STATE OF NEW MEXICO
BEFORE THE WATER QUALITY CONTROL COMMISSION

In the Matter of:	)	
PROPOSED AMENDMENT TO 20.6.2 NMAC (Copper Rule)	)	No. WQCC 12-01(R)

EXHIBIT SHELLEY – 4

20050318-005

State of New Mexico
ENVIRONMENT DEPARTMENT
Ground Water Quality Bureau
Harold Runnels Building
1190 St. Francis Drive, P.O. Box 26110
Santa Fe, New Mexico 87502-6110
(505) 827-2918 phone
(505) 827-2965 fax

BILL RICHARDSON
GOVERNOR

RON CURRY
SECRETARY

DERRITH WATCHMAN-MOORE
DEPUTY SECRETARY

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

RECEIVED
DEC 14 2004

December 10, 2004

Richard Mohr, General Manager
Chino Mines Company
210 Cortez St.
Hurley, NM 88043

RE: Supplemental Discharge Permit for Closure, DP-1403

Dear Mr. Mohr:

The New Mexico Environment Department (NMED) issues the enclosed Discharge Permit, DP-1403 to Cobre Mining Company pursuant to the New Mexico Water Quality Act (WQA), NMSA 1978 §§74-6-1 through 74-6-17, and the New Mexico Water Quality Control Commission (WQCC) Regulations, 20.6.2 NMAC.

The Discharge Permit contains terms and conditions that shall be complied with by Cobre Mining Company and are enforceable by NMED pursuant to WQCC 20.6.2.3104, WQA, NMSA 1978 §74-6-5 and §74-6-10. Issuance of this Discharge Permit does not relieve Cobre Mining Company of its responsibility to comply with the WQA, WQCC Regulations, any other applicable federal, state and/or local laws and regulations, such as zoning requirements and nuisance ordinances.

Pursuant to 20.6.2.3109.H.4 NMAC, the term of the Discharge Permit shall be five years from the date of issuance and will expire on **December 10, 2009**. You must submit an application for renewal at least 120 days before the permit expiration date.

Sincerely,

William C. Olson
Chief, Ground Water Quality Bureau
New Mexico Environment Department

enc:
1) Discharge Permit

xc: William Van Dran, CEGEP (1)
Harry Browne, GRIP (1)
Karen Garcia, MMD (1)
District III Office, Las Cruces (1)
NMED Silver City Field Office (1)
Mary Ann Menetrey, Program Manager, MECS-GWQB (1)
Administrative Record Files: DP-1403 (1)

SUPPLEMENTAL DISCHARGE PERMIT FOR CLOSURE
DP-1403
Cobre Mining Company, Continental Mine
December 10, 2004

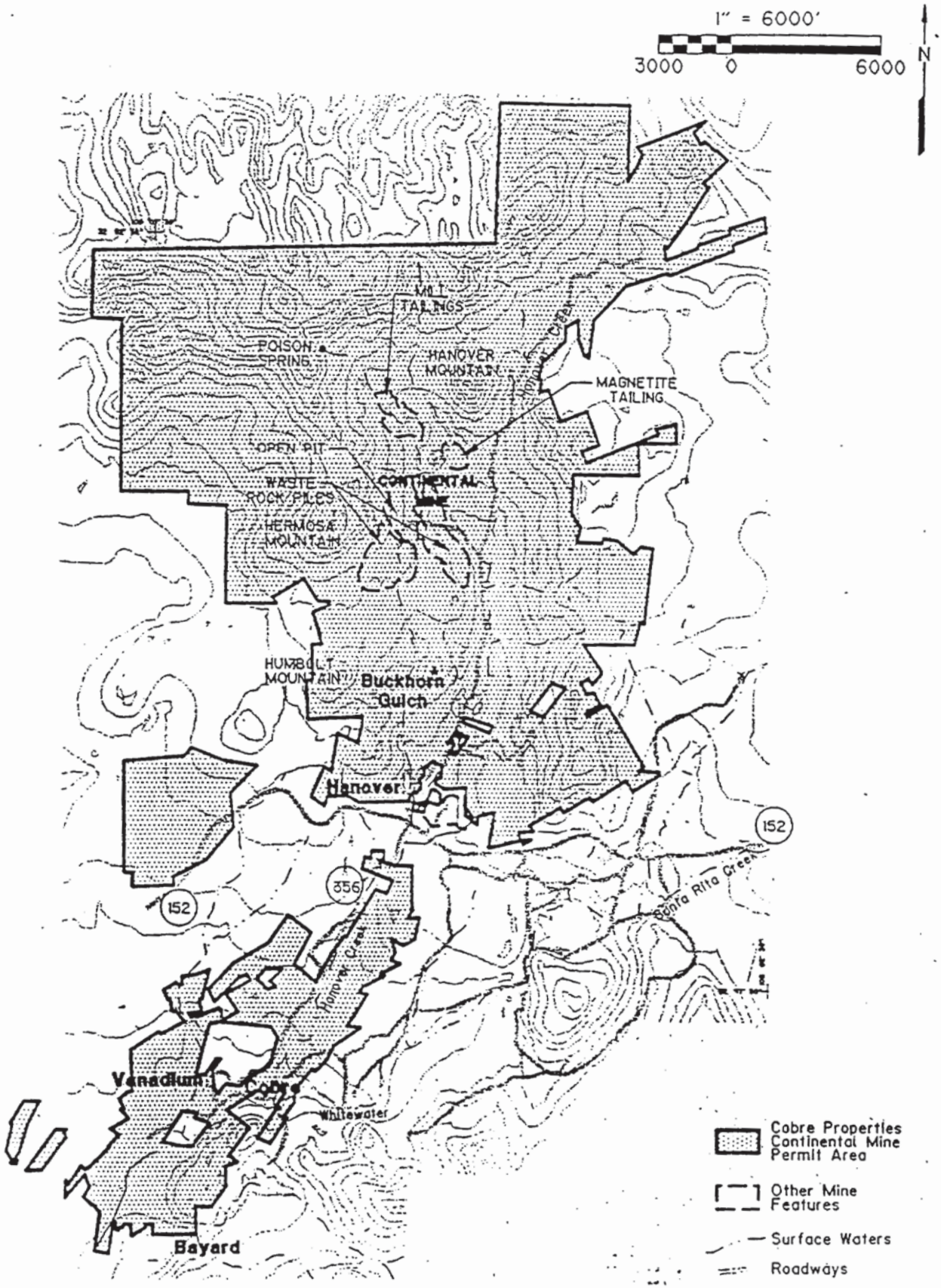
I. INTRODUCTION

The New Mexico Environment Department (NMED) issues this Supplemental Discharge Permit, DP-1403, (Supplemental Discharge Permit) to Cobre Mining Company (Cobre) pursuant to the New Mexico Water Quality Act (WQA), NMSA 1978 §§ 74-6-1 through 74-6-17 as amended, and the New Mexico Water Quality Control Commission (WQCC) Regulations, 20.6.2 NMAC. This Supplemental Discharge Permit contains the closure requirements addressing Cobre's discharges of contaminants that may move directly or indirectly into ground water from the Continental Pit, Tailing Impoundments, Waste Rock Piles, Fierro Leach Pad and associated facilities at its copper mine and mill, in Grant County, New Mexico (the Continental Mine Facility). NMED has previously issued two individual discharge permits to Cobre under the WQA for discharges from the Continental Mine Facility, DP-181 and DP-1056 (Operational Discharge Permits). The Operational Discharge Permits contain conditions regulating discharges that may move directly or indirectly into ground water during the operation of the Continental Mine Facility. This Supplemental Discharge Permit, DP-1403, supplements each of the Operational Discharge Permits and contains conditions necessary to prevent the exceedance of standards of Section 20.6.2.3103 NMAC or the presence of a toxic pollutant in ground water after Cessation of Operations and conditions necessary to ensure abatement of ground water contamination.

The purpose of this Supplemental Discharge Permit, and the requirements and conditions specified herein, is to establish a closure plan to address the discharge of water contaminants from the Continental Mine Facility into ground and surface water following Cessation of Operation. It is designed to protect ground and surface water for actual and potential future use as domestic and agricultural water supply and other uses, and to abate pollution of ground water and surface water at the Continental Mine Facility.

Continental Mine Facility Description:

The Continental Mine Facility encompasses approximately 600 acres and is located north of the town of Hanover at the north end of State Highway 356, which is approximately 10 miles northeast of Silver City in Grant County, New Mexico. The facility is located in Sections 3, 4, 5, 8, 9, 10, 15, 16, 17, 19, 20, 21, 22, 28, 29, 30, 31, and 32, Township 17 South, Range 12 West, Grant County, New Mexico (Figure 1).
The Continental Mine Facility includes the Hanover-Empire Zinc Mine Area; Pearson-Barnes Mine Area; Continental Pit; several Waste Rock Piles; the Main Tailing



COBRE MINING COMPANY - CONTINENTAL MINE

PERMIT AREA

Figure 1

Impoundment; the Magnetite Tailing Impoundment; the Crusher, No. 1 and No. 2 Mills, and concentrator facilities; underground mining facilities; seepage interception systems; storm water detention impoundments; a maintenance area; and the proposed Hanover Mountain Mine, SX/EW plant, Humboldt and Fierro Leach Pads, and North Waste Rock Pile (Figure 2 and Figure 3).

The specific areas are described below:

Hanover-Empire Zinc Mine Area: The Hanover-Empire Zinc Area is located south of the South Waste Rock Pile Disposal Facility adjacent to the Buckhorn Gulch and contains several waste rock piles as well as several small open pits containing pit lakes.

Pearson-Barnes Mine Area: The Pearson-Barnes Mine Area is located southwest of the Continental Pit. It was historically mined for zinc by underground methods during the 1920's. It was abandoned then later reactivated in the 1940's through 1950's. The Pearson-Barnes Mine Area also includes a former heap leach stockpile that was leached during historic mine operations.

Continental Pit: The Continental Pit is located east of Hermosa Mountain and south of the Main Tailing Impoundment. Currently, the Continental Pit occupies approximately 130 acres and is approximately 500 feet deep. From April 1999 through September 2004 the Continental Pit was not mined. Precipitation and runoff that reach the pit bottom may evaporate and/or flow into the underground workings.

Waste Rock Piles: The South Waste Rock Disposal Facility includes four contiguous Waste Rock Piles, the East, West, Buckhorn, and Union Hill, which together cover approximately 215 acres. Additionally, Cobre proposes to locate the North Waste Rock Pile (a.k.a. Poison Springs Waste Rock Pile) north and east of the Main Tailing Impoundment. The East Waste Rock Pile is located southeast of the Continental Pit and is due east of the Union Hill Waste Rock Pile. Presently, the East Waste Rock Pile covers approximately 60 acres. The East Waste Rock Pile received waste rock from the Continental Pit from 1967 to 1999 and was expanded southeastward. The West Waste Rock Pile is located south-southwest of the Continental Pit. Presently, the West Waste Rock Pile covers an area of approximately 40 acres. Associated with the West Waste Rock Pile are the North and South Overburden Stockpiles. Southwest and northeast of the Pearson-Barnes mine are the South and North Overburden (Overburden) Waste Rock Piles, respectively, which contain predominantly Colorado Formation sediments from the expansion of the Continental Pit. Materials from the No. 1 shaft were placed on the Overburden Waste Rock Piles before 1967 but were later removed to accommodate Continental Pit expansions in 1974 and 1978. Material from the Continental Pit was disposed of on the Overburden Waste Rock Piles from 1978 to 1981. The Buckhorn Waste Rock Pile is due south of the Continental Pit and covers approximately 20 acres. The Buckhorn Waste Rock Pile started receiving waste rock in 1993. The Union Hill Waste Rock Pile is located south of the Continental Pit crest and the west flank of Union

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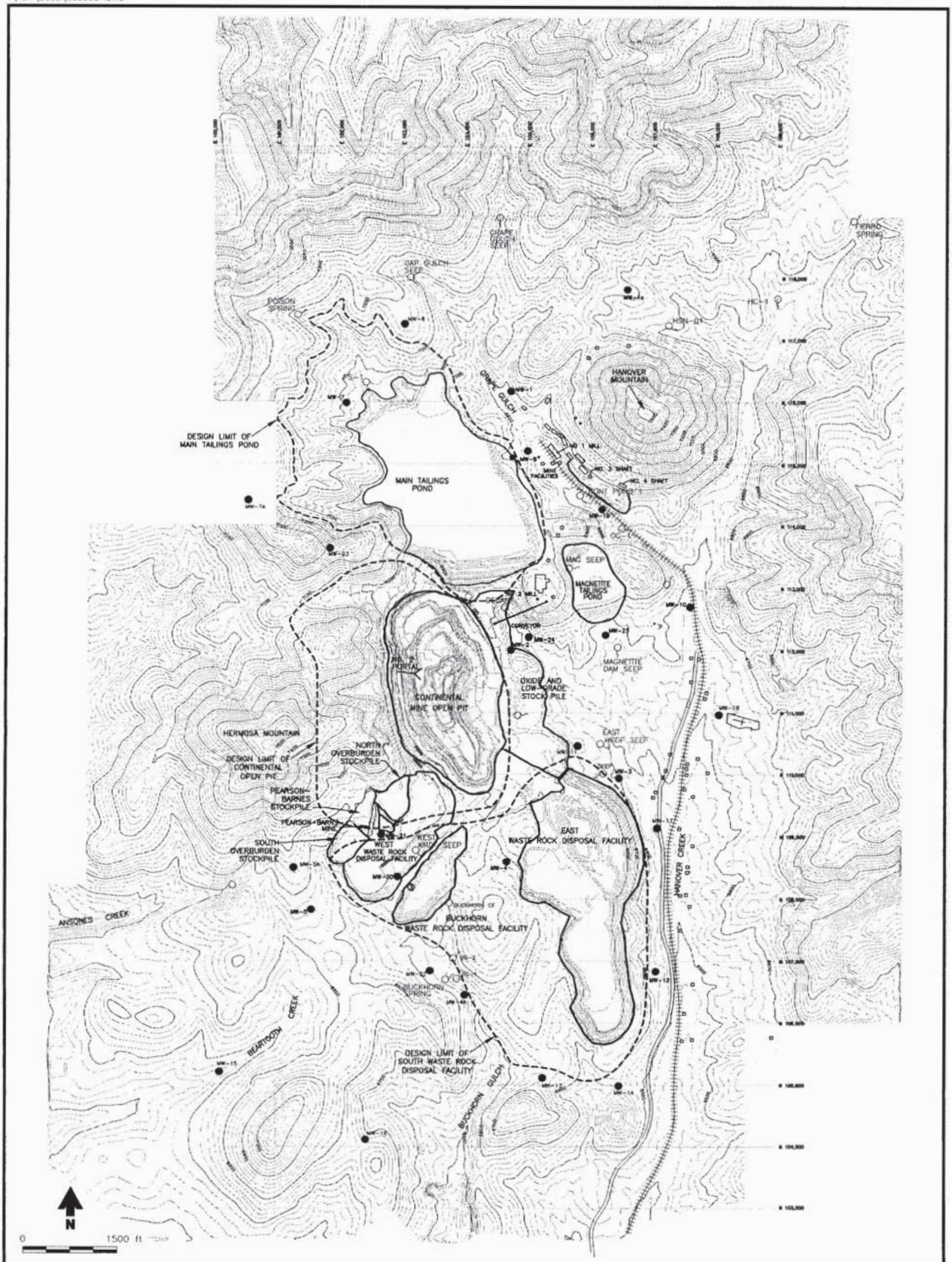

