Arizona
State Land Department
1616 WEST ADAMS
PHOENIX, ARIZONA 85007

FIFE SYMINGTON
GOVERNOR

M.J. HASSELL
STATE LAND COMMISSIONER

January 15, 1997

Mr. Terry Owens
Cyprus Bagdad Copper Corporation
P.O. Box 245
Bagdad, Arizona 86321

RE; Water Agreements for State Leases: 03-1393, 03-31360, 03-877, 03-878

Dear Terry:

Enclosed are the Arizona State Land Department Monthly Groundwater Withdrawal forms.

Please use the reporting forms we have provided. Even if the well is no longer in service, you will need to report -0- usage. Also, the royalty due date and minimum annual use amount is posted on all forms for record keeping.

Because your current water agreements expire on March 18, 1997, I have adjusted the report forms to reflect this date. As a result, there are two March reporting forms: one for the current agreements and the other for the new, but not yet finalized, agreements.

The applications are still in the appraisal section. I will notify you as soon as they notify me on any progress.

If you have any comments or questions on the forms, please call me at (602) 542-3500.

Sincerely,

Jan Laney
Water Resource Specialist
Water Rights Management Section

JL:ifg

Enclosure