



COLORADO

**Division of Reclamation,
Mining and Safety**

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

May 17, 2016

Mr. Miguel Hamarat
Climax Molybdenum Company
Henderson Mill
P.O. Box 68
Empire, CO 80438

**Re: Climax Molybdenum Company, Henderson Mine, Permit No. M-1977-342
Technical Revision Required, Inspection and Reporting Frequency for the Tailings
Impoundment**

Mr. Hamarat,

The permit conditions at the Henderson Mine and Mill do not provide an appropriate protocol whereby routine inspections of the tailings impoundment are ensured and the results of the inspections are reported to the Division of Reclamation, Mining and Safety (Division/DRMS). Periodic inspections and reporting for the tailings impoundment are in accordance with the general requirements of the Hard Rock Act and Rules. Therefore, the Division shall require the Operator to address this issue through the Technical Revision process, as described under Rules 1.1(52) and 1.9. The review fee for a Technical Revision to the 112d-3 permit is \$1,006.

The Division will require the Operator to file the Technical Revision with the Division within 60 days, due **July 16, 2016**, addressing an inspection and reporting program to be implemented for the tailings impoundment. The inspection and reporting program must include, but is not limited to, the following:

1. The tailings impoundment shall be inspected on an annual basis by a qualified registered professional engineer or other qualified professional specialist under the direction of a professional engineer. The professional engineer or specialist shall be experienced in the construction and maintenance of tailings impoundments. The inspection shall also be in accordance with the applicable requirements of the Office of the State Engineer for impoundments of similar size and/or capacity. The annual inspection frequency shall continue until the Division approves a different frequency and/or the Division has



approved full release of the financial and performance warranties and the Division's permit has been terminated.

2. The qualified registered professional engineer shall, within 20 working days after each inspection, provide to the Division a certified report verifying the impoundment has been constructed and/or maintained as designed, and in accordance with the approved plan and the applicable regulations. A copy of each certified report shall also be maintained at or near the mine site and available for review.
3. The annual certified inspection report for the tailings impoundment shall include discussion of, but not limited to, the following:
 - Any appearance of erosion, instability, structural weakness or other hazardous conditions;
 - Existing and required monitoring procedures and instrumentation;
 - The depth and elevation of any impounded waters or fluids at the time of the certified report;
 - Existing storage capacity of the tailings impoundment;
 - Any other aspects of the structure affecting stability, or requiring maintenance;
 - Appropriate demonstrations as necessary to verify the impoundment is compliant with applicable requirements of the Office of the State Engineer.
4. The tailings impoundment shall be inspected at least monthly from spring to fall annually, by a qualified person designated by the Operator, for appearance of structural weakness, other hazardous conditions and evaluation of piezometer readings. The report generated from the monthly inspection shall be retained at the mine site and a copy of the report shall be submitted to the Division on a monthly basis.
5. If any inspection indicates a potential hazard exists, the Operator shall within 24 hours inform the Division of the finding and of the emergency procedures formulated for public protection and remedial action. If adequate procedures cannot be formulated or implemented, the Division shall be notified immediately. If the Operator has knowledge of a failure or imminent failure of the impoundment or embankment the Operator shall follow the emergency notification procedures of Hard Rock Rules 8.1 and 8.2.
6. Plans for an enlargement or reduction in size, reconstruction, or other modification to the tailings dam, spillway(s), or other portion of the impoundment, shall be submitted for Division review and approval through the appropriate processes outlined in the Hard Rock Act and Rules. Except where a modification is required to eliminate an emergency condition constituting a hazard to public health, safety or environment, the Division shall approve the plans before modification begins.

If you have any questions, please contact me at (303) 866-3567 Ext. 8124.

Sincerely,



Peter S. Hays
Environmental Protection Specialist

CERTIFIED MAIL NO. 7014 0150 0000 9138 8885
Return Receipt Requested

Cc: Wally Erickson, Division of Reclamation, Mining and Safety
Michael Cunningham, Division of Reclamation, Mining and Safety
Stephanie Mitchell, Division of Reclamation, Mining and Safety
Tyler O'Donnell, Division of Reclamation, Mining and Safety
Tim Haynes, Climax Molybdenum Company