

Via Hand Delivery and Email

September 3, 2010

Ms. Rebecca Humphries, Director
Michigan Department of Natural Resources
and Environment
Constitution Hall
525 West Allegan Street
Lansing, MI 48933

Mr. James Sygo, Deputy Director
Michigan Department of Natural Resources
and Environment
Constitution Hall
525 West Allegan Street
Lansing, MI 48933

***Re: Mining Permit Amendment/Imminent Construction and Installation of Electrical Lines
at the Kennecott Eagle Mine Site ("Mine")***

Dear Director Humphries and Deputy Director Sygo:

The Petitioners in the pending Kennecott Mine litigation would like to bring to your attention an issue related to necessary approvals for the construction and installation of electrical lines to the Mine.

On August 31, 2010 the attached news article appeared in the Marquette Mining Journal. The article states that installation of electrical lines to the Mine will begin "next week." Part 632 clearly requires an amendment to Kennecott's Part 632 permit prior to construction or extension of these utilities. As you know, under Part 632 "construction of utilities or extension of existing utilities" is a "mining activity" and may only be conducted in accordance with a Part 632 mining permit. Rule 425.103(a)(xi).

Kennecott's permit does not authorize construction or installation of these electrical lines and the permit must, therefore, be amended in accordance with MCL 324.63207(6) and R 425.206(1) (including submission of the necessary amendments to the Environmental Impact Assessment, among other things) before these activities may be lawfully undertaken. Our conclusion that an amendment of the permit is necessary prior to installation of these electrical lines is confirmed by the attached letter from Deputy Director Sygo to the Yellow Dog Watershed Preserve dated July 29, 2008, which states:

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DEQ District staff has also informed KEMC that it would have to apply for an amendment to its Part 632 Mining Permit before beginning activities to extend electrical service from CR 550 to the Eagle Project mine site.

As of the date of this letter, there are no amendment materials addressing this matter on your website and, in spite of diligent efforts, we have not obtained any information evidencing a pending or approved request for amendment. We trust that you will ensure full compliance with Part 632 and will require Kennecott to postpone the planned installation and submit materials necessary to begin the amendment process, including public participation, as required by Part 632.

Very truly yours,

HONIGMAN MILLER SCHWARTZ AND COHN LLP



Eric J. Eggan, on behalf of:

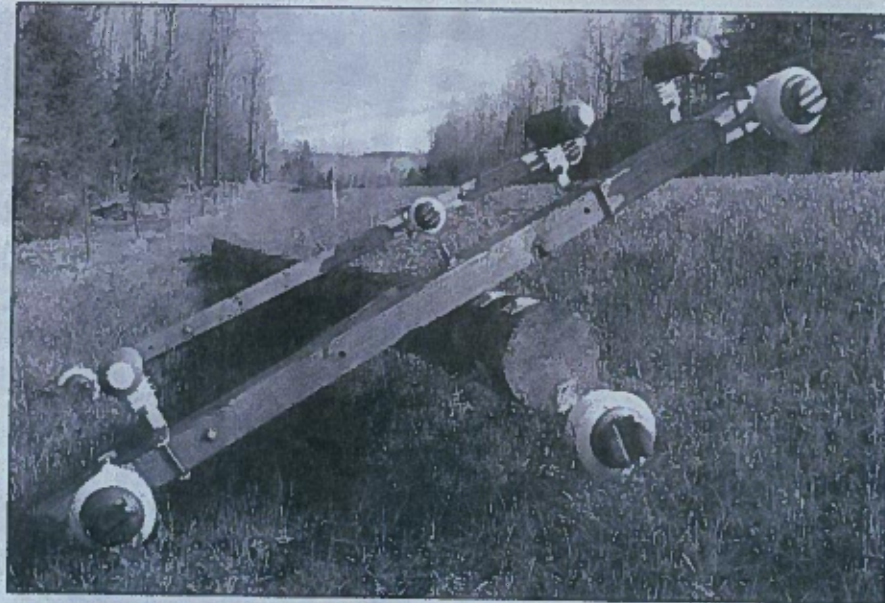
KEWEENAW BAY INDIAN COMMUNITY
NATIONAL WILDLIFE FEDERATION
HURON MOUNTAIN CLUB
YELLOW DOG WATERSHED PRESERVE, INC.

