



COUNTY ADMINISTRATOR'S OFFICE

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C.H. HUCKELBERRY
County Administrator

September 1, 2009

The Honorable Tom J. Vilsack, Secretary
U.S. Department of Agriculture
Jamie L. Whitten Federal Building RM 200-A
12th & Jefferson Drive, SW
Washington, DC 20250

Re: **Rosemont Mine**

Dear Secretary Vilsack:

The current memorandum of understanding (MOU) between the Coronado National Forest and Rosemont Copper (Attachment 1) is an abuse of the power and discretion of the U.S. Forest Service. Rosemont Copper is proposing to dump waste rock and tailings on National Forest land. We believe these proposed uses of National Forest land are based on invalid claims to the mineral estate of the Nation.

Rosemont Copper is proposing to dispose of mine waste and tailings on top of unpatented lode claims within National Forest (light beige color in Figure 1). Waste and tailings would be derived primarily from mining on their private lands, patented under the 1872 Mining Act.

We have repeatedly requested that the validity of the claims on Forest land be examined. The U.S. Forest Service has refused to request the examination of the claims. If the claims are invalid, then current basis for preparation of a draft Environmental Impact Statement (EIS) is flawed. The Coronado Forest Supervisor also believes that she does not have the legal right to choose a "no-action" mining alternative (Attachment 2) or alternatives that would restrict the waste and tailings to the private land.

Lode claims must be based on discovery of valuable mineral deposits. As evidence that Rosemont's claims are likely invalid, we note that neither Rosemont Copper nor previous mining companies have attempted to patent most of the area where the waste rock and tailings would be placed. In fact, some of the claims immediately adjacent to the patented land were unsuccessfully proposed for patenting. There is no new geological information that would lead one to believe that the waste disposal areas would qualify as valuable mineral deposits. Similarly, Rosemont's current mineral valuation estimates do not assign a value to "ore" below the proposed dumps.

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The previous owner of the Rosemont prospect, ASARCO, attempted to exchange land with the Forest Service to secure access for waste and tailings in the 1990's. During the conduct of their EIS for the ASARCO land exchange, the Coronado National Forest gave no reason to believe the mine had unchallenged access to use the lode claims for waste disposal. Subsequent to termination of that EIS process, Coronado National Forest adopted a Forest Plan that would be inconsistent with obliteration of the area by waste rock and tailings.

The current Forest Supervisor, by contrast, assumes free access to the Forest land for waste and tailings, without need for a land exchange. The Coronado National Forest's waiver of federal rights is an abuse of power afforded to the U.S. government through the Constitution's Property Clause, which says that "Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States...."

U.S. Forest Service has entered into agreement with Rosemont Copper to produce an Environmental Impact Statement (EIS). The Forest's MOU with Rosemont was recently amended to require completion of the draft EIS by November 2009, before much of the information needed to inform alternatives analysis would be available, and without resolution of the validity issue.

We ask that you suspend the timeline for the EIS and request a validity examination for the Rosemont project. A request for validity examination is within the Forest Service's discretion. It would resolve the uncertain claims that Rosemont is making to disputed resources within the Coronado National Forest, and address a fairness issue that the public has identified through the scoping process. Once the validity examination has concluded, the MOU should be amended to allow the NEPA process to continue under new terms more favorable to the prosecution of Forest Service's duties and obligations.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/dr

Attachments

c: The Honorable Gabrielle Giffords, Member, United States House of Representatives
The Honorable Raúl M. Grijalva, Member, United States House of Representatives
The Honorable Chairman and Members, Pima County Board of Supervisors
Jay Jensen, Deputy Under Secretary for Natural Resources & Environment
Gail Kimbell, Chief of the Forest Service

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MEMORANDUM OF UNDERSTANDING**Between****USDA FOREST SERVICE****CORONADO NATIONAL FOREST****And****ROSEMONT COPPER COMPANY**

This **Memorandum of Understanding (MOU)** is hereby entered into by and between the USDA Forest Service, Coronado National Forest, hereinafter referred to as the Forest Service, and the Rosemont Copper Company, Inc., hereinafter referred to as the Proponent.

A. PURPOSE:

The purpose of this MOU is to articulate the working arrangement whereby a third-party environmental contractor (Prime Consultant) will be chosen by the Forest Service, in consultation with the Proponent, to conduct an environmental impacts analysis of the Rosemont Copper Project (Project) to serve as documentation of Forest Service compliance with the National Environmental Policy Act (NEPA) of 1969 (Public Law 91-190).

Project Background

In July, 2007, a Mine Plan of Operations (MPO) for the Project was submitted by the Proponent to the Coronado National Forest (CNF), Minerals and Geology Program, requesting approval of a plan to mine copper, silver, and molybdenum in the Santa Rita Mountains, Pima County, Arizona.

