



Freeport-McMoRan Chino Mines Company
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April 28, 2015

Certified Mail #70142120000248986769
Return Receipt Requested

Trais Kliphuis, Director
New Mexico Environment Department
Water Protection Division
P.O. Box 5469
Santa Fe, New Mexico 87502

Dear Ms. Kliphuis:

Re: Chino AOC Quarterly Report, First Quarter 2015

This Administrative Order on Consent (AOC) Quarterly Report documents activities performed during the reporting period from January 1 through March 31, 2015. The report is submitted and organized as outlined in Article IX, Section E of the AOC between the New Mexico Environment Department (NMED) and Freeport-McMoRan Chino Mines Company (Chino). Chino also submits a copy of this report to the New Mexico Energy, Mineral and Natural Resources Department, Mining and Minerals Division (MMD), per its request.

AOC Activities

During the first quarter of 2015, the following major activities occurred:

- Chino submitted an addendum to the 2008 Hurley Soils Investigation Unit IRA Completion Report documenting the 2014 soil remediation of five residential sites.
- Chino submitted a revised *Expedited Use Attainability Analysis: Application of NMED Hydrology Protocol to Smelter Tailing Soil Investigation Unit (STS IU) Drainages* to NMED.
- Chino performed quarterly post-reclamation and remedial monitoring of the Groundhog Mine Site and the Historic Small Stockpiles under the Hanover/Whitewater Creeks Investigation Unit (HWC IU).
- Chino performed quarterly post-remediation monitoring of the Hurley Railroad Site under the STS IU.
- The CWG met in January and March of 2015. Chino provided a general review of the AOC and the STS IU.
- The AOC Technical Group participated in conference calls on January 30th, February 27th, and March 27th to review the AOC monthly progress.

Hanover/Whitewater Creeks Investigation Unit

Following approval by NMED of the completion report for the Interim Remedial Action (IRA) at the Groundhog Mine Site, Chino has performed quarterly post-reclamation water quality, erosion, and vegetation monitoring of the site since 2009. Chino submitted an addendum to the 2009 *Groundhog IRA Completion Report* for the remediation of the old pipeline corridor in 2011. Chino performed the annual vegetation survey in September 2014 and submitted the Groundhog Mine Site annual monitoring report on October 31, 2014 to NMED.

Chino continues to perform quarterly post-reclamation water quality, erosion, and vegetation monitoring of the historical Osceolla, CB Bell, and Tenderfoot mine sites following approval by NMED of the IRA completion report.

These survey results are included in the Groundhog Mine Site annual monitoring reports. Following Chino's submittal of the Star Rock Stockpile IRA Completion Report as part of the Historic Small Stockpiles earlier in 2011, the site is now also included in the quarterly monitoring program.

MMD has approved extension requests by Chino under Permit GR009RE for the Lucky Bill Groundhog Mine No. 5 site for completion of reclamation activities. Chino submitted an additional extension request to MMD on May 21, 2014 proposing to move the date for completion of closeout plan activities to June 2018. The MMD provided an approval permit of Modification 14-1 to Revision 01-1, Permit GR009RE in a letter dated September 18, 2014. This extension period is necessary for Chino to sequence the MMD reclamation process with the AOC. Furthermore, Chino has attempted to collect stockpile seepage since 2011 in response to NMED's request that Chino demonstrate that the seepage meet applicable groundwater quality standards. However due to multiple years of less than average precipitation and an inadequate seepage collection system design, Chino proposed an improved plan to monitor seepage. Following a February 2014 site visit by the Technical Group and MMD, Chino submitted the *Groundhog No. 5 Stockpile Draft Work Plan for Additional Characterization and Controls for the HWC IU* in early June. NMED approved the workplan in a letter dated June 25, 2014. Chino installed the new seepage collection system in June 2014. Chino has since collected water samples from the collection system in September 2014 and February 2015, both dates following a series of high precipitation systems. Chino anticipates submitting a report on the results during the second quarter of 2015.

The NMED completed and provided the revised *Draft Ecological Risk Assessment* (ERA) report to Chino and the public for review in 2012. NMED presented the draft ERA at the January 21, 2014 Community Work Group (CWG) meeting. NMED provided a revised ERA report to the administrative record on April 20, 2015. Revisions to the report are in response to comments received from Chino and other stakeholders. Chino anticipates providing comments on the revised report by May 19, 2015.