Explanation

- Existing wells DP-181, DP-1056
- Proposed wells DP-181, DP-1056
- Springs and seeps
- Existing limit of facility
- Design limit of facility
- Portal to underground workings (in open pit)
- Mine grid
- Topographic contour (20 ft contour interval)

Surface water sampling locations:
BG-1: Buckhorn Gulch-1
BG-2: Buckhorn Gulch-2
Buckhorn CF: Buckhorn Containment Facility
Cont Pond 1: Containment Pond 1
East WRDF Seep: East Waste Rock Disposal Facility Containment Pond
Pond: Effluent to the Main Tailings Pond
GG-1: Grape Gulch 1
HC-1: Hanover Creek-Fierro Spring
Mag Seep: Magnetite Pond Seep Containment Facility
PS-1: Poison Spring - 1
Decant: Tailings Pond Decant

Figure 2

Daniel B. Stephens & Associates, Inc.
6-30-98
JN 8033

COBRE CLOSURE/CLOSEOUT

Layout of Existing Continental Mine Facilities

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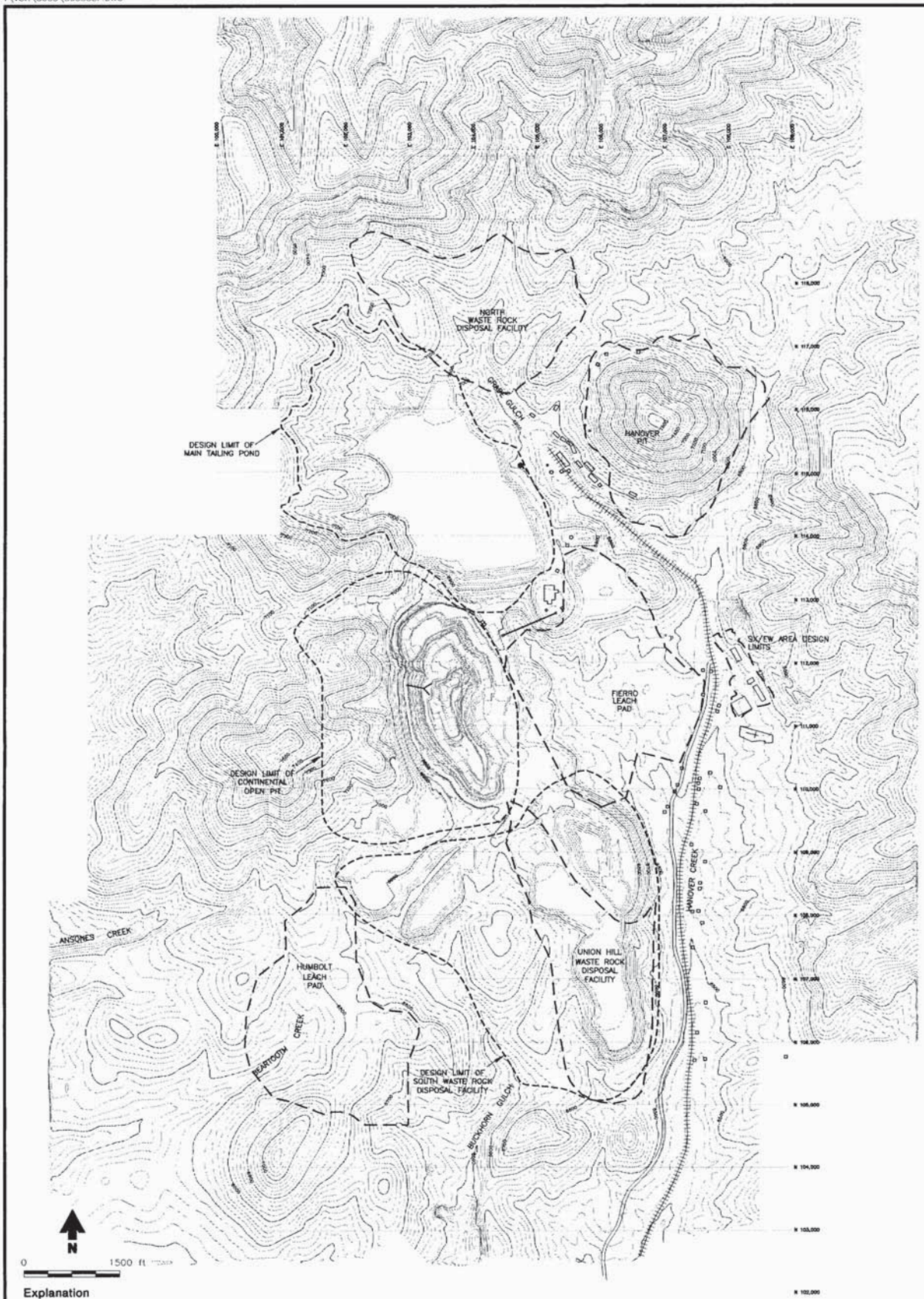

Explanation

- Mine grid
- Topographic contour (20 ft contour interval)
- Proposed facility
- Design limit of active facility

Figure 3

Daniel B. Stephens & Associates, Inc.
6-29-98
JN 8033

COBRE CLOSURE/CLOSEOUT

Permitted Facility Limits at the Continental Mine

Hill Waste Rock Pile. At present, the Union Hill Waste Rock Pile covers approximately 95 acres. Seepage collection systems exist down gradient of the East Waste Rock Pile, West Waste Rock Pile, and Buckhorn Waste Rock Pile. None of the waste rock piles have received any waste rock since March 1999.

Main Tailing Impoundment: The Main Tailing Impoundment is located north of the Continental Pit and covers approximately 140 acres. Additional facilities related to the Main Tailing Impoundment are the tailing slurry delivery system, the process water reclaim and recycling system, tailing dam seepage collection systems, and ten piezometers.

Magnetite Tailing Impoundment: The Magnetite Tailing Impoundment is located due east of the No. 2 Mill site and is approximately 20 acres in size. The impoundment contains magnetite that was recovered during the milling process between 1968 and 1980. Placement of magnetite in the impoundment ceased in 1980. Currently, the volume of material is being reduced by removal of magnetite for sale offsite.

No. 1 and No. 2 Mills and Concentrator Facilities: These facilities are located south of the Main Tailing Impoundment as well as between Hanover Mountain and the Main Tailing Impoundment. Associated facilities include the following structures: water supply and distribution system, sewage treatment facilities, used oil recycling facility, electrical substation, emergency generator, and assay laboratory. The mill and concentrator facilities have not been operating since March 1999 when Cobre suspended milling and tailings deposition.

Underground Mining Operations: Underground mine workings exist below the main office, portions of the Main Tailing Pond, and northwest of the Continental Pit. The underground mine workings underlie approximately 124 acres, and range in depth from 400 to 1,500 feet with infrastructure that includes an underground crushing facility, shops, and maintenance area. Groundwater collected in the underground workings was pumped to dewater the workings during operations. Dewatering is not currently being conducted.

Seepage Interception Systems: Seepage interception systems are located below the Main Tailing Impoundment, and the West Waste Rock Pile, the East Waste Rock Pile, and the Buckhorn Waste Rock Pile. The function of these systems is to intercept, collect, and pump ground water and seepage contaminated by mining operations.

Stormwater Detention Impoundments: Stormwater detention impoundments exist in the Grape Gulch drainage southeast of the No. 1 Mill, and down gradient from the Main Tailing Impoundment. Additionally, there are three dam structures constructed south and west of the East Waste Rock Pile in Buckhorn Gulch and its tributaries.

Maintenance area: The Maintenance area covers less than one acre between the Main

Tailing Impoundment and Hanover Mountain.

Proposed Fierro Leach Pad: The Fierro Leach Pad is an unconstructed facility designed to be 160 acres in areal extent and located east of the Continental Pit. The lined leach facility is proposed to encompass the area currently occupied by the Magnetite Tailing Impoundment.

Proposed Hanover Mountain Mine: The current operational plan for mining the Hanover ore body would result in the removal of the upper portion of Hanover Mountain. The proposed mine excavation would disturb approximately 131 acres.

Proposed SX / EW Plant: The SX / EW Plant is an unconstructed facility designed to be built just east of the Fierro Leach Pad. Solution pipelines are proposed to run between the SX / EW Plant and the Fierro Leach Pad.

Characteristics of Ground Water and Surface Water: At the Continental Mine Facility ground water occurs in both shallow and regional aquifers. In the shallow aquifer, ground water occurs in Poison Spring, Grape Gulch, Buckhorn Gulch, and in colluvium, alluvium, and weathered bedrock. The depth to the shallow aquifer ranges from approximately 1 foot to more than 50 feet below ground surface. The total dissolved solids (TDS) concentrations in the shallow aquifer range from 350 to 650 milligrams per liter (mg/l).

At the Continental Mine Facility, the regional ground water occurs within two distinct aquifers described as the Upper Hydrogeologic Unit (comprised of the Cretaceous Colorado Formation and Beartooth Quartzite) and the Lower Hydrogeologic Unit (comprised of Paleozoic limestone and dolomite and Cretaceous-Tertiary intrusive rocks). The depth for either the upper or lower hydrogeologic units to ground water ranges from approximately less than 10 to 200 feet in monitoring wells at the Continental Mine Facility. The ground water TDS concentration in the regional aquifers ranges from approximately 900 to 1,400 mg/l. These TDS concentration ranges are current values and are not meant to be interpreted as background values. NMED has not yet made any background determinations for the Continental Mine Facility.

Past and current use of ground water in the vicinity of the Continental Mine Facility includes private water wells along Hanover Creek that may be used for domestic or agricultural purposes. Other ground water uses in the vicinity of the Continental Mine Facility include agricultural irrigation and cattle or livestock watering. Additionally, the Continental Mine Facility has pumped water from the Bullfrog, Princess, and Hanover shafts as well as Cron Ranch for process water at the mill and dust suppression at the site. Surface or ground water intercepted on site is pumped either to holding tanks near the No. 2 Mill or directly to the north end of the Main Tailing Impoundment where it is used on an as needed basis for mine operations. Cobre currently obtains drinking water from a well on the north side of Hanover Mountain.

Surface waters located at or near the Continental Mine Facility include Grape Gulch, Poison Spring Gulch, and Buckhorn Gulch, which drain into Hanover Creek, and Ansones Creek and Beartooth Creek, which drain to Cameron Creek. Hanover Creek drains into Whitewater Creek, which drains into the San Vicente Arroyo. Cameron Creek also drains into the San Vicente Arroyo. The San Vicente Arroyo drains into the Mimbres River. The Mimbres River is considered to be a Surface Water of the U.S.

Quantity, Quality and Flow Characteristics of the Discharge:

Some of the leachate and stormwater runoff from the Continental Mine Facility (principally from the Waste Rock Piles, Tailing Impoundments and Pearson-Barnes Mine Area) is discharged so that it moves directly or indirectly into ground water. Additionally, some of the leachate and stormwater runoff from the Continental Mine Facility, including the proposed Fierro Leach Pad, is or may be discharged so that it moves directly or indirectly into ground water. Some of the leachate from the Continental Mine Facility, including Waste Rock Piles, exceeds human health standards in 20.6.2.3103.A NMAC for cadmium and chromium. Some of the leachate from the Continental Mine Facility exceeds other standards for domestic water supply in 20.6.2.3103.B NMAC for copper, iron, manganese, chloride, sulfate, and TDS. Some of the leachate from the Continental Mine Facility exceeds standards for irrigation use in 20.6.2.3103.C NMAC for aluminum, cobalt, and nickel.

Seepage interception systems have been installed downgradient from some of the Waste Rock Piles and the Main Tailing Impoundment to collect leachate and impacted ground water. The amount of leachate collected in seepage interception systems below the Waste Rock Piles, and the Main Tailing Impoundment depends on surface and ground water inputs. The amount of leachate collected below the Main Tailing Impoundment is also dependent on discharges of process and seepage water. The Main and Magnetite Tailing Impoundments; and the West, East, and Buckhorn Waste Rock Piles; and the former leach ore stockpile associated with the Pearson-Barnes area discharge leachate in a quantity sufficient to cause ground water to exceed numerical standards for some of the contaminants listed above. A lined collection impoundment for the West Waste Rock Pile seep location, the Buckhorn Waste Rock Pile seep location, and all other seeps associated with the South Waste Rock Disposal Facility collect approximately 40 gallons per minute (gpm) of seepage. The Main Tailing Seepage Interception System, located down gradient of the Main Tailing Impoundment, was installed to collect seepage from the Main Tailing Impoundment at a rate of approximately 110 gpm. A seep at the Magnetite Tailing Impoundment discharges at a rate of approximately 1 gpm. The Continental Pit was mined below the natural water table and collects direct precipitation and runoff. Based on predictive ground water modeling and due to rising ground water levels, a pit lake would form in the Continental Pit in approximately 30 years if not pumped out. Surface water collection in the Continental Pit may seep into the underground workings beneath the open pit and create ground water degradation.

Activities that Produce the Discharge: Copper production at the Continental Mine began in 1858. Through underground mining methods, approximately 1,000,000 pounds of copper were produced from 1858 and 1861. Development of prevalent iron (magnetite) deposits near the town of Fierro began with the construction of the railroad in 1891. The Modoc and Republic Mines, in close proximity to the current Continental Pit, reached their peak magnetite production during the years 1916 to 1931 at 200,000 tons/year.

In 1947, copper-skarn deposits were found in the Oswaldo Formation in an area that is now part of the Continental Pit. This material produced 250 tons of ore per day that was processed at the Bullfrog Mill until it closed in 1971. Large copper ore reserves were discovered, west of the Hanover Copper Mine, between 1962 and 1964. Mining of this ore commenced in 1964. The No. 1 Mill was brought on line in 1967 and built to process up to 3,000 tons of ore per day. Construction of the Main Tailing Impoundment began in 1967. Continental Pit operations began in 1971. The No. 2 Mill was constructed in 1973 to process up to 5,000 tons of ore per day mined from the Continental Pit. Production from the No. 1 and No. 2 mills proceeded from 1967 to 1982. The Main Tailing Impoundment received material from the mills for several decades until March 1999. As part of the permitted mining operation, rock in the Continental Pit is fragmented using traditional drilling and blasting techniques, loaded into haul trucks and delivered to the mill and concentrator or the South Waste Rock Pile Disposal Facility south of the Continental Pit. Higher grade ore is sent to the mill and concentrator and waste tailing material is discharged to the Main Tailing Impoundment.

Other mines such as the Bullfrog Mine, and Princess Mine are part of the Continental Mine Facility infrastructure and an integral part of the Continental Mine Facility. Water from the underground workings associated with these mines is used to supply process water for the Continental Mine Facility.

