

Janet Napolitano
Governor

Mark Winkleman
State Land
Commissioner

Arizona
State Land Department

1616 West Adams Street Phoenix, AZ 85007 www.land.state.az.us



01/10/06

Gena L. Bulloch
Cyprus Miami Mining Corp.
C/O Phelps Dodge Corp/Jan Leavel
One N. Central Avenue, 17th Floor
Phoenix, AZ 85004



Re: KE# 003-030007 Cyprus Miami Mining Corporation

Dear Lessee/Permittee:

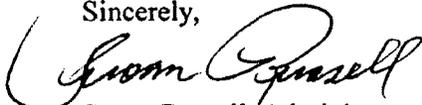
The subject lease/permit will expire on its anniversary date. Enclosed is an application to renew, along with a bill for \$100.00 (renewal filing fee). To protect any renewal rights you may have, the application and filing fee must be received by the Department not less than thirty nor more than 180 days prior to the expiration date of the lease/permit (A.R.S. §37-291). If the Department determines the continued leasing/permitting of the land is not in the best interest of the State, the lease/permit will not be renewed.

Also enclosed is an estimated billing for the next year's rent/fee, due and payable not later than the anniversary date of the lease/permit, if you choose to renew. Please be advised that this is an estimated billing and may not reflect the entire rent/fee.

To continue interim occupancy of the land pending consideration of your renewal application, we must receive the estimated rental/fee payment, along with the renewal application and application fee, **NO LATER THAN** the expiration date of your existing lease/permit. Upon receipt of the foregoing, we will evaluate your lease/permit to determine a rent/fee schedule and to insure compliance with reporting requirements, use limitations, environmental regulations, insurance requirements, and other pertinent issues specific to your lease/permit, prior to any decision regarding renewal. The Department may impose conditions under which your interim occupancy is held.

Should you elect not to renew, please advise a Commercial Leasing Administrator at your earliest convenience. Failure to submit any of the above by the due date will result in the cancellation of your lease/permit. If you have any questions or comments, please contact the Commercial Leasing Section of the Real Estate Division at 602-542-2650.

Sincerely,


Susan Russell, Administrator
Sales & Leasing Section
Real Estate Division
(602) 542-3322

"Serving Arizona's Schools and Public Institutions Since 1915"

PDC001387

ARIZONA STATE LAND DEPARTMENT 1616 West Adams Phoenix, AZ 85007



To avoid payment of penalty and interest this payment must be IN the OFFICE of the State Land Department ON or BEFORE the DUE DATE. Date of POSTAL STAMP will not be accepted as time of payment. Payment must be received by close of business on 01-apr-2006.

KE-LEASE NO: 003-030007-00
 ACCOUNT RECEIVABLE NO: 67915
 NAME REFERENCE NO: 14565
 AMOUNT DUE: \$4,422.00
 DUE DATE: 01-apr-2006

CYPRUS MIAMI MINING CORP
 %PHELPS DODGE CORP/JAN LEAVELL
 ONE N CENTRAL AVE 17TH FLOOR
 PHOENIX, AZ 85004

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT - THANK YOU

ARIZONA STATE LAND DEPARTMENT 1616 West Adams Phoenix, AZ 85007

KE-LEASE NO: 003-030007-00 ACCOUNT RECEIVABLE NO: 67915
 LESSEE: CYPRUS MIAMI MINING CORP

Billing		Amount
Code	Description	
4	RENTAL	\$4,322.00 ESTIMATED RENTAL
35	APP FEE RENEWAL	\$100.00
		<u>\$4,422.00</u>

Billing Dates		Date Billed	Due Date	Effective	Expiration
From	Through				
01-apr-2006	31-mar-2007	31-dec-2005	01-apr-2006	01-apr-1996	31-mar-2006

RENEWAL NOTICE: YOUR LEASE/PERMIT IS DUE TO EXPIRE ON THE DUE DATE NOTED ABOVE. AN APPLICATION FEE AND RENEWAL APPLICATION MUST BE SUBMITTED AT LEAST 31 DAYS PRIOR TO THE DUE DATE. FAILURE TO FILE BEFORE THE DUE DATE WILL FORFEIT ANY PREFERRED RIGHTS YOU MAY HAVE.

