



Copper Queen Branch/Freeport-McMoRan Corporation
36 West Highway 92
Bisbee, Arizona 85603

August 29, 2008

Ms. Cynthia Campbell
Water Quality Compliance Section
Arizona Department of Environmental Quality
1110 West Washington Street
Phoenix, Arizona 85007

Re: Mitigation Order on Consent No. P-121-07 – June 1, 2008 through August 31, 2008
Status Report

Dear Ms. Campbell,

In accordance with Section V.A. of Mitigation Order on Consent No. P-121-07, by this letter, Freeport-McMoRan Corporation, Copper Queen Branch (CQB) is submitting the third Status Report. It covers the period from June 1, 2008 through August 31, 2008, in accordance with ADEQ's February 12, 2008, approval of the schedule for submission of quarterly Status Reports.

Since June 1, 2008, the following measures have been taken under Section III of the MO:

- On July 3, 2008, submitted written responses to ADEQ's March 12, 2008 comments on the Work Plan.
- On July 3, 2008, submitted the revised Work Plan to ADEQ.
- On July 11, 2008, submitted a Work Plan modification request related to proposed well Sites 1 and 12; ADEQ approved the proposed modifications on July 22, 2008.
- On July 20, 2008, submitted a Work Plan modification request related to proposed well Site 5; ADEQ approved the requested modification on July 30, 2008.
- On July 29, 2008, submitted the Well Inventory Report, prepared under Work Plan Task 1, to ADEQ.
- On July 29, 2008, submitted the Groundwater Monitoring Report for the First and Second Quarters 2008, prepared under Work Plan Task 2.2, to ADEQ.
- On August 15, 2008, submitted a Work Plan modification request related to proposed well Site 2.
- Continued evaluation of land status and access negotiations for Task 2.3 – New Monitoring Well Installation and Testing. Completed 5555 feet of drilling and construction of monitoring wells BMO-2008-1G, -3B, -5B, -5M, -9M, -10GU, -

10GL, and -11G. Completed pumping tests and initial groundwater sampling at newly installed wells BMO-2008-1G, -3B, -6B, -6M, -9M, -10GU, -10GL, and -11G.

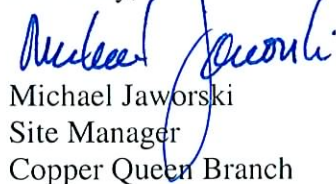
- Completed pumping test at existing monitoring well COB MW-1 for Task 2.4 – Additional Hydraulic Testing.
- Completed third quarter 2008 groundwater monitoring for Task 2.2 – Groundwater Monitoring.
- Continued monthly sampling at six drinking water supply wells with sulfate concentrations between 135 mg/L and 250 mg/L as interim action according to Section 4 of the Work Plan.
- Held a CAG meeting on July 29, 2008.

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

- Continue work on Task 2.3, including the evaluation of land status and access negotiations – New Monitoring Well Installation and Testing
- Submit third quarter groundwater monitoring report for Task 2.2.
- Hold the next CAG meeting on October 28, 2008.
- Initiate identification and screening of mitigation actions and development, and screening of mitigation alternatives as part of the feasibility study.

If you have any questions regarding this Status Report please contact me or our project manager Stuart Brown.

Sincerely,



Michael Jaworski
Site Manager
Copper Queen Branch

cc: Joan Card/ADEQ
Ray Lazuk, Freeport McMoRan Gold & Copper Inc.
Stuart Brown/Bridgewater Group, Inc.
Jim Norris/Hydro Geo Chem, Inc.
Rebecca Sawyer, Freeport McMoRan Corporation, Copper Queen Branch