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June 29, 2007

**Via Certified Mail #7006 2150 0004 3614 1385**  
**Return Receipt Requested**

Mr. Robert Casey  
Water Quality Enforcement Unit Manager  
Arizona Department of Environmental Quality  
1110 West Washington Street  
Phoenix, Arizona 85007

**Re:     **Mitigation Order on Consent No. P-50-06****  
****April 1, 2007 through June 30, 2007 Status Report****

Dear Mr. Casey:

In accordance with Section V.A. of Mitigation Order on Consent No. P-50-06, I am submitting the second Status Report. It covers the period from April 1, 2007 through June 30, 2007.

Since the last Status Report was submitted, the following measures have been taken under Section III of the MO:

- Phelps Dodge Sierrita, Inc. (PDSI) continued negotiating with various parties to obtain access to properties for purposes of installing new monitoring wells at the six locations identified in the Work Plan.
- PDSI completed second quarter 2007 semi-annual groundwater monitoring activities.
- On May 7, 2007, PDSI met with a subgroup of the CAG to address technical questions on the groundwater model used in the interceptor wellfield effectiveness evaluation and process for evaluating mitigation alternatives through the feasibility study.
- On May 31, 2007, PDSI submitted two letters providing written responses to ADEQ's March 12, 2007 comments on the interim actions report, fourth quarter 2006 groundwater monitoring report, and well inventory report, and ADEQ's April 17, 2007 comments on the interceptor wellfield effectiveness evaluation report.
- On June 6, 2007, PDSI held the second quarter 2007 CAG meeting as required by Section III.G of the Mitigation Order.
- As of the end of June, PDSI had completed drilling and monitoring well construction in the deep pilot holes at monitoring well locations 1, 2 and 3. The pilot hole at location 4 was initiated and advanced to a depth of approximately 500 feet. On June 18 a second

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drill rig was mobilized to location 1 to begin installation of the intermediate and shallow wells. Pumping tests and groundwater sampling were completed at locations 2 and 3.

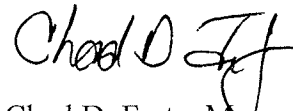
- On June 28, 2007, submitted the *Groundwater Monitoring Report for Second Quarter 2007 Task 2.2 of Aquifer Characterization Plan for Mitigation Order on Consent No. P-50-06*.

During the next quarter, the following activities will be completed:

- Complete third quarter 2007 groundwater monitoring activities by September 30, 2007.
- Complete monitoring well installation.
- Continue feasibility study by completing screening of potential mitigation actions.
- Hold the next CAG meeting in September.

Please do not hesitate to contact Mr. Stuart Brown at (503) 675-5252 or myself at (520) 648-8700 if you have any question regarding this submittal.

Very truly yours,



Chad D. Fretz, Manager  
Environment, Land and Water

CDF:sb

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xc: Joan Card, Arizona Department of Environmental Quality  
Cynthia Campbell, Arizona Department of Environmental Quality  
John Brack, Phelps Dodge Sierrita, Inc.  
Ned Hall, Phelps Dodge Sierrita, Inc.  
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