

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



February 6, 2014

**Certified Mail #70102780000344919951**  
**Return Receipt Requested**

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

**Certified Mail #70102780000344919968**  
**Return Receipt Requested**

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

Dear Messrs. Ehlert and Otori:

**Re: Release of Financial Assurance for 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) for 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 a response letter dated February 11, 2013.

Tyrone responded to MMD's response letter on May 28, 2013, by providing additional information, proof of public notice, and the application fee. Two inspections of the Historic Little Rock Mine reclamation areas were conducted on June 27, 2013, and July 18, 2013, in accordance with 19.10.12.1210.B NMAC. One or more of the inspections were attended by New Mexico Environment Department (NMED), MMD, New Mexico Department of Game and Fish (NMGF) and Gila Resources Information Project (GRIP).

This letter responds to comments from the MMD, NMED, NMGF and New Mexico Office of the State Engineer (NMOSE) in a letter dated December 6, 2013. Listed below are the MMD comments and Tyrone's responses.

- 1. Condition 8.G.2 of Permit Revision 10-1 to Permit No. GR007RE requires the demolition of the Ohio Mine dam and the excavation of the sediments from the*

*bottom of the reservoir behind the dam. Plans for the closeout of the Ohio Mine dam are required to be submitted to MMD for approval at least 180 days prior to implementation. During the June 27, 2013 inspection by MMD, the Ohio Mine dam was observed to left in place. Tyrone staff commented during the inspection that the Little Rock mine plan, at that time, planned for mining out the Ohio Mine area sometime in 2016. Since the Ohio Mine Dam has not been mined out nor has it been demolished pursuant to Condition 8.G.2 of Revision 10-1, what is the basis for Tyrone's request for financial assurance release for the closeout of Ohio Mine dam?*

In 2010 prior to the Little Rock Mine being removed from standby status, Tyrone provided NMED and MMD a Closure/Closeout Plan (CCP) for the highest liability year under the Mining Scenario (which was approved by NMED and MMD in 2011). The highest liability year, under the Mining Scenario, was at the end of mine life for the Little Rock Mine, which has the Ohio Dam completely mined out.

The Ohio Dam is currently scheduled to be completely mined out in 2016. Based on the approved 2010 Little Rock CCP (Mining Scenario), if the Little Rock Mine were to shut down prior to the Ohio Dam being completely mined out, there would be excess funds available to complete full reclamation at the Little Rock Mine (which includes the Ohio Dam). The excess funds (to fully reclaim the Little Rock Mine including the Ohio Dam) would be available because the cost to complete all reclamation at the Little Rock Mine (including Ohio Dam) prior to the end of mine life would be less than the Financial Assurance (FA) in place.

- 2. During the inspection on June 27, 2013, the mine openings at the Ohio Mine area were inspected. All of the mine openings had been closed, except for one opening, identified by Tyrone staff as Adit No.1 that was in close proximity to Shaft #5. Shaft # 5 had apparently been closed by backfilling with mine rock, however, Adit No. 1 had not been completely closed. Please see the NMDG&F comment letter regarding the closing of the mine openings. In addition, please state how the requirements of Condition 8.G.1, Mine Openings, of Permit Revision 10-1 to Permit No. GR007RE have been or will be met.*

All adits and shaft at the Ohio Mine were closed in accordance with Permit GR007RE. We believe the confusion on the issue is due to Adit No. 1, which was closed by backfilling the adit, but appeared to be open when viewed from a distance; however, on closer inspection, it is completely closed in accordance to Permit GR007RE. Adit No.1 is located by the Ohio Mine and is currently scheduled to be mined out in 2016. Pictures of the closed adits and shaft are provided in Appendix A of this response letter.

- 3. During the inspection conducted on July 18, 2013, an area located near the northern portion of the reclaimed copper leach stockpile adjacent to the expanded open pit*

*highwall crest ("area of concern") was observed to have cracks in the ground surface near the highwall crest. This area of the open pit highwall is located approximately 50 feet or less from the reclaimed copper leach stockpile. NMED and*