Several areas at the Continental Mine Facility, including but not limited to the Pearson-Barnes Mine Area, Waste Rock Piles, and the Continental Pit, contain mineral sulfides which, when oxidized in contact with water have the potential to generate acidic solutions. In some areas of the facility, such as the West Waste Rock Pile, acidic solutions react with in-situ minerals and produce acid rock drainage containing metal and non-metal contaminants. In other areas, such as portions of the East Waste Rock Pile, the mineralogy of the rocks results in acid neutralization because of the presence of marble and dolomitic marble from metamorphosed Paleozoic limestones and dolomites. This buffering generally results in leachate with low metal concentrations but elevated sulfate and TDS concentrations. The leachate may move directly or indirectly into surface and ground water.

Existing Discharge Permits:

DP-181 permits the Continental Mine, No. 1 Mill, No. 2 Mill, Main Tailing Pond,

Magnetite Tailing Pond, and West, East, and South Waste Rock Disposal Facility. DP-181 permits the Continental Mine Facility to discharge up to 12,000,000 gallons per day (gpd) of tailing material to the Main Tailing Impoundment where water is decanted and reused in the mill circuits. Additionally, 10,000 gpd of treated domestic wastewater may be discharged to the Main Tailing Impoundment. The South Waste Rock Pile Disposal Facility has not been constructed. Emergency discharges from the No. 2 Mill are permitted to be sent to the Magnetite Tailing Pond.

DP-1056 allows Cobre to apply up to 12,000 gpm of raffinate to the Fierro and/or Humbolt Leach Facilities. Copper ore is required to be placed on synthetically lined pads before leaching with a raffinate solution with an approximate pH of 2. The pregnant leach solution (PLS) is required to be collected in a synthetically double-lined pond with a leak detection system. Up to 12,000 gpm of PLS may be pumped through pipelines to a SX/EW plant on Cobre or Chino Mine Property. After copper removal from the leach solution at the SX/EW plant, and the barren leach solution would be recirculated to the leach pad. The waste rock from the Hanover Mountain Mine and the Continental Pit will be placed on the North Waste Rock Pile (a.k.a. Poison Spring Waste Rock Pile). DP-1056 also includes the closure plan for the Humbolt Leach Facility, which is not included in this Supplemental Discharge Permit.

General: This Supplemental Discharge Permit incorporates a closure plan that includes specific requirements for the following closure activities: closure of the Main and Magnetite Tailing Impoundments; closure of the Continental Pit; closure of the Fierro Leach Facility; closure of all Waste Rock Piles; closure of associated facilities such as pipelines and Surface Impoundments; post-closure monitoring and maintenance; test plots and other additional studies; a contingency plan; and a financial assurance plan. This Supplemental Discharge Permit also includes a requirement for abatement of ground water and surface water contamination.

This Supplemental Discharge Permit incorporates Sections 2, 3, 4, 5 and 6 of the Continental Mine Closure/Closeout Plan (Continental CCP)-April 2001, herein as enforceable under the terms of this Supplemental Discharge Permit. In the event that there is a conflict or difference between the Supplemental Discharge Permit and the Continental Mine CCP, the terms and conditions of this Supplemental Discharge Permit shall supersede.

Approval of this Supplemental Discharge Permit does not relieve Cobre of its responsibility to comply with all conditions and requirements of the Cobre Operational Discharge Permits, WQA, WQCC Regulations, and any other applicable federal, state and local laws and regulations. If any inconsistency exists between this Supplemental Discharge Permit and any of the Cobre Operational Discharge Permits, this Supplemental Discharge Permit shall supersede.

II. FINDINGS

In issuing this Supplemental Discharge Permit, NMED finds:

1. Cobre is discharging effluent or leachate from the Continental Mine Facility so that such effluent or leachate may move into ground water of the State of New Mexico which has an existing concentration of 10,000 mg/l or less of TDS and which is at a place of withdrawal for present or reasonably foreseeable future use.

2. Cobre is required to obtain a discharge permit pursuant to 20.6.2.3104 and 3106 NMAC because, Cobre is discharging effluent or leachate from the Continental Mine Facility so that such effluent or leachate may move directly or indirectly into ground water of the State of New Mexico which has an existing concentration of 10,000 mg/l or less of TDS and which is at a place of withdrawal for present or reasonably foreseeable future use.

3. The discharges from the Continental Mine Facility are not exempt from the requirement to obtain a discharge permit under the exemptions in 20.6.2.3105 NMAC or the limitations of § 74-6-12 of the WQA.

4. Cobre is required to abate ground water and surface water contamination pursuant to 20.6.2.3107.A(11) and 3109.E(1) NMAC because, the discharges of effluent or leachate from the Continental Mine Facility have contaminated groundwater (of the State of New Mexico which has an existing concentration of 10,000 mg/l or less of TDS and which is at a place of withdrawal for present or reasonably foreseeable future use) above the standards and requirements in 20.6.2.3103 NMAC and Water Quality Standards for Interstate and Intrastate Streams in New Mexico have been and may be violated in surface water due to discharges.

5. The discharges from the Continental Mine Facility are not exempt from the requirement to abate ground water and surface water contamination, under the limitations of § 74-6-12 of the WQA.

NMED may, in its discretion, amend these findings based on new information generated by the additional studies to be conducted under this Supplemental Discharge Permit, or based on other information. NMED recognizes that Cobre may request that NMED amend these findings based on new information generated by the additional studies, or based on other information.

III. DEFINITIONS

Whenever any terms defined in the WQA or the WQCC Regulations are used in this Supplemental Discharge Permit, including any documents incorporated herein by reference, those definitions shall apply. In addition, whenever the terms listed below are

used in this Supplemental Discharge Permit, including any documents incorporated herein by reference, the following definitions shall apply:

"Certification of Closure" means a written determination by NMED that all closure conditions in this Supplemental Discharge Permit, including all amendments and modifications, have been complied with for the portion of the Continental Mine Facility specified in the certification. This certification signifies the end of the closure period and the start of the post-closure period.

"Cessation of Operation" means any cessation of the permitted operation of the Continental Mine Facility that is not part of normal mining operations or is due to bankruptcy or abandonment and includes without limitation shut down of all or portions of facility operations. A Cessation of Operation may occur for a portion of the Continental Mine Facility when a major discrete portion of the operation is shut down when there is no demonstrated intent to resume operation. Examples of shut down of major discrete portions of facility operations are: cessation of permitted discharges to the Main Tailing Impoundment when there is no demonstrated intent to resume operation, cessation of mining in an individual Open Pit when there is no demonstrated intent to resume operation, cessation of waste rock deposition to an individual Waste Rock Pile when there is no demonstrated intent to resume operation, cessation of leaching operations at the Fierro Leach Pad when there is no demonstrated intent to resume operation, cessation of ore processing at the mill and concentrator when there is no demonstrated intent to resume operation, or cessation of SX/EW Plant Operation when there is no demonstrated intent to resume operation.

"Closed Area" means any individual portion of the Continental Mine Facility with an NMED approved Certification of Closure.

"Cobre" means Cobre Mining Company, a corporation organized under the laws of the State of New Mexico.

"Cobre Operational Discharge Permits" means the discharge permits (DP-181, DP-1056,) issued by NMED under the WQA and in effect for the Cobre Mining Company, Continental Mine Facility.

"Continental CCP" means the Continental Mine Closure/Closeout Plan submitted to NMED in April 2001.

"Continental Mine Facility" means the mine and mill facility, owned and operated by Cobre Mining Company located near the town of Hanover in Grant County, New Mexico and all surrounding property over which Cobre has an ownership interest or a leasehold interest including the Hanover-Empire Zinc Mine.

"Discharge" means any spilling, leaking, pumping, pouring, emitting, emptying, or

dumping into water or in a location and manner where there is a reasonable probability that the discharged substance will directly or indirectly reach surface or ground water.

"Effective Date" means the date this Supplemental Discharge Permit is signed by the Secretary of the NMED or his designee and this Supplemental Discharge Permit is issued.

"Highway" means any public road operated and maintained by the city, county, state or federal government.

"Interbench Slope" means the angle of the sloped ground surface measured between terrace benches from crest to toe or between a terrace bench and any engineered conveyance system (i.e., to divert runoff) as illustrated in Figure 4.

"MMD" means the Mining and Minerals Division of the New Mexico Energy, Minerals & Natural Resources Department.

"NMMA" means the New Mexico Mining Act, NMSA 1978, 69-36-1 *et seq* (1993, as amended through 1999).

"Open Pit" means the area, from which ore bearing and waste rocks were exposed and removed by surface mining methods. Open pit areas at the Continental Mine Facility include the Continental Pit, and pits associated with the Hanover-Empire Zinc Mine Area.

"Operational Discharge Permits" means any discharge permit which regulates discharges that may move directly or indirectly into ground water during operation of the Continental Mine Facility.

"Slope angle" means the horizontal run divided by the vertical rise, measured along the steepest gradient of the interbench slope's physical surface (i.e., a 3:1 slope refers to 3 horizontal units to 1 vertical unit).

"Supplemental Discharge Permit" means this Supplemental Discharge Permit for Closure, DP-1403, for the Continental Mine Facility.

"Surface Impoundment " means any man-made synthetically-lined, clay-lined or unlined open surface structure designed to contain PLS, raffinate, leachate, seepage water, stormwater or any other mining process fluid or waste water.

"Surface Water(s) of the State" shall have the meaning given in 20.6.4 NMAC.

"Tailing Impoundments" means the tailing impoundments owned or operated by Cobre located near the town of Hanover in Grant County, New Mexico that are part of the Continental Mine Facility. Tailing Impoundments include the Main and Magnetite Tailing Impoundments.

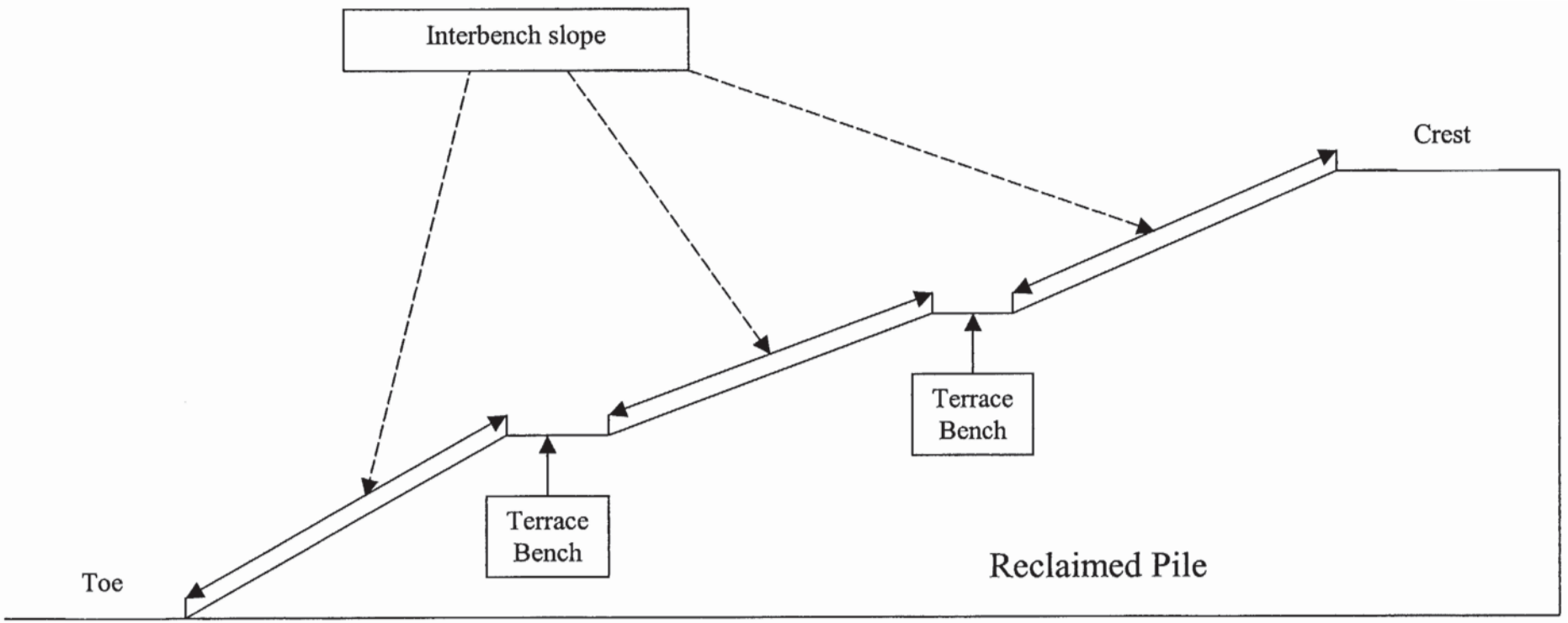

Figure 4. Graphical definition of Interbench Slope

"Waste Rock Pile" means all non-leach or non-economic material from open pit mining, exclusive of material sent to the mill. The Waste Rock Piles include the East, West, Buckhorn, Union Hill, South, the proposed North (Poison Springs), and the South and North Overburden.

"Water Storage and Release Cover" means a cover system that has sufficient water holding capacity to optimize storage of precipitation and evapotranspiration of moisture back to the atmosphere.

"WQA" means the New Mexico Water Quality Act, NMSA 1978, §§ 74-6-1 through 74-6-17, and any amendments thereto.

"WQCC" means the New Mexico Water Quality Control Commission.

"WQCC Regulations" means Title 20, Chapter 6, Parts 1 and 2, NMAC and any amendments thereto.

IV. CONDITIONS

Cobre shall comply with Conditions 1 through 118 of this Supplemental Discharge Permit in order to comply with the WQA and the WQCC Regulations. The terms and conditions of this Supplemental Discharge Permit are enforceable by NMED. Based on results of the additional studies, or other information, NMED may require, or Cobre may propose, additional or modified closure measures.

Updated Closure Plan

1. At least 180 days prior to the expiration date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval an updated closure plan including an implementation schedule that is based on available information including additional information available from any of the studies described in Conditions 76 through 89. If additional information gathered pursuant to any of the studies required by Conditions 76 through 89 indicates that a modification or amendment to this Supplemental Discharge Permit is necessary, then the updated closure plan shall include a request for modification or amendment. The procedures of Sections 20.6.2.3000 through 3114 NMAC shall apply to such request. This condition does not supersede Section 20.6.2.3109 NMAC.

Closure Plan Term

2. The closure plan for the Continental Mine Facility shall remain in effect under this Supplemental Discharge Permit and approved renewals until closure and post-closure is complete and the Secretary of the NMED has released Cobre from further closure

obligations. The closure plan shall incorporate any approved updates as amendments or modifications to this Supplemental Discharge Permit. Cobre shall begin implementation of all or part of the closure plan upon Cessation of Operation and pursuant to Conditions 63 through 67. The components of the closure plan are described below.