Hurley Soils Investigation Unit

During 2013 and 2014, Chino and NMED in partnership with EPA continued the community outreach program to the eleven home owners in Hurley to determine renewed interest in participating in the yard remediation action. These eleven residences declined to participate in either the soil sampling or soil remediation program during the interim remedial action conducted in 2006 and 2007. Chino performed remediation at five of these residences in 2014 due to renewed interest from home owners. Chino presented the 2014 yard remediation project to the CWG at the September 16, 2014 meeting. Chino submitted the *Hurley Soils IU Completion Report Addendum* for the five residences to NMED on January 6, 2015. NMED anticipates approving the completion report during the second quarter of 2015. Chino provided the annual health advisory to the remaining 6 home owners and the adjacent properties owners during the month of April 2015.

Lampbright Investigation Unit

The NMED provided the *Draft LIU Ecological Risk Assessment* to Chino for informal review and comment in early 2013. NMED provided a revised Draft ERA to Chino in February 2014. Chino provided comments on the draft via email on April 11, 2014. NMED anticipates responding to these comments and providing the final report to Chino and the public for review during the second quarter of 2015.

Smelter Tailings Soil Investigation Unit

Chino submitted a 5 year monitoring report to NMED and received their approval of the *Vegetation Monitoring Report for the Golf Course Interim Remedial Action, STS IU* during the spring of 2014. Chino also submitted a supplemental completion report following a second phase of the Golf Course IRA which addressed an additional 30 acres of impacted soils in the vicinity of the Hurley railroad area in 2013. As documented in this completion report, Chino is conducting quarterly post-remediation erosion and vegetation monitoring. These survey results will be submitted to NMED in a cumulative vegetation survey report after five years of monitoring, expected in 2017.

During 2013, Chino removed approximately 85 acres of copper impacted soils from Razorback Ridge and in March 2014 removed approximately 20 additional acres from the hillside slope to the east of Razorback Ridge as part of the Lake One Closure Project. Reseeding of the remaining acres will occur in April 2015. The excavated soils were used as fill material for the Lake One Closure Project. Chino provided a draft completion

report in the first quarter of 2015 to NMED for informal review. Chino also gave a presentation on the report to the CWG in January. Chino anticipates submitting the finalized completion report during the second quarter of 2015.

Historical tailings material located in the Apache Tejo drainage was incorporated into the STS IU by NMED in 2009. NMED requested that Chino submit an IRA work plan for Apache Tejo drainage system. Chino plans to submit a survey report and work plan after addressing site access issues.

The STS IU Pre-Feasibility Study Remedial Action Criteria (RAC) were established by NMED in letters dated September 16, 2010, and March 2, 2011. The following summarizes the activities that occurred in response to this letter:

- Following submittal of a draft feasibility study (FS) work plan in late 2010, Chino finalized the FS work plan (proposal) in third quarter 2011. The following activities for the FS process occurred:
 - Chino completed survey and soil sampling requirements per the FS Appendix A and B field sampling plan in late 2011.
 - Following the evaluation of the data resulting from the 2011 sampling programs, Chino developed a *Draft Phytotoxicity and Vegetation Community Study Work Plan* to conduct seed collection and soil sampling/collection field events in 2013.
 - Chino submitted the finalized *Phytotoxicity and Vegetation Community Study Work Plan* to NMED and received conditional approval in March 2014.
 - Chino conducted additional seed collection and vegetation survey field events during September 2014. The generation of lab data under this study is ongoing and the study report is expected to be completed by third quarter of 2015.
 - Chino anticipates submitting the draft FS report in early 2016, following incorporation of phytotoxicity study results, as well as the pending five year monitoring reports for the amendment study and the white rain monitoring study.
- As part of the process to address RAC for surface water, Chino submitted two work plans in 2011: 1) *Application of the Hydrology Protocol to STS IU Drainages*; and 2) *Use Attainability for Stock Tanks*.
 - Chino performed field work for both of the plans in 2011 and submitted the sampling results in the *Expedited Use Attainability Analysis (UAA): Application of NMED Hydrology Protocol to STS IU Drainages* in 2012 to NMED Surface Water Quality Bureau (SWQB).
 - Chino revised the UAA based on comments received by SWQB from the public notice and resubmitted the HP report in May 2013.
 - The NMED SWQB submitted, pursuant to Subsection C, 20.6.4.15 NMAC, a request to the EPA for technical approval of the UAA in a letter dated June 26, 2013.
 - EPA responded to SWQB in a letter dated June 26, 2014, providing comments on the HP Report. EPA requested additional information to be added to the HP Report. In coordination with SWQB Chino submitted a revised the HP Report with responses to comments to SWQB via email on October 24, 2014. Chino participated on a teleconference and webinar with EPA and NMED on January 16, 2015 to address EPA comments and questions on the HP report.
 - SWQB petitioned the NM Water Quality Control Commission (WQCC) to accept the proposed UAA, in advance of the Triennial Review hearing scheduled for June 2015.
 - NMED commented on the *Use Attainability Analysis for Stock Tanks Work Plan* in a Notice of Disapproval letter dated June 30, 2011. Chino plans to respond to the comments when presenting the sampling results to the NMED in 2015.
- Additionally, in support of the process to address RAC for surface water, Chino submitted for review to the NMED SWQB the *Development of Site-Specific Copper Criteria Work Plan for the STS IU* in 2011.
 - Chino performed the two phases of surface water sampling during 2011 under the approved copper criteria adjustment work plan.
 - Chino submitted a finalized interim report on the *Development of Site-Specific Aquatic Life Criteria for Copper in STSIU Drainages* study to SWQB in April 2013.