COMMERCIAL LEASE INSTRUCTIONS

(Please read instructions carefully before filing.)

ATTENTION

Prior to filing a new application for a Commercial Lease, contact the Sales & Commercial Leasing Section at (602) 542-1704 to schedule a pre-application conference with a Commercial Lease Administrator. NOTE: If you are applying for a Long Term Lease, an Application Addendum must be completed and signed by the Land Department.

FILING FEE must be submitted with your application:

New Application: \$200
Renewal Application: \$100

NOTICE: If you are filing a renewal application and you fail to file the application prior to the lease expiration date, you forfeit any renewal rights you may have. You will be required to file a NEW application and pay the NEW filing fee if you wish to reapply to lease the property. Failure to complete the entire lease application (including environmental questionnaire) and/or failure to provide adequate information as requested may result in rejection of the application. Filing of this application does not in any way obligate the Arizona State Land Department to approve the application.

1. LEGAL DESCRIPTION:

A new application must contain the township, range, section, description, acreage and county where the land is located. (Example: T1N, R3E, Section 17, SWNW, 40 acres, Maricopa County.) If the intended parcel is irregular in shape or has a curved side, a certified land survey by a registered Arizona land surveyor may be requested prior to consideration of the application. For information regarding legal descriptions, you may contact our CADASTRAL and SURVEY REVIEW UNIT at (602) 542-2601.

2. LAND DEVELOPMENT:

If you intend to develop the land and place improvements, include a conceptual plan with the application. Before a lease is approved, a complete site plan will be required and State Land Department Development Plan guidelines may apply.

3. IMPROVEMENTS:

Approval of this application does not constitute approval of any improvements. An application to place improvements must be submitted to the Department after a lease is obtained and PRIOR to any grading or construction of the improvement(s). (Unless such approval is specifically contained in the executed lease)

Pursuant to A.R.S. § 37-321, lessee is not entitled to reimbursement for improvements that have not been authorized by prior written approval from the Department. Temporary or removable structures are not considered to be improvements under any circumstances.

4. APPRAISAL:

All Trust land transactions must be in accordance with the State's responsibility to receive appropriate return for the Trust's beneficiaries. Annual rental rates are based upon fair market rental value.

The applicant may be assessed the costs incurred by the State Land Department for appraisals and processing expenses in the amount of \$300.00 or actual appraisal costs, whichever is greater, in the event that a lease is not accepted by the applicant without reasonable causes, after such expense has been incurred.

5. PROCESSING TIME:

Your application requires adequate processing time. You will be contacted when your application has been approved, denied, or rejected. Depending on the complexity of the lease, a long-term lease (more than 10 years) must go to public auction and may take as long as 12 or more months to process. A short-term lease (less than 10 years) can take 6 months or more. Be advised that in order to properly evaluate the application, you may be required to provide additional information. This information may include, but not be limited to financial evaluations, rent comparables, engineering and registered land survey information, environmental assessments, archaeological surveys,

6. POWER OF ATTORNEY:

If you are acting as an Attorney in Fact for the applicant you must submit a copy of your notarized Power of Attorney and a \$50.00 additional fee.

For additional information call: Commercial Section at (602) 542-1704

RETURN TO:
 ARIZONA STATE LAND DEPARTMENT
 PUBLIC COUNTER
 1616 WEST ADAMS
 PHOENIX, ARIZONA 85007

SUBMIT FILING FEE:*

New: \$200
 Renewal: \$100
 per lease

*Filing fees are non-refundable

DEPARTMENTAL USE ONLY		ROLODEX # _____	
ACCOUNTING	T & C	RECOMMENDATION/ INITIAL	DATE
Filing Fee:	Exam: _____	Approve _____	_____
New: \$200	Exam # _____	Deny _____	_____
Renewal: \$100	Int Title: _____	Reject _____	_____
N(34)	R(35) App Entry: _____	Withdraw _____	_____

COMMERCIAL LEASE APPLICATION

Type or print in ink.