Surface Regrading and Stormwater Management

Fierro Leach Pad and Waste Rock Piles

3. Cobre shall close the Waste Rock Piles and the Fierro Leach Pad in a manner that results in positive drainage and eliminates, to the maximum extent practicable, ponding on the final cover top surfaces of Waste Rock Piles and the Leach Pad. The top surfaces shall be constructed to a final grade of 0.5% to 5% to direct stormwater off the top surface to side slope drainage channels. Design specifications contained in this condition may be modified during final engineering design with NMED approval.

4. Cobre shall regrade all Waste Rock Piles and the Fierro Leach Pad slopes to interbench slopes of no steeper than 3:1 (horizontal: vertical). In the event that such regrading of an individual slope of any Waste Rock Pile would result in the intersection of a designated Surface Water of the State (Hanover Creek) or Highway 356, Cobre may regrade such slope steeper than 3:1, as necessary to avoid the intersection, but in no event steeper than 2.5:1. Regrading and any relocation shall include run-on control and positive drainage of all Waste Rock Piles and the Fierro Leach Pad.

5. Terrace benching on the Waste Rock Pile and Fierro Leach Pad slopes shall be constructed at slope lengths of no greater than 300 feet. Terrace benches shall be a maximum of 50 feet wide, inclined 1% to 5% towards the interior slope toe and have a longitudinal slope of no greater than 5%. Terrace benches shall include slope channels at the intersection of benches and slope faces to convey stormwater collected on the Waste Rock Pile and Fierro Leach Pad slopes. Stormwater shall be conveyed to detention ponds or outlet channels located at the slope toes or beyond. Surface water diversion ditches shall be constructed between terrace benches to convey stormwater run-off from the side slope surfaces to the slope channels. The maximum continuous slope length of covered slopes between benching, slope crest, slope toe, surface water diversion ditches, divots, or any other slope break feature shall not exceed 200 feet. All surface water diversion ditches and slope channels shall be lined with riprap or other suitable construction materials approved by NMED. Alternate regrading and stormwater management provisions may be approved by NMED upon demonstration by Cobre that the proposed alternative is designed to prevent an erosion rate of greater than 4 tons/acre/year based on generally accepted erosion modeling and the results of the test plot study described in Condition 77. At least 180 days before implementation of construction activities, Cobre shall submit to NMED for approval a best management practices (BMP) plan. The BMP plan shall detail the best management practices that will be employed to address erosion, slope length and water management. Design specifications contained in this condition

may be modified during final engineering design with NMED approval.

6. At least 180 days prior to placement of a final cover on regraded slopes and surfaces of each Waste Rock Pile and the Fierro Leach Pad, Cobre shall submit to NMED for approval engineering design drawings, a pre-cover survey report and topographic maps of the uncovered Waste Rock Piles and the Fierro Leach Pad. The contour intervals of the topographic maps shall be no greater than two feet for the top surfaces and shall document positive drainage on the Fierro Leach Pad and Waste Rock Pile surfaces. The contour intervals of the topographic maps shall be based on survey data and shall be no greater than ten feet for the slopes.

7. At least 180 days prior to construction, Cobre shall submit to NMED for approval detailed engineering designs for stormwater management structures and associated conveyance systems. Design specifications for stormwater management structures shall be included with the Construction Design Quality Assurance (CDQA) plan required by Condition 17. As-built drawings for stormwater management structures shall be included with the Construction Quality Assurance (CQA) report required by Condition 17.

Main Tailing Impoundment

8. Cobre shall close the Main Tailing Impoundment in a manner that results in positive drainage and eliminates ponding on the Tailing Impoundment surfaces and the final cover surfaces, and ensures that the requirements of the WQA and the WQCC Regulations are met. The top surfaces shall be constructed to a final grade of 0.5% to 5% to provide positive drainage and direct water to the down drains and the top surface diversion ditches as proposed in the Cobre CCP. Design specifications contained in this condition may be modified during final engineering design with NMED approval.

9. Cobre shall regrade the Main Tailing Impoundment slopes to interbench slopes of no steeper than 3:1 unless otherwise approved by NMED, except that Cobre shall maintain the dam at existing slopes, subject to the results of the stability report, OSE recommendations and other relevant information. Cobre shall construct vee ditches with riprap and down drains to divert water off the slopes every 100 horizontal feet. All surface water outslope vee ditches and slope channels shall be lined with riprap or other suitable construction materials approved by NMED. Alternate regrading and stormwater management provisions may be approved by NMED upon demonstration by Cobre that the proposed alternative will be physically stable and is designed to prevent an erosion rate of greater than 4 tons/acre/year based on generally accepted erosion modeling.

10. Cobre shall construct stilling basins at the toe of the Main Tailing Impoundment to dissipate the energy of water from the spillway drop and connecting channels that deliver runoff. At least 180 days before implementation of construction activities, Cobre shall submit to NMED for approval a BMP plan. The BMP plan shall detail the best management practices that will be employed to address erosion, slope length and water

management. As-built drawings for stormwater management shall be included with the CQA report required by Condition 17. Design specifications contained in this condition may be modified during final engineering design with NMED approval.

11. At least 180 days prior to the placement of a final cover on the Main Tailing Impoundment, Cobre shall submit to NMED for approval design specifications; cover material specifications; a pre-cover survey report; and final topographic maps of the uncovered surfaces with the CDQA plan required by Condition 17 and an evaluation of the Tailing Impoundment settling. The contour intervals of the topographic maps shall be no greater than two feet for the top surfaces and shall document positive drainage on the tailing surfaces. The contour intervals of the topographic maps shall be no greater than ten feet for the side slopes. The tailing settling evaluation shall describe settling characteristics of the tailing and monitoring methods utilized.

12. At least 180 days prior to construction, Cobre shall submit to NMED for approval detailed engineering designs for stormwater management structures for the Main Tailing Impoundment as part of the CDQA plan required by Condition 17. The stormwater management plan shall be as outlined by Cobre in the Tailing Pond Erosion Drainage Control section of the proposed Cobre CCP unless amended by Cobre and approved by NMED, and include discharge of surface runoff to conveyance systems on the Tailing Impoundment surfaces. All stormwater management structures shall be designed and constructed to remove incident precipitation without causing damage to or failure of the cover. Damage to or failure of the cover shall be determined according to the criteria in the contingency plan prepared under Condition 71.

General

13. Cobre shall manage stormwater runoff in a manner that prevents, to the maximum extent practicable, runoff from entering the Continental Pit at closure. Within 180 days before implementation of construction activities at any portion of the Continental Mine Facility, Cobre shall submit to NMED for approval a Stormwater Management Plan for closure of the Continental Mine Facility. The Stormwater Management Plan shall be submitted as part of the BMP plan required by Conditions 5 and 10. Design specifications contained in this condition may be modified during final engineering design with NMED approval.

14. Cobre shall manage storm generated runoff, intercepted ground water and outslope vee ditch water from the Waste Rock Piles, Tailing Impoundments, and Fierro Leach Pad by routing the water through pipelines or other NMED approved conveyance to a water treatment system approved by NMED unless the water meets all applicable surface water and ground water standards in accordance with Section 20.6.2 NMAC.

Cover Placement Plan

15. Cobre shall cover the top surfaces and slopes of all Waste Rock Piles, the Main Tailing

Impoundment, the Fierro Leach Pad, and any other areas where cover is required for final closure. The covers shall consist of non-acid generating materials capable of supporting plant growth. The covers shall be designed as water store and release covers as outlined in Condition 16 in order to minimize infiltration of precipitation into underlying leach ore, waste rock and tailing materials, and subsequent discharge of leachate into ground water and surface water. The covers shall be designed to achieve physical stabilization and revegetation of Waste Rock Piles, the Main Tailing Impoundment, the Fierro Leach Pad and any other area where cover is required for final closure. Amendments such as fertilizer or pH neutralizing agents shall be applied, as necessary, in consultation with MMD, to the Main Tailing Impoundment, Fierro Leach Pad and Waste Rock Piles and/or cover materials to mitigate upward migration of contaminants into the cover and otherwise promote plant growth. Final cover placement shall begin as soon as practicable after surface shaping activities are complete for each of the Waste Rock Piles, the Main Tailing Impoundment, the Fierro Leach Pad and any other area where cover is required for final closure regardless of the operational status of any other portion of the Continental Mine Facility. Final cover placement shall be completed as soon as practicable but no later than one year after completion of surface shaping activities at any Waste Rock Pile, the Main Tailing Impoundment, and Fierro Leach Pad or any other area including Surface Impoundments where cover is required for final closure. The one-year deadline for cover placement may be extended by NMED for good cause shown. Design specifications contained in this condition may be modified during final engineering design with NMED approval.

16. Cobre shall cover all Waste Rock Piles, the Main Tailing Impoundment, the Fierro Leach Pad and any other area where cover is required for final closure, with a water store and release cover system approved by NMED, consistent with the CDQA plan required by Condition 17. The cover shall consist of a minimum of 36 inches of non-acid generating alluvial or other material capable of supporting plant growth and approved by NMED. For the Main Tailings Impoundment, the upper 12 inches of tailing material may be included as part of the cover system unless the results of the studies described in Conditions 76 and 77 indicate that the upper 12 inches of tailing material is not suitable for a water store and release cover system. For the Waste Rock Piles, with the exception of the West and Buckhorn Waste Rock Piles, the upper 24 inches of the waste rock pile or tailings may be included as part of the cover system unless the results of the studies described in Condition 76 and 77 indicate that the upper 24 inches of material is not suitable for a water store and release cover system. If further studies and test plots demonstrate that an alternative cover system will achieve a level of ground water protection equivalent to or better than that required by this Supplemental Discharge Permit, Cobre may propose for NMED approval an alternative cover system. Design specifications contained in this condition may be modified during final engineering design with NMED approval.

17. At least 180 days prior to placement of any final cover material over each of the Waste Rock Piles, the Main Tailing Impoundment, and the Fierro Leach Pad or any other area

where cover is required for final closure, Cobre shall submit a Construction Design Quality Assurance (CDQA) plan to NMED for approval. The CDQA plan shall include at a minimum, construction design drawings, construction and quality assurance methods, amendment rates, borrow material withdrawal areas, and a schedule for the completion of activities. Within 180 days after the project completion, Cobre shall submit to NMED a final Construction Quality Assurance (CQA) report. The final CQA report shall include, at a minimum, as-built drawings, a final topographic map based on field data with no greater than two-foot contour intervals for the top surfaces and no greater than ten-foot contour intervals for the side slopes, a summary of work conducted, soil testing results, laboratory analytical reports, identification of the location and extent of borrow areas, and construction photographs.

Revegetation Plan

18. Cobre shall revegetate the Waste Rock Piles, the Main Tailing Impoundment, the Fierro Leach Pad, and other areas where cover placement is required as part of site closure to: 1) optimize the effectiveness of the water storage and release cover to reduce infiltration into underlying materials, 2) promote evapotranspiration from the cover system, and 3) provide cover stability and protection from wind and water erosion. Revegetation activities shall use methods approved by MMD to meet New Mexico Mining Act (NMMA) requirements, and shall be consistent with the findings of studies conducted pursuant to Condition 77. Cobre shall submit to NMED any work plans, reports, or other documents required by MMD associated with site revegetation. Revegetation activities shall be completed as soon as practicable following the final cover placement at the Main Tailing Impoundment, each of the Waste Rock Piles, and the Fierro Leach Pad, but in conjunction with the growing season to provide the best opportunity for successful revegetation.

19. Cobre shall fence, as necessary, all revegetated areas to exclude, to the maximum extent practicable, livestock and unauthorized human activity to ensure that revegetation requirements are met as described in Condition 18.

Magnetite Tailing Impoundment

20. Cobre shall conclude the removal of tailings remaining at the Magnetite Tailing Impoundment and underlying contaminated sediments within five years of the effective date of this Supplemental Discharge Permit. Following conclusion of the removal of the Magnetite Tailings, Cobre shall characterize and, to the extent practicable, remove underlying sediments and any remaining tailings or take other measures as necessary to prevent exceedances of applicable ground water or surface water quality standards due to the presence of the sediments or any remaining tailings. A report presenting the results of the characterization and a work plan for further removal or other measures shall be submitted to NMED for approval prior to removal of underlying sediments or any remaining tailings. Following completion of removal activities, the Magnetite Tailing

Impoundment area shall be closed in a manner that creates positive drainage away from the area, which may include backfilling with clean, non-acid generating fill material or regrading. Where characterization results show any materials remaining in the Magnetite Tailing Impoundment area to be a source or potential source of ground water contamination, the area shall be covered and revegetated as specified in Conditions 15 through 19. As built drawings and final design specifications for surface grading and cover placement shall be included with the CDQA report described in Condition 17. Final cover placement shall be completed as soon as practicable but no later than one year after completion of surface shaping activities necessary to create positive drainage.

Hanover Mountain Mine Closure

21. Cobre shall close the Hanover Mountain Mine in accordance with the results of the approved study described in Condition 89 and the updated closure plan described in Condition 1. The Hanover Mountain Mine shall be closed in a manner that ensures that the requirements of the WQA and WQCC Regulations and the conditions of this Supplemental Discharge Permit are met. Within 180 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a closure plan, including a cost estimate with line item costs, outlining specific closure procedures for the Hanover Mountain Mine. The closure plan shall provide for closing the Hanover Mountain Mine in a manner that creates positive drainage away from the excavated area, which may include backfilling or regrading.

Closure of the Continental Pit and Surface Impoundments

22. Cobre shall close the Continental Pit in accordance with the results of the approved study described in Condition 89 and the updated closure plan described in Condition 1. The updated closure plan shall include an implementation schedule for closure of the Continental Pit.

23. Unless water in the Continental Pit meets applicable water quality standards, Cobre shall eliminate all surface water, to the maximum extent practicable, from the Continental Pit. At least 180 days prior to the initiation of pumping and water treatment, Cobre shall provide to NMED for approval a standard operating plan for the open pit pumping and water transport to the Chino SX/EW or Ivanhoe water treatment system, including a contingency plan for dealing with unplanned system outages. In the event of a disruption of open pit pumping and water treatment not described in the standard operating plan, Cobre shall notify NMED within 24 hours. Cobre shall ensure that water remaining in any open pit, that is not part of an active water collection and treatment system, meets applicable surface water quality standards pursuant to the State of New Mexico Standards for Interstate and Intrastate Streams (20.6.4 NMAC). The amount of water remaining in the Continental Pit shall be consistent with the approved standard operating plan and shall be no larger than the minimum amount of water necessary to pump the water to the approved water treatment plant.

24. Cobre shall close all Surface Impoundments identified in the study described in Condition 87. All Surface Impoundments shall be closed in a manner that ensures that the requirements of the WQA and WQCC Regulations and that the conditions of this Supplemental Discharge Permit are met. Closure activities shall include draining the Surface Impoundments, characterization and abatement of sediments that may impact ground water quality and characterization of ground water to determine if abatement is necessary. Unless needed for water management during closure and post closure, or unless otherwise approved by NMED, Surface Impoundments shall be closed in a manner that creates positive drainage away from the impoundments, which may include backfilling or regrading. Where the characterization results show materials remaining within or beneath any Surface Impoundment to be a source or potential source of ground water contamination, the Surface Impoundment shall be covered and revegetated as specified in Conditions 15 through 19. Final cover placement shall be completed as soon as practicable but no later than one year after completion of construction activities necessary to create positive drainage. Design specifications contained in this condition may be modified during final engineering design with NMED approval.

