



**Cynthia Gulde, Ph.D.**  
EMC Regulatory Manager, Questa Mine

March 20, 2020

Mr. Clint Chisler  
Mr. Holland Shepherd  
Mining and Minerals Division  
Energy, Minerals and Natural Resources Department  
Wendell Chino Building  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**RE: Financial Assurance Instruments for Modification 19-1 to Permit No. TA00IRE-Updates to Financial Assurance**

Dear Mr. Chisler and Mr. Shepherd,

In response to the letter received on January 29, 2020, Chevron Mining Inc. (CMI) is providing the following proposal for Financial Assurance (FA) Instruments to Energy, Minerals and Natural Resources Department (EMNRD), Mining and Minerals Division (MMD) and New Mexico Environment Department (NMED) approval. The FA Instruments are intended to apply to the Approved 2019 Closure amounts for the Questa Mine under Permit TA001RE.

**2019 Updated FA Calculations**

On August 28, 2019, CMI submitted a Modification 19-1 Application with updated FA spreadsheets to MMD and NMED for review. On September 17, 2019, CMI received notification that the application was administratively complete and FA amounts presented in the Mine Site and Tailing Facility Spreadsheets were approved.

Following additional discussion with MMD, CMI, MMD, and NMED agreed that the total updated FA amount for the Questa Mine is \$455,995,220. Of this amount, \$61,299,783 is currently held under a Joint FA by EPA, NMED and MMD for CERCLA projects covered by both state permits and EPA requirements (termed "Overlap Work"). The remaining amount to be held under a State only FA is \$394,695,437. As stated in the January 29, 2020 letter from Clint Chisler (MMD) to CMI, this FA amount is as follows:

Table 1: Approved FA Amounts

<b>FA Amounts</b>	<b>Amount</b>
Mine Site (NPV) Approved Amount from proposed Modification 19-1	\$359,869,956
Tailing Facility (NPV) Approved Amount from proposed Modification 19-1	\$34,825,481
Approved amount of State FA from the proposed Modification 19-1 (not including the work that is covered by both state permits and EPA requirements ("Overlap Work")):	\$394,695,437
Amount of FA for the Overlap Work as specified in Modification 16-1 to Permit No. TA00IRE:	\$61,299,783
<b>Total amount for State FA:</b>	<b>\$455,995,220</b>

**Cynthia Gulde, Ph. D.**  
Chevron EMC Project Manager  
Questa Mine  
354 State Highway 38, Questa, NM 87556-0469  
Tel 303-930-4116 Mobile 832-586-5984 Fax 575 586 0811  
cgulde@chevron.com

### **Proposed FA Instruments**

Based on the MMD letter and the table above, the amount to be included under the State Only FA is \$394,695,437. CMI proposes the following FA Instruments for the Questa Mine (Includes the mine site and tailing facility) for the State FA amounts.

Table 2. Proposed FA Instruments

<b>Instrument</b>	<b>Current Amount</b>	<b>Proposed Amount</b>
<b>3<sup>rd</sup> Party Guarantee</b>	\$200,754,376	\$280,696,632
<b>Letter of Credit</b>	\$66,000,000	\$113,998,805
<b>TOTAL</b>	\$266,754,376	\$394,695,437

CMI proposes to modify the existing FA amount for the Third-Party Guarantee and the Letter of Credit shown in the "Proposed Amount" column of the table above once approved by the agencies. Chevron will provide documents to revise the Third-Party Guarantee and Letter of Credit within 15 days of receipt of the Agencies' approval of the Proposed Amount and FA Instruments.

If you have any questions or need additional information, please contact me at 832-586-5984 or Kathy Trujillo, Senior Financial Analyst, Chevron Environmental Management Company at 925-842-5477.

Sincerely,



Cynthia Gulde  
EMC Project Manager

Cc:

Anne Maurer, NMED  
Jon Wallace, CEMC  
Kathy Trujillo, CEMC