Climax Molybdenum
A Freeport-McMoRan Company

COLORADO OPERATIONS
Henderson Mill
19302 County Road 3
Parshall, CO 80468
Phone (303) 569-3221

February 26, 2013

Via Email and Certified Mail #: 7006 2150 0001 8831 9360

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

Re: Follow-up Notice for Mill Tailing Delivery Line Leak, Permit No. M-1977-342

Dear Mr. Hays:

Henderson Mill is providing this written follow-up notice to a phone call made to you on February 21, 2013 pursuant to Rule 8.1 and 8.2 of the DRMS Rules and Regulations.

This notice is regarding tailing slurry which escaped through a dislocated joint packing void between two joints of reinforced concrete piping (RCP) associated with the Tailing Delivery Line (TDL), which occurred February 21, 2013 at approximately 7:30am. The TDL is considered an environmental protection facility with the Mill Process Water System, in Henderson's Environmental Protection Plan. The leak was discovered at 7:30am, after which, an estimated volume between 1,000 - 2,000 gallons leaked onto the ground.

(a) After discovering the issue, Henderson employees promptly wedged more packing into the void where tails slurry was escaping to slow down the escaping flow, estimated at <1gpm following wedging additional packing into the joint.

(b) Mill tailing slurry flow did not adversely impact human health, property or the environment. The entirety of the slurry that leaked from the TDL made its way along the TDL access road for 250 to 300 feet, where the extent of the flow appeared to have stopped. Drainage in this area will channel any resulting flows into the 3-Dam catchment bench, where it assimilates with other tails and process waters.

(c) The contact person for this event is:
Tim Haynes
19302 County Road 3, Parshall, CO 80468
Phone: 303-569-3221 ext. 2284

(d) No monitoring or analyses were performed for this situation since Mill water was not released off-site and did not impact any natural water body.

(e) The investigation following the incident determined that the leak came from packing which had become dislodged inside the joint between two pieces of reinforced concrete

pipe. Contraction of HDPE piping down gradient of an anchor block directly below the joint in question may have had some influence.

The day following the event, flows were diverted from the TDL and routed through the #1 Cutout to alleviate any pressure on the joint while a concrete patch was poured over the section of piping where the failure occurred. The concrete was allowed to set before tailing flow was again routed through this section of piping. As of February 26, there is no sign of perpetuated flow from the joint and no sign of flow in areas adjacent to this section of piping.

At the time of this event, Henderson had already planned a project for the spring/summer of 2013, which would exchange RCP piping in this area with HDPE piping. This project should further eliminate leak potential of this type.

If you have any additional questions or concerns, please feel free to contact me at 303-569-3221, ext. 2284 or Bryce Romig at ext. 1204.

Sincerely,

Tim Haynes

Tim Haynes
Sr. Environmental Engineer
Climax Molybdenum Company
Henderson Mill

CC (via email):
B. Romig, Climax
M. Hamarat, Climax
S. Deely, Freeport-McMoRan
N. Hall, Freeport-McMoRan
L. Decker, Gallagher & Kennedy

Attachments: Photos # 1-6

Image #1 – Location of Incident, below droptower 17 on Tailing Delivery Line. Wedges used to drive new packing material back into joint to stop/slow leak. Leak developed at 1 o' clock position in this perspective.

Image #2 – Flow emerging below anchor block, directly below leaking joint

Image #3 – Water flow down access road looking north. ~250 to 300ft evident flow path

Image #4 – Concrete patch poured over TDL

Image #5 – Area above where leak emerged from TDL joint

Image #6 – View down road, no evidence of escaping tails slurry