APPLICATION NO. 03- _____

COMPLETE ALL QUESTIONS, SIGN APPLICATION AND ATTACH filing fee of \$200 for (NEW) or \$100 for (RENEWAL)

1. APPLICANTS:

Name(s) _____

Mailing Address _____

City _____ State _____ Zip _____

Contact Person _____ Phone No. _____

2. TYPE OF APPLICATION:

NEW
 (NOTE: Leases in excess of 10 years must go to public auction)

NEW (ADDITIONAL ACREAGE TO EXISTING LEASE # _____)

RENEWAL

NOTE: All applicants must complete entire application.

3. TERM:

A. How many years are you requesting this lease for? _____
 (If proposed term is longer than 10 years, an Application Addendum must be completed)

B. If term is more than 10 years, is Application Addendum attached? Yes ___ No ___

4. LEGAL DESCRIPTION: Complete legal description below and/or attach Survey if available. Attach MAP on 8 1/2" x 11" paper sufficiently detailed to locate boundaries described.

TWN.	RNG.	SEC.	LEGAL DESCRIPTION	ACRES	COUNTY	SLD USE ONLY CTY GRT PARCEL
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

5. PURPOSE AND/OR NATURE OF BUSINESS:

A. Give full description of the nature of the business or businesses, that you propose to operate on the land being applied for. (NOTE: THE LEASE PERMITS ONLY THAT USE OF THE LAND EXPRESSLY STATED IN THE CONTRACT AND CANNOT BE CHANGED WITHOUT PRIOR WRITTEN APPROVAL FROM THE DEPARTMENT.)

B. List other activities that may be associated with this lease (i.e., concessions or other sale of goods and services).

6. ZONING: Is the correct zoning of this parcel compatible with your proposed use? Yes ___ No ___

7. ACCESS: (NOTE: The lease does not grant legal access)
Do you have legal access to the proposed leased land? Yes ___ No ___ (If no, you will need to apply for a right-of way to access the lease across adjoining State Trust Land) State your legal access route: _____

8. OTHER LAND OWNED OR LEASED:

A. Do you own or control other land which will be used in connection with the land being applied for? Yes ___ No ___

If yes, name of owner or lessor is: _____

B. Do you own or control improvements on adjacent land. Yes ___ No ___

If yes, list improvements: _____

C. Attach copy or list the legal description of the property owned or leased with respect to the land being applied for: _____

9. EXPERIENCE:
(Describe your experience in the nature of business you are proposing) _____

10. PLAN OF OPERATION:

Provide detailed pro-forma financial statements on both the anticipated actual income during the first five years, as well as a stabilized pro-forma financial statement for the property as developed and operating. (Give description of the Plan of Operation on Attachment A, PART I)

11. **IMPROVEMENTS:**

A. Are there any existing improvements on the lands being applied for? Yes ___ No ___ If yes, give a complete description of each improvement, its present condition, value and ownership on Attachment A, PART II.

B. Are any improvements or changes in existing improvements to be constructed or installed on the leased land? Yes ___ No ___

If yes, complete Attachment A, PART III.

NOTE: *Approval of this application does not constitute approval of the improvements. An application to place improvements must be submitted to the Department after a lease is obtained and PRIOR to construction of the improvement(s).*

Pursuant to A.R.S. § 37-321, lessee is not entitled to reimbursement for improvements that have not been authorized by prior written approval from the Department.