25. Following Cessation of Operations, Cobre shall install fencing or other measures to prevent, to the maximum extent practicable, entry by wildlife, livestock and unauthorized humans to the Open Pits and Surface Impoundments that contain waters or have the potential to contain waters that may be harmful or toxic. Access restriction measures contained in this condition may be modified during final engineering design with NMED approval.

Closure of Structures

26. Any structure necessary for post-closure treatment and disposal of ground water and/or surface water shall remain in place and be maintained until NMED concurs that use of the structure is no longer required. Cobre shall abate contaminated soils that are potential source areas for ground water and surface water contamination in accordance with Sections 20.6.2.1203, 20.6.2.3109.E(1), and 20.6.2.4103 NMAC, as approved by NMED, in and around all of the buildings and facilities that will remain in place for use during the closure and post-closure periods and that are approved by MMD to be left in place for an industrial post-mining land use.

27. At least 60 days prior to any structure removal or demolition, Cobre shall submit to NMED for approval a structure removal plan. The structure removal plan shall address any potential discharges of leachate that could cause an exceedance of ground water standards, including soils that are potential source areas for ground water contamination. The structure removal plan shall include a sampling plan, and a contingency plan to address potentially contaminated soils, debris and other materials beneath and surrounding the structures. Structure demolition shall be performed as approved by MMD to meet NMMA requirements.

28. Following Cessation of Operations, Cobre shall dispose, remove, sell, or use, and otherwise manage all reagents, explosives and other hazardous chemicals according to applicable state and federal laws.

29. Within 30 days of the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a schedule to identify all existing mining shafts and adits within the Continental Mine Facility. Within 30 days of the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan including an implementation schedule for closure of any identified shafts and adits that may provide a conduit for wastes or contaminated water consistent with the deadline in Condition 63. Such shafts and adits shall be adequately sealed. Cobre may implement an alternative method for closure of the shafts and adits with NMED approval.

Closure of Pipelines and Associated Sumps

30. Cobre shall remove and properly dispose of the water treatment system, process water, tailings, PLS and raffinate pipelines that are located on the surface of the ground and close the associated sumps as soon as they are no longer needed for site operations, water treatment, or other post-closure water management, unless Cobre demonstrates that leaving pipelines in place will not result in exceedances of the standards of Section 20.6.1 NMAC and Section 20.6.2.3103 NMAC. Buried pipelines shall be either removed or capped to ensure that no conduit for impacted water will occur as soon as they are no longer needed for site operations. Any residual sediments or contaminated water shall be removed from the above referenced pipelines prior to closure. At least 180 days prior to pipeline removal activities, Cobre shall submit a pipeline closure plan, including a schedule, to NMED for approval outlining specific closure procedures for pipelines, and any other structures designed to contain process water, PLS, and raffinate. Prior to pipeline removal or capping, Cobre shall rinse all pipelines to ensure removal of all potential contaminants contained in the pipelines. During pipeline removal, Cobre shall inspect the entire pipeline area for any evidence of past spills and characterize the impacts and potential impacts of any such spills. Cobre shall document all areas where there is evidence of spills and propose to NMED appropriate corrective actions pursuant to provisions of Section 20.6.2.1203 NMAC. Corrective actions shall include an evaluation of cleanup alternatives. Following pipeline removal, Cobre shall remove all soil and tailing material associated with the pipeline bedding that was constructed of acid producing material unless Cobre makes the demonstration that all applicable surface water and ground water standards will be met pursuant to 20.6.1 and 20.6.2 NMAC. The removed material shall be placed in a location approved by NMED. Alternative closure measures for buried pipelines may be proposed for NMED approval.

31. Within 180 days prior to closure activities at the Main Tailing Impoundment, Cobre shall submit to NMED for approval a plan, including an implementation schedule, outlining specific closure procedures for associated sumps, and any other structures designed to

contain tailings. The plan shall be consistent with the proposed Cobre CCP in Sections 2, 3, 4, 5, and 6. At the time of reclamation activities, Cobre shall inspect the entire tailing area for any evidence of past spills and characterize the impacts and potential impacts of any such spills. Cobre shall document all areas where there is evidence of spills and propose to NMED appropriate corrective actions pursuant to Section 20.6.2.1203 NMAC. Corrective actions shall include an evaluation of cleanup alternatives.

Abatement of Water Contamination

32. Cobre shall abate ground water and surface water contamination at the Continental Mine Facility. Within 60 days of the effective date of this Supplemental Discharge Permit Cobre shall propose an appropriate abatement plan in accordance with Sections 20.6.2.3109.E(1)(a) or (b) NMAC. The abatement plan shall be conducted in two stages. The first stage of the abatement plan shall include a schedule to investigate all known areas of ground water and surface water contamination and potential sources of contamination, and define the extent and magnitude of contamination. The second stage of the abatement plan shall address selection of an abatement option and shall include an analysis of abatement alternatives pursuant to Sections 20.6.2.4106.E.2 NMAC.

33. Cobre shall continue to operate existing, approved replacement, or new additional ground water contamination interceptor and abatement systems in accordance with this Supplemental Discharge Permit after Cessation of Operation as needed to protect ground water and surface water quality. These systems must be operated until monitoring indicates that ground water standards have been achieved and maintained for two consecutive years. Any changes to these systems must be proposed to and approved by NMED prior to the change being implemented. All abatement plan submittals shall be submitted pursuant to the appropriate Operational Discharge Permit(s) or to this Supplemental Discharge Permit, as approved by NMED. NMED may require these systems to be expanded based on the results of ongoing ground water sampling or future investigations as necessary to ensure that the requirements of the WQA and the WQCC Regulations are met.

34. After Cessation of Operations Cobre shall collect, treat and properly manage all Leach Pad, Waste Rock Pile and Tailing Impoundment leachate, contaminated ground water, open pit water from dewatering activities, and collected stormwater from the Continental Mine Facility, if such leachate or water exceeds the standards set forth in Sections 20.6.2.3103 or 20.6.2.4103 NMAC or contains a toxic pollutant as defined in Section 20.6.2.1101 NMAC. Collection, treatment and disposal shall be done in accordance with Sections 20.6.2.3000 through 3114 and 4000 through 4115 NMAC. The leachate and water shall be collected in synthetically lined impoundments that are approved by NMED. Cobre may seek NMED approval for the use of an alternative system that does not use a synthetic liner by demonstrating that the proposed alternative system adequately protects ground water in accordance with the requirements of the WQCC Regulations.

35. In the event of Cessation of Operation at the Continental Mine Facility prior to drain down of process solutions (e.g., PLS, raffinate and make-up water) in the Fierro Leach Pad, pipelines and surface impoundments, Cobre shall continue to operate and maintain pumps, containment structures and collection systems in accordance with Conditions, 32, 33, 34 and 86 for water management, or Cobre shall propose an alternative for NMED approval to ensure compliance with Sections 20.6.2.3000 through 3114 and 4000 through 4115 NMAC.

Water Treatment and Sludge Disposal

36. Within 180 days of the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a water management and water treatment proposal that includes a proposed water collection system, pipeline locations, designs, operating parameters, monitoring, contingency plans, and a cost estimate with line item costs. Unless milling operations resume, within four years of the effective date of this Supplemental Discharge Permit, Cobre shall convey all contaminated water from the Continental Mine Facility to the Chino Mines Facility for inclusion in the Chino Mines Facility process circuit or treatment of the contaminated water to the standards of 20.6.2.4103 NMAC. The contaminated water shall be conveyed to the Chino Mines Facility through a pipeline with a minimum capacity of 200 gpm. Cobre may request NMED approval of an extension of time for conveyance of contaminated water to the Chino Mines Facility with an approved interim plan. Treatment of contaminated water at the Chino Mines Facility shall be performed in accordance with Supplemental Discharge Permit 1340 for the Chino Mines Facility. If milling operations resume and then cease, Cobre shall provide written notice informing NMED of Cessation of Operations within 15 days of Cessation of Operations and unless NMED has granted an extension, Cobre shall convey all contaminated water from Cobre to Chino within one year of Cessation of Operations of the mill.

37. If Cobre becomes aware of facts indicating that Chino Mines Company is unwilling or otherwise unable to accept the approximately 200 gpm of contaminated waters from the Continental Mine Facility, Cobre shall notify NMED within 15 days of discovery of that fact. Within 180 days of notifying NMED, Cobre shall propose an alternative water treatment and sludge disposal plan for NMED approval to ensure compliance with Sections 20.6.2.3000 through 3114 and 4000 through 4115 NMAC. The alternative shall include a water treatment system and a sludge disposal plan that is capable of treating all contaminated water to the standards of 20.6.2.4103 NMAC. The alternative proposal shall include preliminary design specifications, and operating protocols, and a cost estimate with line item costs.

Closure and Post-Closure Monitoring, Reporting, Inspections, and Other Requirements

38. Cobre shall perform closure monitoring for each portion of the Continental Mine Facility during the closure period (i.e., from the date of Cessation of Operation until the date of

Certification of Closure for that portion of the Continental Mine Facility under Condition 67). Cobre shall submit all closure monitoring results under the appropriate approved Cobre Operational Discharge Permits as outlined in Conditions 57 and 58.

39. Cobre shall begin post-closure monitoring upon Certification of Closure for any closed area, and shall perform such monitoring for a minimum of 100 years following Certification of Closure.

40. Upon notification from NMED that the operation of a contamination interceptor or abatement system may cease in accordance with Condition 33, Cobre shall continue the approved monitoring program for a minimum of 30 years or for the remainder of the 100-year post-closure monitoring period, whichever is longer, to ensure that there is no rebound in contaminant concentrations. If monitoring indicates that any ground water standard is exceeded after shut down of the contamination interceptor or abatement system, system operation shall resume in accordance with Condition 33 and monitoring shall continue in accordance with Conditions 38 and 39.

41. Upon NMED approval that post-closure monitoring is complete, Cobre shall submit a schedule for abandonment of all appropriate monitoring wells. All monitoring wells shall be abandoned pursuant to *NMED Monitoring Well Construction and Abandonment Guidelines* and according to regulations issued by the Office of the State Engineer in 19.27.7 NMAC, unless an alternative completion is approved by NMED.

42. Cobre shall conduct water quality monitoring, analysis and other monitoring and provide periodic reports as required by Conditions 43 through 59. Cobre may request a modification to the frequency of sampling and reporting requirements of Conditions 43 through 59 consistent with the provisions of Section 20.6.2.3109.C NMAC. After two years of the 100 year post-closure monitoring at any given closed area, NMED may approve elimination or amendment of the monitoring frequency, duration, locations and analytical parameters or other measurements set forth in specific post-closure monitoring Conditions 38 through 59 for good cause shown in a written request from Cobre. Any request from Cobre for monitoring and reporting reductions shall include a justification for the monitoring reduction and a map showing selected monitoring well locations. Following any change in the monitoring requirements, Cobre may propose to revise the closure cost estimate as required by Condition 97.

Sampling, Field Measurements, and Periodic Inspections

43. Ground Water Monitoring Wells. Cobre shall conduct closure and post-closure monitoring, at the frequency stated in the Operational Discharge Permits, of all monitoring wells that were subject to monitoring under the Operational Discharge Permits at the time of closure. Cobre shall conduct quarterly closure and post-closure monitoring of all new monitoring wells installed after closure. Cobre shall record the depth to water to the nearest hundredth of a foot (0.01 ft) in all on-site monitoring wells.

Samples shall be analyzed for the water parameters listed in Condition 55. Monitoring well data shall be reported as required in Condition 57

44. Ground Water Supply Wells. Cobre shall sample and analyze ground water quality in any private supply well within a reasonable proximity to the Continental Mine Facility when the well owner or NMED requests an analysis and there is a reasonable basis to believe that the supply well may have been contaminated by a discharge from the Continental Mine Facility. Cobre shall make a good faith effort to obtain access to private wells for which NMED requests analysis. Samples shall be collected and analyzed for the water parameters listed in Condition 55. Analytical results shall be reported as required in Condition 57.

45. Seeps and Springs. Cobre shall conduct closure and post-closure monitoring, at the frequency stated in the Operational Discharge Permits, of all existing seeps and springs within a reasonable proximity to the Continental Mine Facility. Samples shall be collected from each seep and spring once per quarter and shall be analyzed for the water parameters listed in Condition 55. Active seep and spring locations shall be recorded on a map and seep flow rates shall be measured, to the extent practicable, in gallons per minute (gpm) from each flowing seep and spring once per month. Seep and spring locations, analytical results, and seep flow rates shall be reported as required in Condition 57.

46. Seepage Interception Systems. Cobre shall conduct quarterly closure and post-closure monitoring of all seepage interceptor systems and any other remediation system components. Locations to be monitored include any extraction wells or new collection points added to the seepage interception systems installed after issuance of this Supplemental Discharge Permit. Cobre shall record the depth to the water table to the nearest hundredth of a foot (0.01 ft) in all extraction wells on a quarterly basis. The total volume of intercepted and extracted seepage water shall also be monitored and recorded. Samples shall be analyzed for the parameters listed in Condition 55. Analytical results, water level measurements and flow rates shall be reported as required below in Condition 57.

47. Surface Water. Cobre shall conduct quarterly closure and post-closure monitoring of surface water quality at Hanover Creek, Buckhorn Gulch, Beartooth Creek, Ansones Creek, and Grape Gulch. Within 150 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval, a closure and post-closure surface water sampling plan. The plan, at a minimum, must include sampling locations and sampling frequency. Additionally, all surface impoundments used for storm water control at the Continental Mine Facility shall be sampled semiannually if water is present at the time of sampling. All surface water samples shall be analyzed for the parameters listed in Condition 55. Surface water sampling results shall be reported as required in Condition 57.

48. Tailing Impoundment Draindown. Within one year of the effective date of this Supplemental Discharge Permit, Cobre shall prepare a report including a potentiometric map with supporting data documenting tailing draindown for the Main Tailing Impoundment. Water level and pore pressure measurements may be supplemented with data from other moisture monitoring equipment such as hydrographs. Any other method used to document moisture draindown of the Main Tailing Impoundment shall be submitted for NMED approval. If operations resume and additional tailings are placed on the Main Tailing Impoundment, Cobre can discontinue water level measurements until a subsequent Cessation of Operation at the Main Tailing Impoundment occurs. The potentiometric map shall be updated annually and submitted as required in Condition 59 due on or before January 30 of each year.

49. Temperature, Oxidation-Reduction Potential (Redox) (or Oxygen Monitoring). Following Cessation of Operation, Cobre shall monitor temperature, redox (or oxygen profiles) within the Fierro Leach Pad and Waste Rock Piles. The locations, frequencies and parameters for the monitoring shall be based on the study described in Condition 82. Results shall be reported as required below in Condition 57.