Enclosures

cc w/encls: Hal Fitch
Joe Maki

LANSING 470869.4

Location



Power poles lying alongside Marquette County Road 550 were ready to be installed as part of an electric system upgrade project in May 2009. The Alger-Delta Electric Cooperative is making preparations for a Wednesday power outage related to the project. (Journal file photo by John Pepin)

Alger Delta outage set for Wednesday Kennecott electric line project ready to start

By JOHN PEPIN
Journal Staff Writer

BIG BAY — Crews working for the Alger Delta Cooperative Electric Association making preparations today for a power outage scheduled for Wednesday morning in Big Bay.

Alger Delta General Manager Tom Harrell said the outage is scheduled from 8 a.m. until noon. The outage is necessary so workers can reconfigure a transformer bank situated near the intersection of Marquette County roads 550 and 510, Harrell said.

The outage will affect service from the intersection north into Big Bay.

Harrell said the work Wednesday is related to a recently completed project to install new transmission lines from just north of Marquette to Big Bay. Those lines have been energized in stages over the past couple of months, with the last segments completed earlier this month.

In a related development, Harrell said the electric cooperative has received its permit from the



HARRELL

What's next:

■ Power outage scheduled for 8 a.m. to noon Wednesday for Big Bay.

Marquette County Road Commission to extend electric service from the County Road 550-510 intersection 13 miles to the Kennecott Eagle Minerals Company mine site.

Work to bury the cable along the roadway is expected to begin next week. Harrell said the project is planned to be finished, and the lines energized, by the end of the year, depending on weather conditions and any unforeseen obstacles crews find underground while burying the cable.

Kennecott began work preparing the mine site earlier this year and the company paid for the Alger Delta project to install the new lines north from Marquette.

John Pepin can be reached at 906-228-2500, ext. 206. His e-mail address is jpepin@miningjournal.net.



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



STEVEN E. CHESTER
DIRECTOR

July 29, 2008

Ms. Cynthia Pryor
Executive Director
Yellow Dog Watershed Preserve, Inc.
P.O. Box 5
Big Bay, Michigan 49808

Dear Ms. Pryor:

Thank you for your July 12, 2008, email to Director Steven E. Chester of the Department of Environmental Quality (DEQ) regarding plans by Kennecott Eagle Minerals Company (KEMC) for the redevelopment of the Humboldt processing facility, construction of a new haul road, and extension of electrical service to the mine site. Director Chester has asked me to respond.

We agree with you that the reopening of the Humboldt processing facility would require a separate permit under Part 632, Nonferrous Metallic Mineral Mining, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA). Rule 201(2) of the Part 632 administrative rules requires a separate mining permit if the site of the proposed beneficiation activities is not within or adjacent to the site of other mining activities, either existing or proposed, that are subject to a mining permit. The DEQ has determined the proposed Humboldt processing facility falls within that description. The DEQ will require KEMC to apply for a separate mining permit before it begins any mining activity (as that term is defined under the Part 632 rules) at the Humboldt facility. KEMC is aware of that requirement.

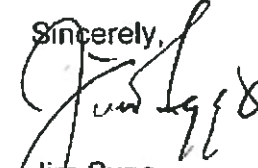
KEMC was informed that it would have to apply for an amendment of the Mining Permit for construction of a new haul road and would likely need permits under Part 301, Inland Lakes and Streams, and Part 303, Wetlands Protection, of the NREPA, as well. DEQ District staff has also informed KEMC that it would have to apply for an amendment to its Part 632 Mining Permit before beginning activities to extend electrical service from CR 550 to the Eagle Project mine site.

The DEQ will evaluate any requests for Part 632 permit application amendments upon receipt to determine if there are significant changes from the conditions of the approved mining permit. Under Section 63207(6)(c), an amendment proposing a significant change would be subject to the same review process as provided for a new permit application in Section 63205(4) to (9). If such a significant amendment is proposed, the DEQ will undertake a thorough review of all information in an application to amend the permit as well as comments received during a public comment period before making a final decision on an amendment.

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I hope I have addressed your questions and concerns. Should you require further information, as always please feel free to contact me at the number below.

Sincerely,



Jim Sygo
Deputy Director
617-241-7394

cc: Ms. Rebecca Humphries, Director, DNR
Mr. Steven E. Chester, Director, DEQ
Ms. Kelly Mathews
Mr. Harold R. Fitch, DEQ
Mr. Joe Maki, DEQ