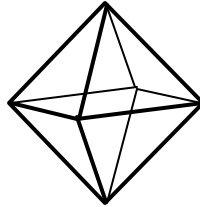


Jonathan C. Cherry, P.E.
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Kennecott Eagle Minerals Company
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Email: Cherryj@Kennecott.com



Kennecott Eagle Minerals

October 27, 2006

Mr. Harold R. Fitch, Chief
Office of Geological Survey
Michigan Department of Environmental Quality
Post Office Box 30473
Lansing, Michigan 48909-7973

Re: **Waiver of Permit Processing Time**

Dear Mr. Fitch:

As you know, Kennecott Eagle Minerals Company (“Kennecott”) has applied for a permit to mine non-ferrous metallic minerals under Part 632 of the Michigan Natural Resources Environmental Protection Act (“NREPA”). Kennecott has also applied for permits under Parts 31 (discharges to groundwater) and 55 (air emissions) of NREPA in conjunction with the project.

Section 63205(15) provides that if a person submits “an application for a mining permit and one or more other permits” under NREPA, then the Department “may process the permits in a coordinated fashion.” MCL § 324.63205(15). Section 63205(15) further provides that the mine permit applicant may “waive any required timelines” under Section 63205(4)-(9) to facilitate the coordination. *Id.* Section 63205(4)-(9) includes the deadline for making a proposed decision on the mine permit application.

As documented in Lynn Fiedler’s September 8, 2006, correspondence to Jon Cherry, the Department and Kennecott previously had sought to coordinate the permitting processes under Parts 31, 55, and 632. (A copy of the letter is enclosed.) The pendency of the litigation and the uncertainties of the appeal process have prevented the coordination of the Part 632 process with the other two processes. With the failure of the opponents to file a timely application for leave to appeal with the Supreme Court, the reason for not coordinating all three permit applications no longer exists.

Moreover, the Department’s requests for clarification, dated June 21, 2006 of the mine permit application further underscores the inter-relatedness of the applications in that some of the information requested actually had already been provided to other MDEQ divisions as part of the application process for the other permits. Specifically, questions 45, 77, 79 and 83, all dovetail with issues that will be evaluated in conjunction with the Department’s review of Kennecott’s air permit application. Similarly, question 74, 82, 87, and 90 regard issues that will be evaluated in conjunction with Kennecott’s Part 31 groundwater discharge permit application. Questions 18, 19 and 86 concern aspects of the wastewater treatment system, discharges from which obviously relate to the groundwater discharge permit application. In short, the need for coordination of these permit applications is self-evident.

With this letter, Kennecott waives the deadline set forth in Part 63205(7) for the making of a proposed decision on the mine permit application that Kennecott submitted on February 20, 2006 until

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December 15, 2006. During this time, the Department will be able to carefully review and evaluate KEMC's response to the requests for clarification submitted by the Department to KEMC in June.

In accordance with Part 63205(15), this waiver will provide sufficient time to facilitate the Department's coordinated review of the Part 31, Part 55 and Part 632 permit applications. More specifically, extending the deadline for making a proposed decision on the mine permit application to the statutory deadline for making a decision on the groundwater discharge permit will allow the Department ample time to review Kennecott's answers to the Department's questions on the mine permit application, and facilitate a well evaluated proposed decision on the application that takes into account the Department's evaluation of the air and groundwater permit applications. Once the proposed decision on the mine permit is made, the Department may process the permit from that date forward in accordance with the deadline specified in Section 63205(8)-(9).

Please contact me at 906.225.5791 with any questions about the waiver.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jon Cherry".

Jonathan C. Cherry
Project Manager

Enclosure

Cc: Mr. Steven E. Chester
Mr. Stanley F. Pruss
Mr. Joe Maki
Mr. Eugene E. Smary