50. Entry. Cobre shall inspect and maintain the fencing or other management systems to prevent access of wildlife, livestock or unauthorized humans to any open pits, Surface Impoundments or any sump that contains waters or has the potential to contain waters that may be harmful or toxic.

51. Piezometers. Following Cessation of Operation, Cobre shall record the depth to water to the nearest hundredth of a foot (0.01 ft) in all on-site piezometers. Monitoring shall be conducted semiannually and reported pursuant to Condition 57. Any changes to the piezometer network shall be reported to NMED. Cobre shall install additional piezometers or other water level and moisture monitoring devices to monitor draindown conditions in the Main Tailing Impoundment as necessary to assess long term trends and to provide in situ estimates for use in flux calculations.

52. Revegetation. To ensure that revegetation is protective of water quality, Cobre shall, at a minimum, perform closure and post-closure monitoring of revegetation pursuant to schedules and monitoring requirements approved by MMD. Any proposed changes to the closure or post-closure revegetation monitoring plan to meet the NMMA requirements shall be submitted to NMED to ensure monitoring is protective of water quality. Cobre shall provide a summary of revegetation monitoring results, including photographic documentation, in annual reports to NMED. At such time as MMD's revegetation monitoring requirements under the NMMA have been met, revegetation monitoring shall continue under the authority of NMED pursuant to this Supplemental Discharge Permit and the NMED/MMD Joint Powers Agreement dated January 24, 2001.

53. Erosion. Cobre shall visually inspect closed lands for signs of excessive erosion and shall mitigate significant erosion features to prevent further degradation of the site. Drainage

channels, diversion structures, retention ponds, and auxiliary erosion control features shall be inspected in accordance with professionally recognized standards (e.g., Natural Resource Conservation Service standards). The inspections shall be conducted monthly for the first year following completion of closure construction activities, and quarterly thereafter until the end of post-closure monitoring. Closed areas shall additionally be inspected for evidence of erosion after storm events of one inch or greater in any 24-hour period measured at the nearest rain gauge. Cobre shall verbally report evidence of major rill, gully, or sheet erosion on any closed area to NMED within 24 hours of discovery. Cobre shall provide a written report within 30 days of the discovery describing the nature and extent of erosion and steps taken to repair the erosion. NMED may require Cobre to take additional actions to repair or otherwise mitigate the erosion.

54. Meteorological Data. Cobre shall conduct closure and post-closure monitoring of site-specific meteorological conditions at the Continental Mine Facility. Meteorological conditions that shall be recorded include air temperature, relative humidity, wind speed, wind direction, precipitation, net solar radiation and pan evaporation. A summary of daily meteorological data shall be reported annually for evaluation of cover performance under this Supplemental Discharge Permit.

Analysis

55. All surface water samples obtained pursuant to the closure and post-closure monitoring requirements of this Supplemental Discharge Permit shall be analyzed for both total and dissolved concentrations of the analytes listed below. Samples collected from ground water monitoring wells, the ground water remediation and seepage interceptor systems, seeps, and springs shall be analyzed for dissolved concentrations of the analytes listed below.
    a. Field parameters (analysis to be performed in the field): temperature, pH, Eh, and electrical conductivity.

    b. General chemistry parameters: calcium, magnesium, sodium, potassium, carbonate, bicarbonate, sulfate, chloride, nitrate, fluoride, and total dissolved solids.

    c. Metals parameters: aluminum, arsenic, cadmium, chromium, cobalt, copper, iron, lead, manganese, nickel, selenium, and zinc.

    d. Additional parameters as NMED requires on case by case basis: barium, boron, beryllium, molybdenum, uranium, gross alpha, cyanide, mercury (total concentration only), total polynuclear aromatic hydrocarbons (PAHs), benzene, ethyl benzene, toluene and xylene (BTEX,) ammonia, and Total Kjeldahl Nitrogen (TKN).

Methodology

56. Unless otherwise approved in writing by NMED, Cobre shall conduct sampling and analysis in accordance with the most recent edition of the following documents:

    a. American Public Health Association, *Standard Methods for the Examination of Water and Wastewater.*

    b. U.S. Environmental Protection Agency, *Methods for Chemical Analysis of Water and Waste.*

    c. U.S. Geological Survey, *Techniques for Water Resource Investigations of the U.S. Geological Survey.*

    d. American Society for Testing and Materials, *Annual Book of ASTM Standards,* Part 31, Water.

    e. U.S. Geological Survey, et al., *National Handbook of Recommended Methods for Water Data Acquisition.*

    f. Surface water monitoring must also be conducted according to test procedures approved under Title 40 of Federal Regulations Part 136.

Reporting

57. All closure and post-closure ground water, surface water, seep, spring, interceptor system, tailing draindown, piezometer, temperature, redox (or oxygen profile) monitoring data shall be reported quarterly under the applicable Cobre Operational Discharge Permits. Following closure of any portion of the Continental Mine Facility, Cobre shall apply for amendment to the Cobre Operational Discharge Permits so that the frequency of monitoring, the parameters monitored and the results of all monitoring tasks are consistent with those required in this Supplemental Discharge Permit. Cobre may request to combine discharge permits for purposes of closure or post-closure monitoring and reporting, or may request to terminate discharge permits and incorporate remaining closure and post-closure activities under this Supplemental Discharge Permit. In addition to the requirements listed above, all monitoring data shall be provided to NMED in an electronic format acceptable to NMED at the time of monitoring data submittal.

58. After the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED quarterly reports under this Supplemental Discharge Permit on or before January 30, April 30, July 30 and October 30 of each year. The reports shall contain a description of any work completed during the preceding quarter towards final closure of the Continental Mine Facility. This requirement includes, but is not limited to: 1) status of closure activities and related studies for the Continental Pit, the Main Tailing

Impoundment, each Waste Rock Pile, the Fierro Leach Pad, Surface Impoundments, mine infrastructure and any other areas covered under this Supplemental Discharge Permit; 2) any maintenance and repair work conducted for any closure component; and 3) closure and post-closure monitoring results for revegetation, erosion and preventative measures to restrict access.

59. Cobre shall prepare three potentiometric maps annually that include data from applicable monitoring wells, extraction wells, piezometers, seeps and springs. The potentiometric maps shall depict the potentiometric surfaces of the shallow, upper and lower regional aquifer systems (i.e. upper and lower hydrologic units) beneath the Continental Mine Facility. The three Continental Mine Facility potentiometric maps shall be bounded by Fierro Spring to the North, Hermosa Mountain to the west, Hanover Creek to the east and Humbolt Mountain to the South. The potentiometric maps shall be submitted to NMED with the first quarterly report described in Condition 58 on or before January 30 of each year. Additionally, Cobre shall submit an aerial image map or other approved imagery of the entire Continental Mine Facility every 30 months.

Closure and Post-Closure Maintenance

60. Cobre shall perform quarterly inspections and annual evaluations of all ground water abatement systems, including the seepage interceptor systems, and perform maintenance as necessary to ensure that all water contaminants are managed in a manner that is protective of ground water quality. Maintenance may include but is not limited to the following: 1) purging of extraction wells; 2) upgrading or replacement of seepage barriers; and 3) servicing or replacement of components of the seepage interception and ground water extraction and remediation systems. The inspection results and any maintenance performed by Cobre on the abatement system components shall be reported annually as part of the appropriate Cobre Operational Discharge Permits.

61. Cobre shall perform maintenance on all closed areas, including final covers, revegetation and any associated drainage and diversion structures, as necessary to preserve the integrity of the final cover and to ensure that the requirements of the WQA and WQCC Regulations are met. Based on monitoring of revegetation and erosion required by Conditions 52 and 53, Cobre shall provide recommendations for maintenance work in quarterly monitoring reports, including a schedule for completion of the work.

62. Cobre shall routinely inspect and maintain all structures, facilities, supplies and equipment whose failure may impact ground water or surface water. Inspections and maintenance shall include but are not limited to: 1) stormwater and process water retention impoundments; 2) pumps and pipelines to deliver contaminated water to the Chino Mines Facility; and 3) seepage collection impoundments. Ground and surface water that exceeds the applicable quality standards shall be handled and stored in a manner that is consistent with applicable regulatory requirements.

Implementation of Closure Plan

63. Cobre shall implement the closure plan for existing facilities at the Continental Mine Facility according to the following schedule;

    a. Cobre shall implement the closure plan for existing Waste Rock Piles, the Main Tailing Impoundment, the Magnetite Tailing Impoundment, structures, pipelines and sumps within 5 years of the effective date of this Supplemental Discharge Permit, contingent on NMED approval the interim plan described in Condition 63.b. Cobre may submit to NMED a demonstration of intent to resume operations for an existing portion of the Continental Mine Facility prior to the 5-year deadline, and if the demonstration is approved by NMED, closure of that portion shall occur pursuant to Condition 64.

    b. Cobre shall submit an interim plan to NMED for approval within 180 days of the effective date of this Supplemental Discharge Permit. The plan shall address how the requirements of the WQA and WQCC Regulations will be met for the existing Waste Rock Piles, the Main and Magnetite Tailing Impoundments, structures, pipelines and sumps prior to actual implementation of the closure plan or resuming operations. The interim plan shall address (1) the handling of all solutions and pumped or contained water, (2) inspections of the facilities for excessive erosion and corrective action to address any excessive erosion that is identified, and (3) continued operation of pollution control facilities required to be operated under the Operational Discharge Permits. The interim plan may be in the form of, or include, a copy of an application for a Standby Permit under the NMMA. If Cobre fails to receive an approval of the interim plan within 365 days of the effective date of this Supplemental Discharge Permit, Cobre shall implement the closure plan for existing Waste Rock Piles, the Main and Magnetite Tailing Impoundments, structures, pipelines and sumps immediately.

    c. Cobre shall implement closure of all inactive shafts and adits in accordance with the schedule approved under Condition 29 and complete closure of all inactive shafts and adits by December 31, 2004.

    d. Cobre shall implement the closure plan for the Pearson-Barnes Mine Area by April 1, 2005 and complete closure of the Pearson-Barnes Mine Area by September 28, 2005.

    e. Cobre shall implement the closure plan for the Hanover-Empire Zinc Mine Area by January 1, 2006 and complete closure of the Hanover-Empire Zinc Mine Area by January 1, 2008.

    f. Cobre shall implement the closure plan for surface impoundments in accordance with the study and approved schedule described in Conditions 24 and 87.

g. Cobre shall implement the closure plan for the Continental Pit in accordance with the study and approved schedule in the updated closure plan described in Conditions 1, 22, and 89.

h. If operations resume at a portion of the Continental Mine Facility, the closure for that portion shall occur pursuant to Condition 64.

64. For unconstructed facilities, including the Fierro Leach Pad, SX/EW Plant and Hanover Mountain Mine, and in the event that existing facilities at the Continental Mine Facility resume operation, Cobre shall provide written notice informing NMED of Cessation of Operation within 15 days of the Cessation of Operation. Unless NMED has granted an extension, Cobre shall implement the closure plan for any portion of the Continental Mine facility within 180 days of Cessation of Operation of that portion of the facility, unless operations resume within 180 days of the Cessation of Operation.

65. Cobre may request NMED approval of an extension of the schedule for the implementation of all or portions of the closure plan. The request shall include an adequate operational and interim closure plan for the period of extension to ensure that the requirements of the WQA and the WQCC Regulations are met and may be in the form of, or include, a copy of an application for a Standby Permit under the NMMA. The extension shall not be longer than the remaining term of this Supplemental Discharge Permit.

66. Within 150 days after the Effective Date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a comprehensive schedule for performance and completion of closure activities based on the implementation schedule described in Conditions 63 and 64. The schedule shall include timeframes for surface shaping, final cover placement, drainage, revegetation and other closure activities as appropriate for the Main Tailing Impoundment, the Magnetite Tailing Impoundment, the Fierro Leach Pad, Waste Rock Piles, Surface Impoundments, and any other areas requiring closure under this Supplemental Discharge Permit. The schedule shall detail the step-by step progression of surface shaping, final cover placement, drainage, revegetation and other closure activities including the proposed duration for each step. Cobre shall propose a revised schedule as necessary to address changes at the facility. NMED may require Cobre to submit a revised schedule.

67. Within 90 days after the completion of closure activities for all or a portion of the Continental Mine Facility, including submittal of any CDQA, or within such other time as NMED approves, Cobre shall submit to NMED a written request for Certification of Closure. The request shall be signed by a responsible company official, certifying that closure has been completed in accordance with the conditions of this Supplemental Discharge Permit. If NMED approves the request, it will issue a written Certification of Closure for that portion of the Continental Mine Facility covered by the request. If

NMED does not approve the request, it will notify Cobre in writing of the activities that Cobre must undertake to complete closure.

Contingency Plan

68. In accordance with Section 20.6.2.1203 NMAC, Cobre shall report and remedy any discharge not approved in this Supplemental Discharge Permit or an Operational Discharge Permit. This requirement includes, but is not limited to, corrective action to contain and remove or mitigate the condition, oral notification of NMED within 24 hours after discovery of the condition, written notification of NMED within one week after discovery of the condition, submittal of a corrective action report within fifteen (15) days after discovery of the condition, and submittal of an abatement plan in accordance with Section 20.6.2.1203.A.9 NMAC or, if required by NMED, in accordance with Conditions 32 through 35 of this Supplemental Discharge Permit.

69. For areas where the closure activities described in this Supplemental Discharge Permit will require relocation of permitted monitoring wells, toe control systems and seepage interception systems, Cobre shall submit a plan to NMED for approval at least 60 days prior to initiation of closure activities. The plan shall include a schedule for abandonment and/or replacement of all affected monitoring wells, toe control systems and seepage interception systems. The plan shall outline specific wells or systems to be replaced and shall address closure and post-closure monitoring requirements consistent with this Supplemental Discharge Permit. All new monitoring wells shall be constructed and abandonment pursuant to *NMED Monitoring Well Construction and Abandonment Guidelines* and according to regulations issued by the Office of the State Engineer in 19.27.7 NMAC, unless an alternative completion is approved.

70. If Cobre discovers a significant increase in the extent or magnitude of ground or surface water contamination, during closure or post-closure monitoring, or a significant increase in discharge volume from any seep or existing discharge point, Cobre shall notify NMED within 5 days of discovery of the increase pursuant to the applicable Cobre Operational Discharge Permit. Within 60 days of discovery or receipt of notification, whichever is earlier, Cobre shall submit to NMED for approval an abatement plan including an implementation schedule to address source control and abatement of the contamination in accordance with Section 20.6.2.3109.A.1 NMAC. Upon NMED approval, Cobre shall implement the abatement plan in accordance with the implementation schedule. The approved abatement plan and schedule shall be submitted to NMED pursuant to the appropriate Operational Discharge Permit(s) or this Supplemental Discharge Permit.

71. Within 240 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a contingency plan to address the reasonably foreseeable failure of any component of the closure plan, including but not limited to failure of collection, containment or treatment systems, failure of covers or revegetation, failure of surface run-on and run-off controls, or failures in slope stability, that may result

in an exceedance of water quality standards or otherwise threaten public health or the environment. The contingency plan shall provide criteria for determination of closure component failures, including cover erosion criteria. Cobre shall submit to NMED annual updates of the contingency plan to incorporate relevant details as the closure plan is implemented.