12. **RENTAL:**

What in your opinion would be a fair market rental for: (Justify your answer by completing Attachment A, PART IV)

A. The first year \$ _____ B. Second year \$ _____ C. Subsequent years \$ _____

If it is determined that the annual rental will be a percentage of gross sales, what is your estimate of gross sales per year? \$ _____.

What percentage of gross sales would you be willing to pay? _____.

NOTE: *If a lease is offered to the applicant, but not accepted without any reasonable cause, the applicant may be assessed the costs incurred by the State Land Department for appraisals and processing expenses.*

13. **FINANCING:** (List your anticipated source of financing i.e., cash, financial institution, or other).

14. Is applicant represented by a Broker/Salesperson? No Yes If yes, completed **BROKER REGISTRATION/BIDDER CERTIFICATION** must be submitted herewith. Failure to submit completed Registration/Certification form simultaneously with the application, as evidenced by the Department's time and date stamp, shall result in an automatic indication that applicant is NOT represented by a broker.

15. **APPLICANT COMPLETE AND SIGN PAGE 4.**

ATTACHMENT A

PART I. Question 10, Plan of Operation:

PART II. Question 11.A., Existing Improvements:

<u>DESCRIPTION</u>	<u>CONDITION</u>	<u>PRESENT VALUE</u>	<u>OWNERSHIP</u>
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PART III. Question 11.B., Proposed Improvements:

<u>DESCRIPTION</u>	<u>CONDITION</u>	<u>PRESENT VALUE</u>	<u>OWNERSHIP</u>
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PART IV. Question 12, Explain your approach used to estimate fair market rental and list comparable and other supporting information used to arrive at the estimated fair market rental: (Please attach additional pages, if necessary)

ARIZONA STATE LAND DEPARTMENT ENVIRONMENTAL DISCLOSURE QUESTIONNAIRE
These two pages are part of the application - **DO NOT DETACH.**

The purpose of this questionnaire is to give the Department an opportunity to detect proposed land uses that may have potential environmental impacts and risks, and to consider these impacts and risks in the processing of the application.

If you have questions regarding this questionnaire, please contact the State Land Department, Environmental Section at (602) 542-2119. Other Federal, State, County and local agencies may also need to be contacted regarding environmental regulations.

PLEASE INDICATE BELOW THE TYPE(S) OF POTENTIAL ENVIRONMENTAL IMPACTS FROM YOUR CURRENT OR PROPOSED USE:

<u>YES</u>	<u>NO</u>	<u>WILL YOUR USE INVOLVE:</u>	<u>TYPE OF ENVIRONMENTAL IMPACT</u>
_____	_____	<u>WASTE TIRES</u> The collection of waste tires? If yes, explain: _____	_____
_____	_____	<u>LEAD ACID BATTERIES</u> The sale and disposal of lead acid batteries? If yes, explain: _____	_____
_____	_____	<u>DISCHARGE IMPACTING GROUNDWATER</u> Generating a discharge that may potentially impact groundwater? If yes, explain: _____	_____
_____	_____	<u>PESTICIDES?</u> If yes, explain use: _____	_____
_____	_____	<u>DRY WELLS?</u> If yes, ADEQ Registration #(s): _____	_____
_____	_____	<u>POTABLE WATER (DRINKING WATER) SYSTEMS?</u> If yes, explain: _____	_____
_____	_____	<u>WASTEWATER COLLECTION AND TREATMENT SYSTEMS</u> Wastewater collection and/or treatment? If yes, explain: _____	_____
_____	_____	<u>AIR CONTAMINANTS/AIR POLLUTION CONTROL</u> Air contaminant emissions? If yes, explain: _____	_____
_____	_____	<u>SOLID WASTE - GENERAL</u> Solid waste generation, transportation, treatment, recycling, storage or disposal? If yes, explain: _____	_____
_____	_____	<u>SOLID WASTE - MEDICAL WASTE</u> Medical waste generation, transportation, treatment, recycling, storage or disposal? If yes, explain: _____	_____
_____	_____	<u>SOLID WASTE - SEWAGE SLUDGE/SEPTAGE</u> (Septic Tank Waste) Sewage sludge/septage generation, transportation, treatment, storage, use or disposal? If yes, explain: _____	_____
_____	_____	<u>USED OIL</u> Used oil generation, transportation, storage, recycling, use, disposal, marketing or burning? If yes, explain: _____	_____
_____	_____	<u>RECYCLING ACTIVITIES?</u> If yes, explain: _____	_____
_____	_____	<u>SPECIAL WASTE</u> Special waste (asbestos, motor vehicle shredding waste) generation, transportation, treatment, recycling, storage or disposal? If yes, explain: _____	_____
_____	_____	<u>HAZARDOUS WASTE GENERATOR</u> Generating hazardous waste? If yes, explain: _____	_____
_____	_____	<u>HAZARDOUS WASTE TREATMENT, STORAGE, OR DISPOSAL?</u> If yes, explain: _____	_____