*MMD staff expressed concern about the possible instability of the highwall in this area and the effect of a failure of the highwall on the reclaimed copper leach stockpile. The Tyrone staff at the inspection indicated that they would provide additional information including a map showing the open pit highwall and the reclaimed copper leach stockpile and a cross-sectional diagram showing the extent of the reclaimed copper leach stockpile material and the open pit highwall. In September 2013, MMD and NMED received copies of a map and a cross-sectional diagram of the area of concern. MMD and NMED staff subsequently met with Tyrone staff in October 2013 to discuss MMD's and NMED's concerns regarding the stability of the open pit highwall located in this area. Following the discussion of MMD's and NMED's concerns, NMED, MMD and Tyrone agreed that Tyrone will implement a program to monitor the area of concern and report to MMD and NMED, on a regular basis, the status of the open pit highwall crest. Based on the review of the monitoring reports, NMED and MMD may require Tyrone to submit a corrective action plan to prevent or mitigate impacts to the reclaimed copper leach stockpile from the erosion or failure of the open pit highwall. Please submit an open pit highwall monitoring plan for the area of concern within 60 days of receipt of this letter.*

Tyrone doesn't share NMED and MMD's concerns about the back break cracks. The back break cracks are a result of the blasting phase of mining and remain visible only because the rock cracked, but did not sufficiently break apart to allow the material to be mined to the bench crest.

However, to move this request forward, Tyrone proposes the following monitoring program of the back break cracks at the reclaimed Little Rock Stockpile (area of concern).

- Tyrone will perform regular visual inspections of the highwall, located directly below the back break cracks.
  - The visual inspection will be completed by Tyrone's Geomechanical Engineer or other mine personnel.
  - The visual inspections will take place for a period of one year.
- Tyrone will perform quarterly visual inspections of back break cracks (area of concern).
  - The quarterly inspection will be completed by the Tyrone Reclamation Department.
  - The inspections will take place for a period of one year if no changes are detected.

Tyrone will report the results of the back break and highwall inspections in the quarterly erosion monitoring report. If there is a significant change in the slope conditions along the highwall or area of concern at the reclaimed Little Rock Stockpile that would affect the existing reclamation, the Tyrone Reclamation Department will report the findings to the State. The proposed monitoring program is consistent with the standard practice for evaluating open pit stability conditions at Tyrone.

#### Response to NMGF Comments

The following information is in response to NMGF's comments.

- Tyrone did not request FA release for vegetation and O&M at the Little Rock Mine; as a result all FA will remain in place for these tasks.
- All of the adits and shaft have been closed at the Ohio Mine in accordance with Permit GR007RE.
- See Tyrone's response to MMD's second comment for additional information.

#### Response to NMOSE Comments

The following information is in response to NMOSE's comments.

- Tyrone closed drillholes CQ+100-38 on February 18<sup>th</sup>, 2011 and DA-54 on February 22<sup>nd</sup>, 2011 in accordance with Section 8.H.1 of Revision 10-1 to Permit GR007RE.
- The 'Little Rock Mine Exploration Drillhole Plugging Report' was submitted to NMED and MMD on May 31, 2011.
- Tyrone was not required to obtain a NMOSE permit or submit a well log for drillholes CQ+100-38 and DA-54. As a result, a point of diversion was not assigned to these drillholes by NMOSE. Tyrone will provide plugging records for the drillholes CQ+100-38 and DA-54 by February 10, 2014.

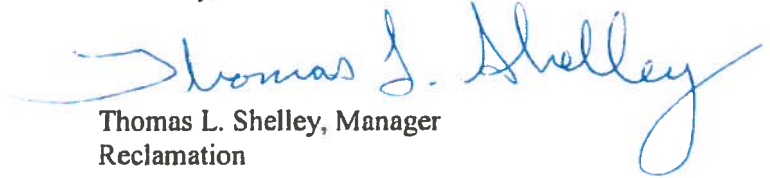
In summary, Tyrone requests FA release in the amount of \$1,417,225 for the Non-Mining Scenario which reduces the remaining FA required for that scenario to the amount of \$102,888. Since the mine is operating, we have moved to the Mining Scenario. By adding the remaining \$102,888 to the amount approved for the Mining Scenario, the new total amount of FA required to address Closure/Closeout for the Little Rock mine site is \$1,527,358.

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

Dear Messrs. Ehlert and Ohori  
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Tyrone appreciates your review of this information. Should you have questions regarding this request, please contact Lynn Lande at (575) 912 - 5235.