72. If NMED determines that the cover is not protective of ground water and surface water quality after closure of the Main Tailing Impoundment, Waste Rock Piles, Fierro Leach Pad or any other areas requiring a cover for final closure, Cobre shall submit to NMED for approval a proposed work plan including a schedule to remedy such failure, which may include redesign of the final covers. Upon NMED approval, Cobre shall implement the work plan according to the approved schedule.

73. If NMED or Cobre identifies any other reasonably foreseeable potential failure of this Supplemental Discharge Permit or system not specifically addressed above, NMED may require Cobre to develop and submit to NMED for approval contingency plans and schedules to address such a failure.

74. Within 240 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval an Emergency Response Plan that identifies operational parameters and provides contingencies for operational failures associated with water management at the Continental Pit, Waste Rock Piles, and Fierro Leach Pad, process water, collection impoundments, sumps or any other type of impoundment that contains water that may be harmful or toxic. The plan shall include normal operational water levels for all impoundments and contingencies to be implemented if specified water levels are exceeded. Cobre shall submit to NMED annual updates of the Emergency Response Plan to incorporate relevant details as the closure plan is implemented.

Additional Studies

75. The approved schedule for the implementation and completion of any studies described in this Supplemental Discharge Permit may be adjusted by NMED upon request by Cobre to coordinate with the requirements for the same or similar studies to be performed pursuant to the requirements of the NMMA. Cobre may propose, subject to NMED approval, to use data obtained from studies conducted at the Chino Mine pursuant to DP-1340 or Tyrone Mine pursuant to DP-1341 for the studies required in Conditions 76 to 89. Cobre must specify the data it proposes to use, and provide the scientific basis for such use, in the appropriate work plan.

76. Cobre shall perform a comprehensive cover performance evaluation. Within 90 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan, including an implementation schedule, for a comprehensive cover performance evaluation. The purpose of the comprehensive cover performance evaluation is to evaluate the type and thickness of the proposed cover

materials and to further characterize the physical, chemical, and hydraulic properties of the proposed cover materials for the Waste Rock Piles, Main Tailing Impoundment, and the Fierro Leach Pad. The study shall be designed to determine whether the cover required by this Supplemental Discharge Permit and/or alternative cover systems will ensure that the requirements of the WQA and WQCC Regulations and the conditions of this Supplemental Discharge Permit are met. The study shall include an evaluation of the feasibility of limiting infiltration through the required covers or alternative covers to the extent necessary to prevent ground water and surface water quality standards from being exceeded. The evaluation shall include, at a minimum, a prediction of post-closure impacts of seepage to ground water quality based on a calibrated soil atmosphere model, calibrated ground water flow model(s), and geochemical modeling. Within three years of NMED approval of the work plan, Cobre shall submit to NMED a report presenting the results of the comprehensive cover performance evaluation. The comprehensive cover performance evaluation report shall be updated with data from the cover, erosion and revegetation test plot study described in Condition 77 and any other applicable studies, when available. Based on the results of the comprehensive cover performance evaluation, Cobre shall reevaluate the cover design required in Condition 16 and propose modifications to the cover design as necessary.

77. Cobre shall perform a cover, erosion, and revegetation test plot study. Within 60 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan including an implementation schedule for a cover, erosion, and revegetation test plot study. The schedule shall provide for construction of test plots prior to the 2006 growing season. The purpose of the study is to evaluate, at a minimum: net infiltration through the store and release cover with differing cover thicknesses and cover materials; feasibility of construction and construction techniques required during cover placement; erosion rates; vegetation success; and the potential upward migration of acidic solutions from underlying materials. In addition, the study shall be designed to evaluate how site revegetation will be protective of water quality. The study shall incorporate measurement of revegetation parameters as required by MMD. At a minimum, the study shall incorporate the following: 1) measurement of chemical parameters including pH, electrical conductivity, and selected metal concentrations from water and soil samples; 2) collection of daily site-specific meteorological data; 3) instrumentation to measure in-situ soil moisture content and infiltration through the covers and to calibrate numerical models; 4) measurements of vegetation success and erosion on varying slope angles and aspects; and 5) soil temperature measurements of the cover material within the test plots. Any alternative cover thicknesses and slope angles proposed for closure by Cobre must be included in the cover, erosion and revegetation test plot study. The cover, erosion and revegetation test plot study shall be coordinated with the comprehensive cover performance evaluation study required by Condition 76. Cobre shall submit to NMED annual reports summarizing the results of the study, including recommendations for improvement. Within 4 years after the effective date of this Supplemental Discharge Permit, Cobre shall submit a report that evaluates the test plot results as they relate to the requirements of the

WQA and WQCC Regulations and the conditions of this Supplemental Discharge Permit. The report shall propose additional test plots, if necessary. The cover and revegetation test plot study shall be conducted until NMED makes a determination, in consultation with MMD, that the study may be discontinued. For each test plot, the cover thickness, seed mixture, and fertilizer application rate shall not be modified during the evaluation period without written approval from NMED. Cobre shall construct cover test plots using equipment and material that are proposed to construct final full-scale covers. Test plots shall be large enough to evaluate actual closure practices to be performed at the site.

78. Cobre shall perform a characterization study of the Pearson-Barnes Mine Area. Within 60 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan, including an implementation schedule to perform the characterization study. The study shall be designed to address the full characterization of waste materials, contaminated sediments, ground water, and surface water in the Pearson-Barnes Mine Area. Cobre shall submit characterization results in a final report along with a proposed closure plan and implementation schedule for closure of the Pearson-Barnes Area according to the schedule in Condition 63. Upon NMED approval, Cobre shall commence closure of the Pearson-Barnes Mine Area, including any necessary abatement of ground water and surface water.

79. Within 120 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan, including an implementation schedule, to characterize waste materials, contaminated sediments, and ground water and surface water in the Hanover-Empire Zinc Mine Area. The characterization results shall be presented in a final report along with a proposed closure plan including a cost estimate and implementation schedule for closure of the Hanover-Empire Mine Area according to the schedule described in Conditions 63. Upon NMED approval, Cobre shall commence closure of the Hanover-Empire Zinc Mine Area, including any necessary abatement of ground water and surface water. The abatement plan, if required, shall be submitted pursuant to Condition 32.

80. Cobre shall perform a supplemental stability study of the Waste Rock Piles and Main Tailing Impoundment at the Continental Mine Facility. Within 240 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan including an implementation schedule for a supplemental stability study to evaluate the long-term physical stability of Waste Rock Piles and Main Tailing Impoundment after site closure. The study shall evaluate and quantify changes in the engineering parameters resulting from the natural weathering process of the Waste Rock Pile materials that may ultimately affect long-term stability. At a minimum, the work plan shall propose methods and analysis to account for changes in chemical and physical properties of the stockpile and tailing materials from the time of deposition to present day and to a specified time during post-closure. The study shall include an evaluation of the shear strength of materials on the surface and interior of the Waste Rock Piles and Main Tailing Impoundment over a reasonable range of expected values for saturated and

unsaturated conditions. Cross sections should represent site-specific topography, geology and physical properties of the foundation materials.

81. Cobre shall revise the borrow source materials investigation for the Continental Mine Facility. Within 60 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan, including an implementation schedule, for a revised borrow source materials investigation. The investigation shall be designed to consider the data needs for the cover performance evaluation described in Condition 76. The investigation shall, at a minimum, identify all borrow source locations and destinations to individual closure areas and the collection of an adequate number of samples to establish the physical and chemical characteristics of the borrow material proposed to be used for cover. Cobre shall evaluate the feasibility of using the proposed Fierro Leach Pad area as a source of cover material as part of the investigation. The investigation shall include evaluation of non-acid generating waste rock and tailings from the Main Tailing Impoundment as potential cover material.

82. Cobre shall perform a supplemental materials characterization study of the Waste Rock Piles and the Main Tailing Impoundment located at the Continental Mine Facility. Within 90 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan, including an implementation schedule for the supplemental materials characterization study of the Main Tailing Impoundment and Waste Rock Piles located at the Continental Mine Facility. The study shall include instrumentation of the Waste Rock Piles and shall be designed to consider the data needs for the studies described in Conditions 48, 76, 77, 78, 79, and 80. The evaluation shall include, but not be limited to, the collection of an adequate number of samples to establish the detailed physical and chemical characteristics of each individual Waste Rock Pile and of the Main Tailing Impoundment.

83. Cobre shall submit a revised seepage investigation report for the Waste Rock Piles, and the Main Tailing Impoundment under closure conditions. Within 120 days of the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan, including an implementation schedule, for a revised seepage investigation for the Waste Rock Piles and Tailing Impoundments. The study shall be designed to consider the data needs for Conditions 84, 85, and 89, and the results of the materials characterization study described in Condition 82. The purpose of this investigation is to predict, at a minimum, the quantity and quality of seepage from individual Waste Rock Piles and Tailing Impoundments and potential associated impacts to ground water and surface water following Cessation of Operation.

84. Cobre shall perform a study to supplement existing ground water studies and evaluate the hydrologic conditions beneath the Continental Mine Facility. Within 240 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan, including an implementation schedule, for a study to evaluate the hydrologic conditions beneath the Continental Mine Facility. The study shall consider

the data needs for the Pit Lake Formation study described in Condition 85 and the abatement plan required in Condition 32. The study shall be designed to determine whether the proposed closure alternatives will achieve the requirements of the WQA and the WQCC regulations. As part of the study Cobre may be required to install additional monitoring wells for the collection of temperature, flow direction, water quality and water level data beneath the Continental Mine Facility.

85. Cobre shall perform a study to address the hydrogeologic characterization of the Continental Pit Lake. Within 360 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan, including an implementation schedule, for a study to supplement the existing Pit Lake Formation Model submitted December 1999. The study shall adequately address the comment letter from NMED regarding the submittal of a third party review of hydrogeologic characterization, groundwater flow model and predicted pit lake chemistry of Cobre's Continental Pit dated January 29, 2001. The study shall address the predicated site hydrology for, at a minimum, the scenarios of partial backfilling of the Continental Pit and allowing a pit lake to form after site closure.

86. Cobre shall perform a process solution elimination study. Within 180 days after the effective of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan, including an implementation schedule, for a process solution elimination study. The purpose of the study is to evaluate alternatives and identify environmentally sound and cost effective methods to treat or eliminate process solutions from the proposed Fierro Leach Pad following Cessation of Operation. The study shall evaluate factors including but not limited to water treatment plant size, pipeline lengths and dimensions, pump size(s), number of pumps, and pump rating, location of pipelines, water treatment plant, pumps, evaporation rates and evaporation methods as necessary. Based upon the study results, Cobre shall submit to NMED for approval a proposed method for process solution elimination following Cessation of Operation.

87. Cobre shall perform a surface impoundment study. Within 120 days after the effective date of the Supplemental Discharge Permit, Cobre shall submit to NMED for approval, a work plan, including an implementation schedule for the Surface Impoundment study. The study shall be designed to determine which of the existing Surface Impoundments will be needed during closure and post-closure for stormwater retention or seepage interception and an implementation schedule for completion of closure that addresses all surface impoundments.

88. Cobre shall perform a study to investigate the extent of deposition of tailings transported by wind or water off the Main and Magnetite Tailing Impoundments into Hanover Creek. Within 120 days of the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan, including an implementation schedule for a study to investigate the extent of deposition of tailings transported by wind or water off the Main Tailing Impoundment. The investigation shall address potential impacts to

surface water, ground water and abatement and propose abatement and closure plans for areas containing the tailings.

89. Cobre shall perform a feasibility study for closure of the Continental Mine Facility. Within 240 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a work plan including an implementation schedule for a feasibility study designed to evaluate closure alternatives for each facility where final closure has not been implemented. The evaluation shall include a range of options for each alternative: for example, partial to full regrading of the Waste Rock Piles. At a minimum, alternatives to be evaluated shall address: a) a no action scenario; b) relocation, regrading, cover placement, and revegetation; c) stormwater collection; d) leachate collection; e) contaminated ground water and surface water collection and remediation; f) reclamation of the Continental Pit, including complete and partial backfill and reclaiming the area backfilled within the Continental Pit; g) reclamation of the Hanover Mountain Mine, h) water treatment options; and i) appropriate combinations of the foregoing. Results of the analysis of alternatives shall be described in detail and summarized. The study shall be designed to determine whether the closure alternatives evaluated will ensure that the requirements of the WQA and the WQCC Regulations are met. At a minimum, alternatives shall be evaluated based on the following criteria: a) percentage reduction in infiltration, concentration, volume, and mobility of water contaminants; b) effectiveness in attaining ground water and surface water quality standards at all locations in the Continental Mine Facility; c) technical feasibility; d) stability and durability; and e) cost, including capital costs, operating costs, and other appropriate costs. The feasibility study shall include a cost estimate with supporting data for each alternative evaluated including implementation, long-term maintenance and long-term financial assurance requirements. This feasibility study shall incorporate data and other information derived from the other additional studies required in this Supplemental Discharge Permit. The study shall be completed within four years after issuance of this Supplemental Discharge Permit. Upon completion, Cobre shall submit to NMED for approval a feasibility study report detailing the options evaluated and a proposed closure alternative for each facility.

90. If the results of the studies described above in Conditions 76 through 89, other studies performed under this Supplemental Discharge Permit, studies performed under the Cobre Operational Discharge Permits, or studies performed under the NMMA indicate that additional or alternative closure actions are necessary to comply with the requirements of the WQA and the WQCC Regulations, Cobre shall propose or NMED may require an amendment or modification of this Supplemental Discharge Permit to ensure protection of ground water and surface water.

Financial Assurance

91. Cobre shall maintain financial assurance in an amount sufficient to cover the cost of a third party to implement the closure plan described in Conditions 1 through 90 of this

Supplemental Discharge Permit. The financial assurance shall ensure that funds will be available to implement the closure plan if at any time Cobre is unable, unwilling, or otherwise fails to implement closure of the Facility or any portion thereof as required by this Supplemental Discharge Permit.

92. Within 30 days of the Effective Date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a cost estimate for completion of each of the additional studies provided for in Conditions 76 through 89. The cost estimate submittal shall include a line item cost for each additional study provided for in Conditions 76 through 89. The submittal shall include supporting documentation justifying the cost basis for each study, and shall justify and itemize the costs for work plan preparation, field work, sampling, field instrumentation, consultant fees, laboratory analyses, data evaluation, computer simulation, indirect costs, progress reports, responses to NMED comments and final reports.

93. Within 60 days after the effective date of this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a draft of its proposed financial assurance instruments that meet the requirements of Conditions 91 through 98. Such instruments shall include: 1) a surety bond or other financial assurance instrument or instruments comprising a "financial assurance package," and 2) a trust agreement or similar document.

