

## **MINING UPDATE: ACTIVITY PICKS UP, TYRONE APPEAL SETTLEMENT... AND MUCH MORE**

by Sally Smith, Director, Responsible Mining Program

As monsoon season approaches in this year of little-to-no moisture, you can bet the Freeport-McMoRan Copper & Gold (FMI) folks are wishing for rain more than the rest of us are. With thousands of acres reclaimed in the last few years — some just seeded and others already developing into what are mandated by the New Mexico Mining Act (NMMA) to become self-sustaining ecosystems — rain is critical. But wet or dry, **reclamation work** continues. It is now focused primarily on the older Chino Mine tailings south of Hurley and to a lesser extent at the Tyrone Mine. Reclamation is also underway as part of the ongoing closure of some smaller sites owned by FMI around the Chino and Cobre mines.

According to recent reports, FMI is seeing **higher prices** for its copper, gold, and molybdenum. Company revenue surged 31 percent to \$5.71 billion during the first quarter of 2011, earning FMI \$1.5-billion, or \$1.57 per share. In late April its stock price traded at about \$55 per share. Such earnings make it an ideal time for FMI to reduce its liabilities by completing state-required reclamation for protection of ground and surface water resources, to prevent acid drainage from mines, to mitigate erosion and wind-blown particulate, and to recreate habitat for flora and fauna over thousands of disturbed acres. Most of FMI's reclamation is selected for wildlife habitat as a Post Mining Land Use (PMLU), with some areas designated industrial after closure of the mines under the NMMA. FMI has learned a great deal about regrading, covering, and seeding, but time, weather, and wildlife will be the ultimate test of its work and knowledge.

The **Chino Mine** is running again, although not quite at full force and with some specialists yet to be hired. The concentrator is expected to begin operating by May first. Tailing material will again flow down recently inspected and/or replaced pipelines from the north site down to Tailing Pond 7, south of Hurley on Highway 180. Ore is hauled currently from the Santa Rita pit by about a dozen big trucks, with 20 or more such vehicles slated for delivery.

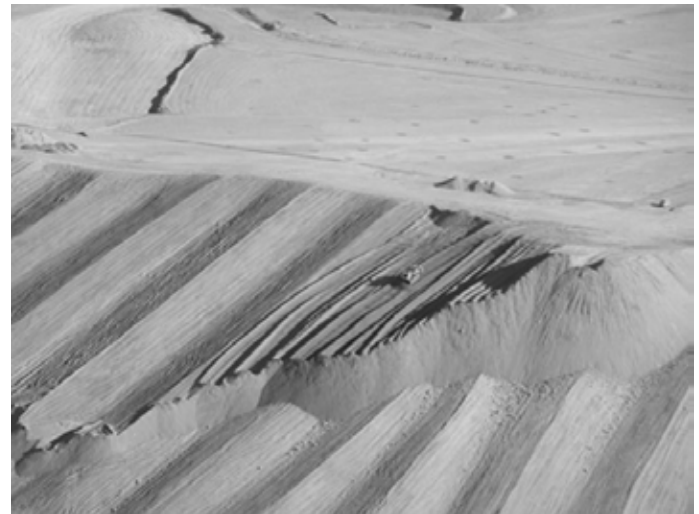
In the last newsletter I improperly described the **Administrative Order on Consent** (AOC) — the Superfund-like cleanup of historic waste around Chino Mine — as being in its thirteenth year. This is actually the *sixteenth* year and the prediction is that it will take five *more* years for this technical ordeal to be over in order to clean up the more than 55-square-mile site. Current waste-related investigations continue on the Smelter/Tailings, Hanover/Whitewater Creek, and Lampbright Investigative Units. NMED and FMI settled on pre-Feasibility Study (FS) Remedial Action Criteria (RAC) numbers to be used as target risk for the Smelter/Tailings Soils Investigative Unit after FMI invoked a dispute resolution process. Final RAC levels will be developed and established in the Decision Document and be based on the investigation, FS, soil and biotic monitoring, and other factors. Interested in helping with such waste-related investigations? Call the GRIP office and we can fill you in on what's needed.

The **Cobre/Chino Mine Plan of Operation** (MPO) was submitted at the end of April to the Bureau of Land Management for review. The preferred plan would involve a haul road east of Hanover Creek from the Cobre Mine to the Chino Mine. The approval of the MPO may involve some exchange of lands, with small and isolated portions of BLM acreage exchanged for selected property

owned by FMI. The **haul road** is expected to be 120 feet wide in order to accommodate 270-ton trucks traveling to Chino, most likely via an overpass across Highway 152. This road would run along the east side of Hanover Creek — where an old roadbed still can be seen — and behind a ridge toward the Chino Lampbright leach piles. It would facilitate the processing of ore removed from Hanover Mountain and eventually from the Cobre open pit. As many as 200 trucks will travel the road on a 24-hour-a-day, seven-days-a-week basis, with an average of 100 to 125 trips per day expected over a 10-year period. The permitting and Environmental Impact Statement process, plus the potential land exchange, are expected to take as many as five years before mining starts again at Cobre.

Meanwhile, about one million tons of **magnetite piled at Cobre Mine** has been sold. It will most likely be hauled by rail from the mine to Deming and on to its final destination, which could well be China. This transport could begin as soon as railroad repair work is completed in August. Three round-trips, involving an estimated 2,500 tons per day, could continue for two-to-three years before removal is complete.

The **Tyrone Mine** is doing some hiring and remains involved in several permitting issues. The operation seeks a waiver from its current Mining and Minerals Division (MMD) Closure/Closeout Plan that would release Tyrone from reclaiming and establishing a self-sustaining ecosystem on 1,833 acres within the perimeter of the open pit. The total disturbed area is 5,021 acres, leaving 3,188 acres (or 63 percent) to be reclaimed. These figures do not include the roughly 3,000 acres of tailing, stockpile and other facilities that have been reclaimed already at Tyrone. A hearing date



RESTORATION CONTINUES AT THE TYRONE MINE AND ELSEWHERE. (GRIP PHOTO)

for this waiver has not yet been set. Tyrone will also be requesting a variance to use the Savanna Pit as a leach dump.

After more than a year of negotiation, NMED and FMI reached a **Settlement Agreement over the Tyrone Appeal** of its closure/reclamation discharge permit 1341. GRIP participated in the talks but did not sign on to the agreement as it would have barred GRIP from participating in future decisions regarding this permit, along with other procedural processes. Also, certain elements of the Settlement Agreement may be reflected in NMED's future development of specific regulations related to FMI copper mine water quality rules.

The legislatively mandated development of copper regulations for FMI's New Mexico mines are lagging behind schedule.

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