(OVER)

<u>YES</u>	<u>NO</u>	<u>WILL YOUR USE INVOLVE:</u>	<u>TYPE OF ENVIRONMENTAL IMPACT</u>
_____	_____	HAZARDOUS WASTE TRANSPORTATION? If yes, explain: _____	
_____	_____	UNDERGROUND STORAGE TANK (UST)? If yes, explain: _____	
_____	_____	ABOVEGROUND STORAGE TANK (AST)? If yes, explain: _____	
_____	_____	HAZARDOUS SUBSTANCES? If yes, explain: _____	
_____	_____	CURRENTLY UNCLASSIFIED WASTE Will your use involve currently unclassified waste containing the following? (A.R.S. §49-854). If yes, check appropriate waste category:	
_____	_____	<input type="checkbox"/> Polychlorinated biphenyls (PCBs)	<input type="checkbox"/> Oil and gas exploration drilling muds
_____	_____	<input type="checkbox"/> Incinerator ash	<input type="checkbox"/> Categorical industrial pretreatment sludge
_____	_____	<input type="checkbox"/> Petroleum refining waste	<input type="checkbox"/> Radioactive waste
_____	_____	<input type="checkbox"/> Slag and refractory material	<input type="checkbox"/> Uranium ore tailings
_____	_____	<input type="checkbox"/> Precious metals recycling	<input type="checkbox"/> Industrial catalysts
_____	_____	<input type="checkbox"/> Aluminum dross	<input type="checkbox"/> Industrial sands (excluding mining or mineral processing operation)
		<input type="checkbox"/> Petroleum contaminated soil	<input type="checkbox"/> Commercial/industrial septage
			<input type="checkbox"/> Used Antifreeze
			<input type="checkbox"/> Contaminated process equipment
			<input type="checkbox"/> Industrial Sludges
		If checked, explain waste generation process: _____	
_____	_____	SUPERFUND SITES Is the State Trust land located in a National Priority List (NPL, Federal Superfund) area or in a Water Quality Assurance Revolving Fund (WQARF, State Superfund) study area?	
		If yes, NP or WQARF area name: _____	
_____	_____	LAND DISTURBANCE If land disturbance will occur, will it be on previously undisturbed land? If yes, explain: _____	
_____	_____	WATER WELLS Are there open and/or abandoned water wells on the property? If yes, submit a site diagram showing location(s) and use(s).	
_____	_____	ADJACENT LAND USES To the best of your knowledge, are adjacent lands subject to any of the above-referenced environmental impacts? If yes, explain: _____	
_____	_____	ON-SITE INSPECTION/ENVIRONMENTAL ASSESSMENT To the best of your knowledge, has an on-site inspection and/or an environmental site assessment been performed at this location?	
		If yes, explain: _____	
_____	_____	PREVIOUS ENVIRONMENTAL IMPACT To the best of your knowledge, has any environmental impact been reported previously to ADEQ?	
		If yes, explain: _____	

ADDITIONAL COMMENTS: