

Freeport-McMoRan Sierrita Inc.
6200 W. Duval Mine Rd.
PO Box 527
Green Valley, Arizona 85622-0527

August 25, 2008

Via Certified Mail #7002 1000 0005 6776 3329
Return Receipt Requested

Ms. Cynthia S. Campbell
Arizona Department of Environmental Quality
Water Quality Enforcement Unit
1110 West Washington Street
Phoenix, Arizona 85007-2935

Re: Mitigation Order on Consent,
Docket No. P-50-06 Response to ADEQ's July 21, 2008 Comments

Dear Ms. Campbell:

In its July 21, 2008 comment response letter, the Arizona Department of Environmental Quality ("ADEQ") stated that it is necessary to reestablish the deadlines for Freeport-McMoRan Sierrita Inc. ("Sierrita") to submit a Feasibility Study ("FS") and subsequent Mitigation Plan under Mitigation Order on Consent, Docket No. P-50-06. ADEQ requested that Sierrita submit the FS within thirty (30) days of receipt of ADEQ's July 21, 2008 letter. Sierrita received the letter on July 28, 2008. As discussed in your telephone conversation with Mr. Stuart Brown, Sierrita continued to work on the FS while ADEQ was reviewing the Aquifer Characterization Report ("ACR") and Sierrita's June 12, 2008 responses to ADEQ's comments on the ACR. However, Sierrita will not be able to complete the FS within the timeframe requested by ADEQ for the following reasons.

1. Key inputs to the groundwater flow and transport model (i.e., PDSI Regional-Scale Model [PDSIM]) include projections of future pumping by the local water utilities and other major water users (e.g., Farmers Investment Company [FICO]). The PDSIM documented in the ACR was modified for predictive simulations by including future pumping projections obtained from various information sources, including estimates provided to Arizona Department of Water Resources by the water utilities and FICO. In April, Sierrita obtained newly updated future pumping projections developed by the Upper Santa Cruz Providers and Users Group ("USC/PUG"), based on more recent and complete estimates provided by the major water managers in the area. To make sure that the mitigation alternative evaluation process in the FS is based on all information available at the time the FS is completed, Sierrita decided to revise the PDSIM to include the USC/PUG projections.
2. Sierrita also received new information from the Bureau of Reclamation dated August 11, 2008 on the potential volume and location of Central Arizona Project ("CAP") recharge by Community Water Company ("CWC") within the PDSIM domain. Again, to make sure that the FS is based on all information available at the time the FS is completed, Sierrita decided to revise the PDSIM to include this information. Sierrita recently completed incorporating this revision to the PDSIM, as well as the revision discussed in Item 1, and has initiated the process of reevaluating each of the potential mitigation alternatives using

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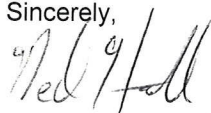
the updated model. Sierrita expects to complete the model simulations by early September.

3. Sierrita met with representatives of the Arizona State Land Department on July 31, 2008 to discuss potential timeframes for permitting the construction of wells and associated transmission pipelines and the potential cost of pumping water on State land immediately east of the Sierrita tailing impoundment. While this meeting helped to clarify that the actual permitting timeframe is likely to be shorter than was assumed by Sierrita in the focused FS, it raised several new issues such as how potential pumping costs would be established and the magnitude of those costs. As a result of this meeting, Sierrita needs additional time to address these issues in the FS.
4. A 90-day timeframe to submit the FS following ADEQ's letter approving the AQR also is consistent with the approved work plan schedule. That schedule calls for the FS to be submitted on April 30, 2008, assuming the AQR was approved by January 31, 2008. The schedule further provides that timeframes will be extended the number of days that an assumed approval date is delayed.

For these reasons, Sierrita proposes to submit the FS within ninety (90) days of receipt of the letter, by October 25, 2008 and requests that ADEQ provide written approval of Sierrita's proposed submittal date. As requested by ADEQ, the Mitigation Plan would be submitted within sixty (60) days of receipt of ADEQ's written review of the FS.

Please do not hesitate to contact Mr. Stuart Brown at (503) 675-5252 or myself at (520) 648-8857 if you have any question regarding this submittal.

Sincerely,



E. L. (Ned) Hall
Chief Environmental Engineer

ELH:ms
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xc: John Broderick, Sierrita Operations
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