94. Within 30 days after NMED approval of the draft financial assurance instrument package, Cobre shall execute each financial assurance instrument which, in combination, shall be sufficient to ensure the payment of the estimated costs of implementing the closure plan, which total $37,520,393 in current dollars plus the NMED approved cost for additional studies under Condition 92. The financial assurance package shall be structured to provide for payment of the estimated costs of implementing the closure plan over the life of this closure plan, as shown in the estimated annual cash flows presented in Exhibit 1, subject to an annual escalation rate of 3.41 percent for water management costs and 3.64 percent for other costs. Alternatively, the financial assurance package, shall be sufficient to ensure a lump sum payment of the net present value of the estimated costs of implementing the closure plan based upon an annual escalation rate of 3.41 percent for water management costs and 3.64 percent for other costs and a discount rate of 5.00 percent for the first 12 years with an 8.00 percent discount rate for years 13 through 100. Each financial assurance instrument shall name NMED (or NMED and the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) for joint financial assurance) as the beneficiary. Each financial assurance instrument shall be in a form approved by NMED. Financial assurance in a form approved by NMED shall be maintained until the financial assurance is released.

95. Within 30 days after NMED approval of the draft trust agreement, Cobre shall establish a trust to receive and disburse funds deposited for closure activities as provided for in Condition 91, and shall execute a trust agreement. The trust agreement shall name

NMED (or NMED and EMNRD for joint financial assurance) as the beneficiary. The trust agreement shall be in a form approved by NMED. It shall incorporate the provisions of Condition 97. The trust shall be maintained until the financial assurance is released. If specifically approved by NMED, Cobre may provide alternate financial assurance instruments, in lieu of a trust agreement, that assure payment of the required amount.

a. Upon execution of the trust agreement, an emergency fund in the amount of $40,343 in current dollars shall be deposited in the trust fund to cover immediate water management costs (e.g., pumps, personnel, electricity) should NMED need to proceed with forfeiture of the financial assurance prior to completion of mine closure.

b. Upon forfeiture of the financial assurance, the forfeited amounts shall be deposited directly into the trust to fund closure activities.

c. Upon forfeiture of the financial assurance, a separate long-term water treatment fund in the amount of $4,623,172 (net present value) shall be deposited in the Trust fund to cover the costs of construction, implementation, operation (including the addition of chemicals), maintenance, and monitoring of the water treatment and seepage interceptor system.

d. The emergency fund and the long-term water treatment fund shall each be maintained in separate accounts from any other amounts deposited in the trust fund.

96. Within 35 days after NMED approval of the draft financial assurance instruments, Cobre shall provide NMED with an original signed and notarized copy of each of the financial assurance instruments.

97. The financial assurance including any revised financial assurance, shall meet the following standard requirements:

a. The financial assurance shall be executed in an amount equal to the NMED approved closure cost estimate, including escalation and discounting as provided in Condition 94. The closure cost estimate shall include direct costs associated with third party implementation of the closure plan, contingency costs and NMED oversight and administration costs, including indirect costs.

b. Except as provided herein, NMED shall be named as the sole beneficiary in each financial assurance instrument. Cobre may select a joint financial assurance instrument to meet the requirements of NMED and the EMNRD. If a joint instrument is selected, both NMED and EMNRD shall be named as joint beneficiaries and the joint instrument shall meet the requirements of both agencies.

c. The financial assurance shall remain in effect throughout the term of this Supplemental Discharge Permit, including the post-closure period, and until replaced or released by NMED. Cobre shall not replace any approved financial assurance instrument without prior NMED approval. The financial assurance shall remain in place at all times, including lapses in discharge permit coverage, late discharge permit renewal or temporary shutdown of facilities covered under this Supplemental Discharge Permit.

d. The financial assurance shall include a method for adjustments due to inflation, new technologies, and NMED approved revisions to the closure plan based on continued investigations or other information.

e. No more than once every 12 months, Cobre may request that NMED review remaining closure measures, including alternate closure measures that NMED has approved. The request for closure review shall describe the closure measures certified completed and shall contain an updated cost estimate for remaining closure measures. If NMED approves the description of completed closure measures and the cost estimate for remaining closure measures, NMED will adjust the total amount of required financial assurance to reflect the revised cost estimate.

f. The financial assurance package shall be evaluated, and if necessary, revised to comply with WQCC financial assurance regulations, if and when such regulations are promulgated and become effective.

g. Each financial assurance instrument shall include a provision, which requires the financial assurance provider to provide at least 120 days written notice to NMED and Cobre prior to cancellation or non-renewal of the financial assurance instrument. Cobre shall obtain an NMED-approved alternate financial assurance mechanism within 60 days of such notice. If Cobre fails to obtain alternate financial assurance within 60 days, the current financial assurance shall become immediately payable to the trust fund.

h. If NMED determines that implementation of the closure plan is required and that Cobre is unable or unwilling or will otherwise fail to conduct or complete the closure requirements of this Supplemental Discharge Permit, then NMED may proceed with forfeiture of all or part of the financial assurance. Prior to beginning a forfeiture proceeding, NMED will provide written notice, by certified mail return receipt requested, to Cobre and to all financial assurance providers, if applicable, informing them of the determination to forfeit all or a portion of the financial assurance. The written notice will state the reasons for the forfeiture and the amount to be forfeited. The amount shall be based on the total remaining cost of performing closure, including post-closure monitoring and maintenance, in accordance with this Supplemental Discharge Permit and all applicable laws and

regulations. NMED will also advise Cobre and all financial assurance provider, if applicable, of the conditions under which forfeiture may be avoided. Such conditions may include, without limitation, an agreement by Cobre, by a financial assurance providers, or by an NMED approved third party, to perform closure, including post-closure monitoring and maintenance, in accordance with this Supplemental Discharge Permit and all applicable laws and regulations, and a demonstration that such person has the financial ability and technical qualifications to do so. Financial assurance forfeited shall become immediately payable to the trust fund or as otherwise provided in the approved instrument. Forfeited funds shall be used to complete performance of the closure plan. If the forfeited amount is insufficient, Cobre shall be liable for the remaining costs. If the amount forfeited is more than necessary, the excess amount shall be refunded to the person from whom it was collected.

i. All or part of the financial assurance shall be released or modified when NMED determines that closure and post-closure measures covered by the financial assurance have been completed according to the closure plan requirements of this Supplemental Discharge Permit.

98. Within 30 days of NMED approval of an updated or revised closure plan, or upon a determination that the existing financial assurance is inadequate, or upon any revisions to the cost estimate required by MMD for facilities covered under this Supplemental Discharge Permit, Cobre shall submit to NMED for approval a revised closure cost estimate and financial assurance instruments that meet the requirements of Conditions 91 through 97. Within 30 days of NMED approval of the revised closure cost estimate and financial assurance instrument, Cobre shall execute the revised financial assurance instruments pursuant to Conditions 94 and 95 and submit copies to NMED pursuant to Condition 96.

V. STANDARD PERMIT REQUIREMENTS

Record Keeping

99. Cobre shall maintain at its facility a written record of all data and information on monitoring of groundwater, surface water, leachate, wastewater, and meteorological conditions conducted pursuant to this Supplemental Discharge Permit, including the following:

a. The date, exact time, and exact location of each sample collection or field measurement;

b. The name and job title of the person who performed each sample collection or field measurement;

c. The date of the analysis of each sample;

d. The name and address of the laboratory and the name and job title of the person that performed the analysis of each sample;

e. The analytical technique or method used to analyze each sample or take each field measurement;

f. The results of each analysis or field measurement, including the raw data; and

g. A description of the quality assurance and quality control procedures used.

100. Such data and information shall also be maintained on all split and duplicate samples, spike and blank samples, and repeat samples.

101. Cobre shall maintain a written record of any spills, seeps, or leaks of leachate, effluent, or process fluids not authorized by this Supplemental Discharge Permit or an Operational Discharge Permit.

102. Cobre shall maintain a written record of the operation, maintenance, and repair of all facilities and equipment used to treat, store, or dispose of wastewater; to measure flow rates, to monitor water quality, or to collect other data required by this Supplemental Discharge Permit. This record shall include repair, replacement, or calibration of any monitoring equipment and repair or replacement of equipment used in Cobre's waste or wastewater treatment and disposal system.

103. Notwithstanding any company record retention policy to the contrary, until such time as NMED determines that all closure measures have been completed in accordance with the requirements of this Supplemental Discharge Permit, Cobre shall retain copies of all data, records, reports, and other documents generated pursuant to this Supplemental Discharge Permit, including those listed in Conditions 38 through 59 above. Such record retention period may be increased by NMED at any time upon written notice to Cobre.

104. All such data, records, reports, and other documents, including those listed in Conditions 38 through 59 above, shall be provided to NMED upon request.

Submittals

105. Cobre shall submit three hard copies and one electronic copy of all required studies, work plans and technical reports to NMED. All other submittals and correspondence from Cobre to NMED shall be submitted as one hardcopy and one electronic copy. Electronic copies shall be in a format acceptable to NMED. All studies, work plans and technical reports shall contain, if applicable, the signature and stamp of the certified and registered Professional Engineer overseeing the submittal preparation. Upon submission, NMED

will evaluate all studies, work plans and technical reports for technical completeness and adequacy. If NMED disapproves the proposed work plan or technical report, NMED will provide a written notice of deficiency. Cobre shall have 90 days from receipt of the written notice of deficiency to resolve deficiencies and obtain NMED approval. If NMED and Cobre are unable to reach agreement within 90 days, Cobre shall be in violation of this Supplemental Discharge Permit. All work plans and associated schedules submitted under this Supplemental Discharge Permit, once approved by NMED, shall be incorporated herein as an enforceable part of this Supplemental Discharge Permit.

Inspection and Entry

106. In accordance with the WQA, NMSA 1978, § 74-6-9.B and E, and the WQCC Regulations Section 20.6.2.3107.D NMAC, Cobre shall allow any authorized representative of NMED, upon the presentation of credentials, to enter any property or premises owned or controlled by Cobre during regular business hours or at other reasonable times for the following purposes:

    a. To inspect and copy any data, records, reports, or other documents generated pursuant to this Supplemental Discharge Permit or Operational Discharge Permits, or pursuant to State or federal water quality regulations, including those listed in Conditions 99 through 104 above.

    b. To inspect any equipment, device, monitoring system, well, collection system, pipeline or other conveyance system, treatment works, or other system or facility required by this Supplemental Discharge Permit or Operational Discharge Permits, or by State or federal water quality regulations.

    c. To sample or monitor any leachate, water contaminant, effluent, or receiving groundwater or surface water at any location before, after, or during discharge.

    d. To sample or monitor any well or other collection system.

107. Nothing in this Supplemental Discharge Permit shall be construed as limiting in any way the inspection and entry authority of NMED under the WQA, the WQCC Regulations, or any other applicable law or regulation.

Duty to Provide Information

108. In accordance with the WQA, NMSA 1978, §§ 74-6-5.I(4) and 74-6-9.B and the WQCC Regulations Section 20.6.2.3107.D NMAC, within a reasonable time after a request from NMED, which time may be specified by NMED, Cobre shall provide NMED with any relevant information to determine whether cause exists for modifying, terminating, or renewing this Supplemental Discharge Permit, or to determine whether Cobre is in

compliance with this Supplemental Discharge Permit.

109. Nothing in this Supplemental Discharge Permit shall be construed as limiting in any way the information gathering authority of NMED under the WQA, the WQCC Regulations, or any other applicable law or regulation.

Unauthorized Discharges

110. This Supplemental Discharge Permit authorizes only those discharges specified herein. Any discharge into groundwater not authorized by this Supplemental Discharge Permit or by any Cobre Discharge Permit is a violation of the WQCC Regulations Section 20.6.2.3104 NMAC.

Modifications/Amendments

111. Pursuant to Section 20.6.2.3107.C NMAC, Cobre shall notify NMED of any changes to its wastewater collection or disposal system, including any changes in the wastewater flow rate or the volume of wastewater storage, or of any other changes to its mining operations or processes that would result in any significant change in the discharge of water contaminants. Cobre shall obtain NMED approval, as a modification to this Supplemental Discharge Permit pursuant to Sections 20.6.2.3109.E, F, or G NMAC, prior to any increase in the quantity of leachate discharged, or any increase in the concentration of water contaminants discharged, above those levels approved in this Supplemental Discharge Permit.

Transfer

112. Pursuant to Section 20.6.2.3111 NMAC, prior to the transfer of any ownership, control, or possession of the Continental Mine Facility or any portion thereof, Cobre shall notify the proposed transferee in writing of the existence of this Supplemental Discharge Permit and include a copy of this Permit with the notice. Cobre shall deliver or send by certified mail to NMED a copy of the notification and proof that such notification has been received by the proposed transferee.

Enforcement

113. Any violation of the requirements and conditions of this Supplemental Discharge Permit, including any failure or refusal to allow NMED to enter and inspect records or facilities, or any refusal or failure to provide NMED with records or information, may subject Cobre to an enforcement action. Pursuant to the WQA, NMSA 1978, § 74-6-10.A and B, such action may include a compliance order requiring compliance immediately or in a specified time, assessing a civil penalty, suspending or terminating the Supplemental Discharge Permit, or any combination of the foregoing; or an action in district court seeking injunctive relief, civil penalties, or both. Pursuant to the WQA, NMSA 1978, §§

74-6-10.C and 74-6-10.1, civil penalties of up to $15,000 per day of noncompliance may be assessed for each violation of the WQA, NMSA 1978, § 74-6-5, the WQCC regulations, or this Supplemental Discharge Permit, and civil penalties of up to $10,000 per day of noncompliance may be assessed for each violation of any other provision of the WQA, or any regulation, standard, or order adopted pursuant to such other provision. For certain violations specified in the WQA, NMSA 1978, § 74-6-10.2, criminal penalties may also apply.

114. In any action to enforce this Supplemental Discharge Permit, Cobre waives any objection to the admissibility as evidence of any data generated pursuant to this Supplemental Discharge Permit.

Modification

115. Unless otherwise specified in this Supplemental Discharge Permit, all conditions of this permit may be removed or terminated through modification of the Supplemental Discharge Permit pursuant to WQCC Regulations and the WQA.

Compliance with other Laws

116. Nothing in this Supplemental Discharge Permit shall be construed in any way as relieving Cobre of its obligation to comply with all applicable federal, state, and local laws, regulations, permits or orders.

Right to Appeal

117. Pursuant to the WQA, NMSA 1978, § 74-6-5.N and 20.1.3 NMAC, Cobre may file a petition for a hearing before the WQCC on this Supplemental Discharge Permit. Such petition must be made in writing to the WQCC within 30 days after Cobre receives notice of the Supplemental Discharge Permit. Unless a timely petition for a hearing is made, the decision of NMED shall be final.

Term

118. Pursuant to the WQA, NMSA 1978, § 74-6-5.H, and Section 20.6.2.3109.H NMAC, this Supplemental Discharge Permit expires five years from issued date. To renew the Supplemental Discharge Permit, Cobre must submit an application for renewal at least 180 days before the expiration date.

Issued this tenth day of December, 2004

William C. Olson, Chief

Ground Water Quality Bureau

Under authority delegated by the Secretary of the New Mexico Environment Department.