Sincerely,



Thomas L. Shelley, Manager  
Reclamation

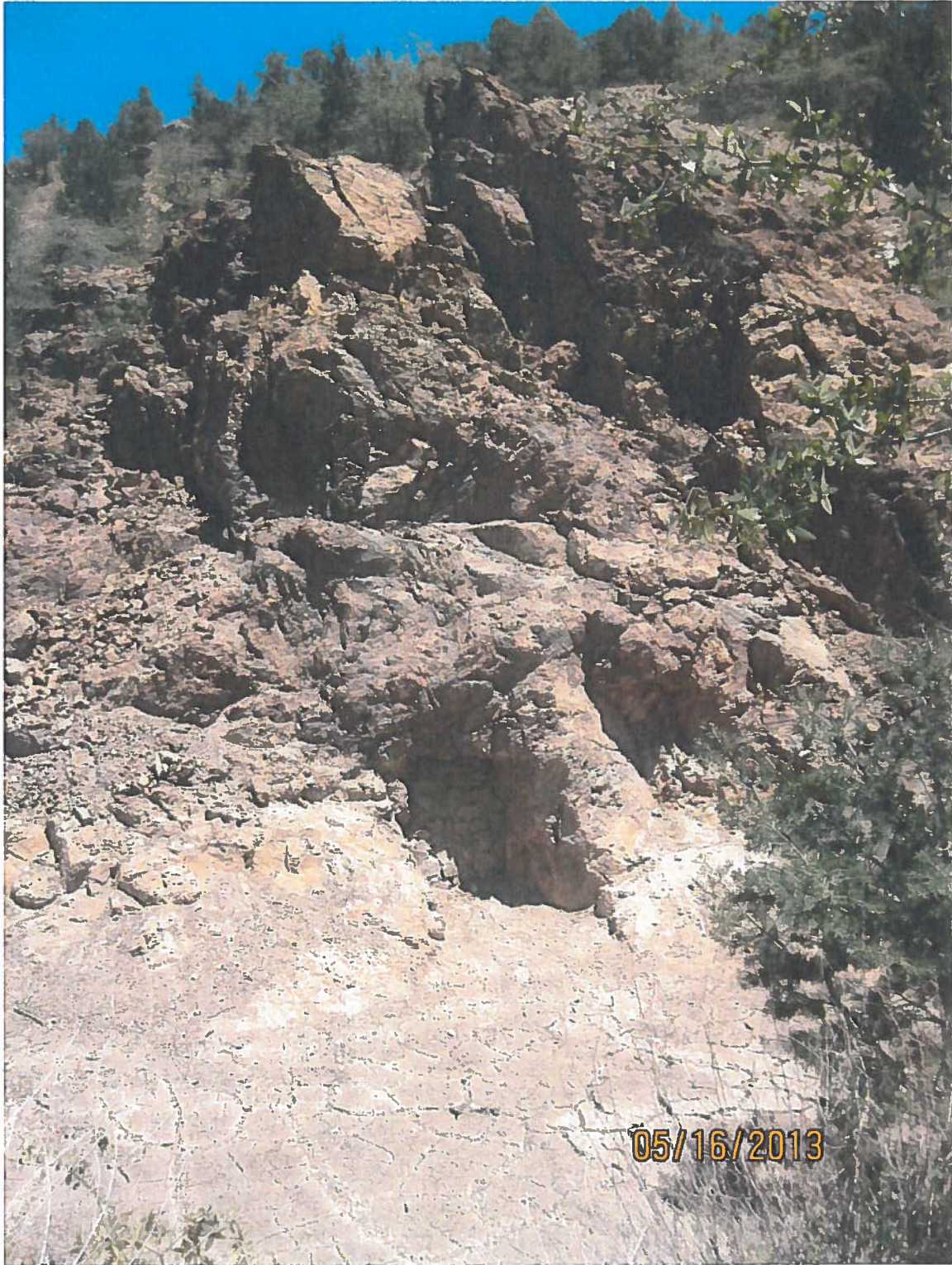
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c. George Llewellyn  
Holland Shepherd (MARP)  
Fernando Martinez  
Kurt Vollbrecht

Appendix A  
Pictures of Ohio Mine's Closed Adits and Shafts



Picture 1: Ohio Mine Closed Adit 1 and Shaft 5 – May 9, 2013



Picture 2: Ohio Mine Closed Adit 2 – May 16, 2013





Picture 3: Ohio Mine Closed Adit 3 – May 9, 2013



Picture 4: Ohio Mine Closed Adit 4 – January 9, 2014