- Chino submitted the Revised *Site-Specific Copper Toxicity Model Report* to the SWQB on October 1, 2013.
- In an email communication dated October 31, 2013, SWQB agreed with the revisions to the model report and that site specific criteria could be supported by this work.
- Chino presented the *Site-Specific Copper Toxicity Model Report* to the CWG on September 16, 2014.
- Chino filed a Petition to Amend the Surface Water Quality Standards (20.6.4 NMAC) and Request For Hearing with the WQCC on September 30, 2014.
- Chino filed testimonies supporting the Site-Specific Copper criteria petition with the WQCC on December 12, 2014, in advance of the Triennial Review hearing scheduled for June 2015.

Chino completed the five year phase of bi-annual sampling and monitoring of the pilot amendment study area in October 2013. The current activities associated with the study include:

- Chino conducted the fifth year of monitoring and bi-annual soil sampling in 2013, as well as the five year vegetation survey.
- The annual monitoring data were combined under the five year data analysis report titled *Year 5 Monitoring Report for STS IU Amendment Study Plots*, which was submitted to NMED in October 2014 for informal review. Chino anticipates submittal of the report in the second quarter of 2015.

As part of the amendment study process, Chino developed a work plan to monitor the effects to soil pH following its *White Rain Technical Memorandum* report that documented changes in the pH of the soils plots caused by a natural event that occurred in January 2008. NMED approved the "*White Rain*" *Soil pH Monitoring Plan* in July 2010. The current activities associated with the study are as follows:

- Following the fall sampling in 2013, Chino submitted the Year 4 Report on May 28, 2014, which was approved by NMED on June 24, 2014.
- The fifth year soil sampling of this five year study was performed during in November 2014.
- Chino anticipates submitting the annual monitoring data combined with the five year review report in second quarter of 2015.

Community Relations

The Community Work Group met on January 20, 2015 and March 17, 2015.

Next Quarter's Scheduled Activities

The following work and activities are projected for the second quarter of 2015:

- Mail the annual Health Advisory to the owner of the remaining 6 residential yards requiring soil remediation and adjacent property owners under the Hurley Soils IU.
- Submit the *Year 5 Monitoring Report for STS IU Amendment Study Plots*, which combines the October 2013 vegetation survey completing the five year review requirement and the annual soil sampling results.
- Submit a supplemental STS IU IRA completion report to document the remediation of the Razorback Ridge area.
- Submit the *Year 5 pH Monitoring Report for the STS IU*, which combines the annual soil sampling results and the final report; an analysis and summary of the 5 years of monitoring data.
- Submit the revised *Ecological Risk Assessment* for the HWC IU for Chino and public review.
- Submit the revised *Draft Ecological Risk Assessment* for the Lampbright IU for Chino and public review.
- Perform quarterly post-remediation monitoring of the Hurley Railroad Site under the STS IU.
- Perform quarterly post-reclamation and remedial monitoring of the Groundhog Mine Site and the Historic Small Stockpile sites for the HWC IU.
- The AOC Technical Group will meet monthly.
- The CWG will meet May 19th.

Personnel Changes

Mr. Matthew Schultz provided notice in December resigning his position as NMED's AOC manager on January 9, 2015. NMED anticipates filling this vacancy by the second quarter of 2015.

Problems and Solutions

There were no problems that adversely affected the AOC this quarter.

Please contact Ned Hall at (520) 393-2292 with any questions or comments concerning this report.

Sincerely,



for:

Sherry Burt-Kested, Manager
Environmental Services

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