

May 24, 2022

**ePermitting System, Email**

Mr. Peter Hays  
Division of Reclamation, Mining and Safety  
1313 Sherman St., Rm. 215  
Denver, CO 80203

**Re: Follow-up Notice for Mill Water Return Line (MWRL) Vent Leak Follow-up Notice, Permit No. M-1977-342**

Dear Mr. Hays:

Pursuant to Rule 8.2.3 of the DRMS Rules and Regulations, Henderson Mill is providing this written follow-up notice to a phone call made to you on May 19, 2022.

This notice is regarding water originating in the tailings storage facility (TSF) that is pumped via the Mill Water Return Line (MWRL) to the East Branch (EB). Water was noticed to be surfacing along the west access road on 05/6/22. At this time of year, excess surface water is not uncommon in the area due to the spring runoff. However, the increasing flow in this area prompted a detailed investigation into the source of the water and a courtesy call to the DRMS was made. Over the course of the following 2 weeks, water samples were taken and sent to a local lab for analysis. Results of those tests determined that the water collected was a combination of spring runoff and Mill Process Water. Complete chemical analysis was received on 5/19/22 at which time our site investigation was completed. During this investigation on 5/19/22, Henderson discovered that a Vent valve located in a vault just east of where the water was observed had failed.

The following paragraphs correspond to the elements of the follow-up written notice set forth in Rule 8.2.3, paragraphs (a) through (e), of the DRMS Rules and Regulations:

- (a) After discovering the issue, Henderson employees immediately began investigation into the cause of the increased surface water. The barge was turned off to eliminate all potential mill water sources in that area.
- (b) The leaked water did not adversely impact human health, property or the environment. This is based on the known chemistry of the water and the location of the event. Water leaked from the pipeline vent was contained within the Tailings Storage Facility. At no time did any impacted water flow from the property or impact waters of the United States.
- (c) The contact person for this event is:

Geoff Niggeler  
19302 County Road 3  
Parshall, CO 80468  
Phone: 720-942-3631

- (d) No monitoring or analyses beyond that described above were performed for this situation since the water from the system was contained on-site and did not impact any natural water body.
- (e) As of May 20, 2022 a formal root cause analysis has yet to be completed, though it is underway. The preliminary cause for this incident appears to be that over time fatigue of the vent has caused degradation of the internal working of the mechanism causing it not functioning properly under the higher pressures seen during 2 pump operation of the barge. To rectify this situation, the valve will be replaced and preventative maintenance programs will be put in place to inspect and functionally test the vent mechanisms on a regular basis.

If you have any additional questions or concerns, please feel free to contact me at 720-942-3631 or Miguel Hamarat at 720-942-3255.

Sincerely,



Geoff Niggeler  
Chief Environmental Engineer  
Climax Molybdenum Company  
Henderson Operations

CC (via email):  
M. Hamarat, Climax