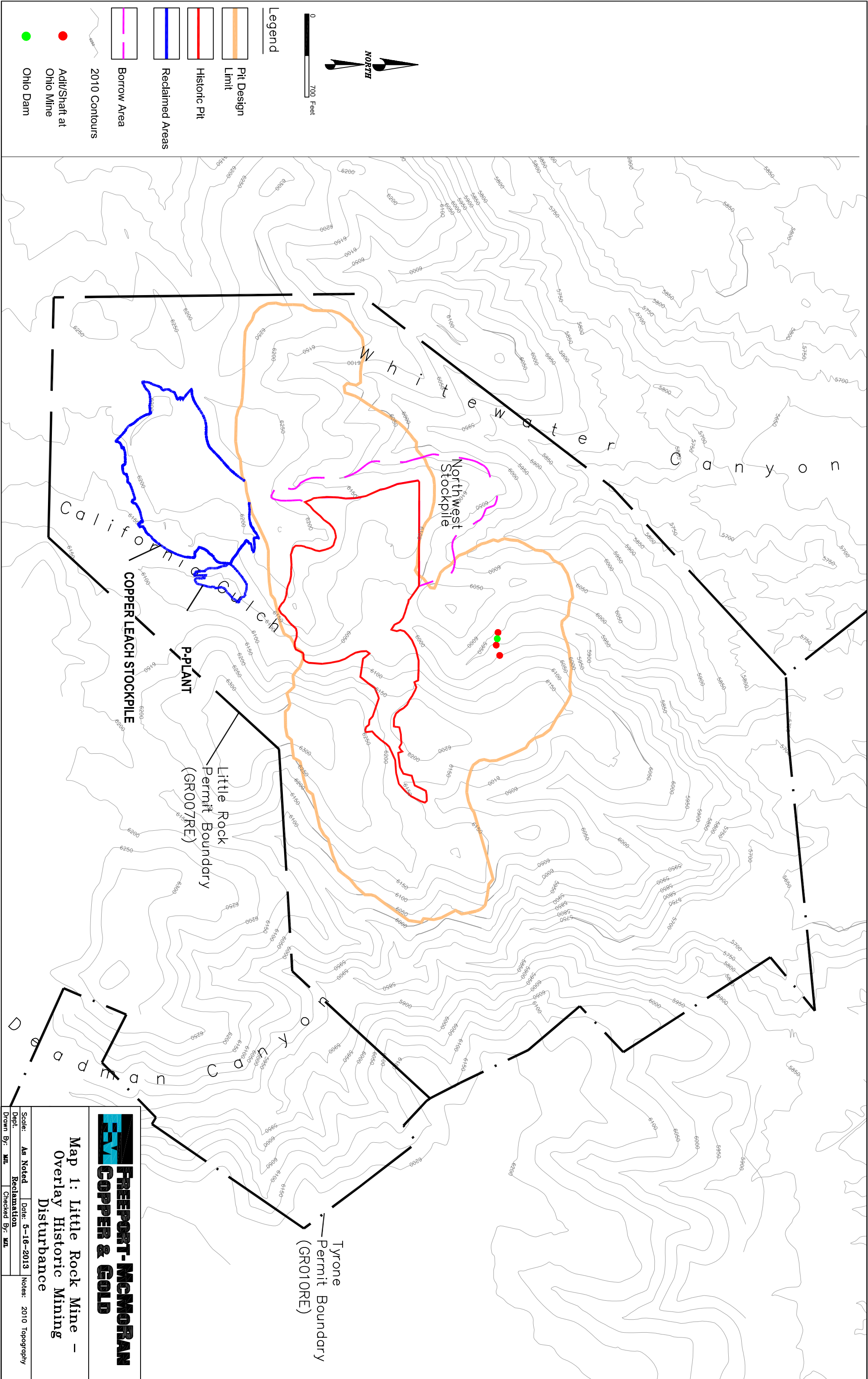
Sincerely,


*Lynn Lande*  
*FOR*

Thomas L. Shelley, Manager  
Reclamation

TLS:lal  
Attachments  
20130528-100

c: Holland Shepherd, MMD  
Fernando Martinez, MMD  
Clint Marshall, NMED w/o attachments





Map 1: Little Rock Mine – Overlay Historic Mining Disturbance

|                   |                      |                        |
|-------------------|----------------------|------------------------|
| Scale: As Noted   | Date: 5-16-2013      | Notes: 2010 Topography |
| Dept. Reclamation | Drawn By: <b>WJL</b> | Checked By: <b>WJL</b> |



Picture 1: September 10, 2008 – View Northwest - FA Part One and Part Two Copper Leach Stockpile, P-Plant, and Historic Little Rock Pit



Picture 2 - June 29, 2010 – View Northwest – FA Part One P-Plant Regraded and Covered



Picture 3: September 20, 2010 – View West - FA Part One and Part Two Copper Leach Stockpile, P-Plant, and Historic Little Rock Pit



Picture 4: November 2011 – Exploration Drill Roads that were Reclaimed



Picture 5: July 27, 2012 – View Southwest - FA Part One and Part Two Copper Leach Stockpile and Historic Little Rock Pit



Picture 6: July 27, 2012 – View West – FA Part Two Historic Little Rock Pit and Current Little Rock Pit



Picture 7: May 8, 2013 – View West - Current Little Rock Pit



Picture 8: May 16, 2013 – View Southwest - Northwest Stockpile



Picture 9: May 16, 2013 – View West - Northwest Stockpile



Picture 10: May 16, 2013 – View South - Ohio Mine and Dam Area



Picture 11: May 23, 2013 – View North – FA Part One Rock Armored Channel on Copper Leach Stockpile



Picture 12: May 23, 2013 – View East – FA Part One Fence around Copper Leach Stockpile Perimeter