The Project would be carried out on a mosaic of privately owned land, State of Arizona trust land, National Forest System (NFS) land, U.S. Department of the Interior (USDI) land managed by the Bureau of Land Management (BLM), and possibly land managed by others. The proposed project area covers about six and a half square miles of land approximately 30 miles southeast of Tucson, Arizona. Mining would be conducted primarily on private land; however, processing, waste management, and other support facilities are proposed to be sited mostly on NFS land on the Nogales Ranger District. Other project-related facilities, such as utilities, are proposed to be located on state and public land managed by the BLM.

Most NFS lands are subject to the location of certain minerals under the Mining Law of 1872, as amended (30 U.S.C. 21-54, et seq.), in accordance with the directives in Forest Service Manual 2800. In prospecting, locating, and developing the mineral resources, all persons must comply with all rules and regulations that govern mining on National Forests.

Legislative Authorities

If the MPO is approved, the Proponent would carry out mining and related activities on both private and NFS land. The following statutory authorities provide direction for the management of surface resources in conjunction with mineral exploration and development on NFS lands.

1. The 1897 Organic Administration Act (30 Stat. 11, as amended; 16 U.S.C. 473-475, 477-482, 551) provides the Secretary of Agriculture the authority to regulate the occupancy and use of NFS lands. It provides for the continuing right to conduct mining activities under the general mining laws in conjunction with compliance of the rules and regulations covering NFS lands. It also recognizes the rights of miners and prospectors to access NFS lands for prospecting, locating and developing mineral resources.
2. The 1960 Multiple-Use Sustained-Yield Act (74 Stat. 215; 16 U.S.C. 528-531) requires that NFS lands be administered in a manner that considers the values of the various resources when making management decisions, and specifically provides that nothing in the act be construed to affect the use or administration of the mineral resources on NFS lands.
3. The 1970 Mining and Minerals Policy Act (84 Stat. 1876; 30 U.S.C. 21a) established the Federal Government's policy for mineral development, "...to foster and encourage private enterprise in the development of economically sound and stable industries, and in the orderly development of domestic resources to help assure satisfaction of industrial, security, and environmental needs".
4. Regulations at Title 36, Code of Federal Regulations, Part 228A, set forth rules and procedures governing the use of NFS lands in conjunction with operations authorized by the general mining laws. Part 228.3(a) specifically addresses development of mineral resources.

The Forest Service has the authority to approve the Proponent's proposal, either as currently defined in the MPO, or as otherwise defined during the NEPA review to mitigate or avoid significant adverse environmental impacts. Before a decision to approve the proposal is made, the Forest Service must comply with the NEPA; the National Forest Management Act of 1976; other environmental statutes, regulations, and Executive Orders; and Forest Service Manual and Handbook direction regarding NEPA and minerals management on NFS land (collectively, these are referred to hereafter in this MOU as the applicable policy and legal requirements).

B. STATEMENT OF MUTUAL INTERESTS AND BENEFITS:

It is essential to the interests of both parties that the Forest Service document the environmental review of the Proponent's proposal in an environmental impact statement (EIS) and that the EIS be prepared by the Prime Consultant in a manner consistent with applicable policy and legal requirements.

It is mutually beneficial to the parties that this NEPA review be of high priority, be initiated and completed on schedule, make the best use of existing information, focus on substantive environmental issues, and provide every opportunity for public involvement, consistent with applicable policy and legal requirements.

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The parties agree that the Forest Service is solely responsible for decisions regarding EIS content and format.

C. IN CONSIDERATION OF THE ABOVE, THE PARTIES AGREE AS FOLLOWS:

1. As the lead agency in the NEPA review, the Forest Service will have primary responsibility for the content of the EIS. In order to reduce duplication of effort, the Forest Service plans to inform and/or invite other Federal, state and local agencies having jurisdiction by law or special expertise related to the proposal to participate as "cooperating agencies" during the NEPA review (40 CFR 1501.6). The Prime Consultant will be required to deliver an EIS that conforms in format and content to the requirements established by the Council on Environmental Quality (CEQ) Regulations Implementing the NEPA (40 CFR 1500-1508) and Forest Service Handbook (FSH) 1909.15, Environmental Policy and Procedures. Other agencies would augment the EIS as necessary to meet their respective environmental review requirements.
2. The Forest Service's proposed action, which is administrative in nature, is "to approve the MPO, which would, in turn, grant permission to the Proponent to build and operate specific mine-related facilities on NFS land." Because the proposed administrative action would trigger an action with the potential for environmental impact, the EIS will evaluate the impacts of all activities that comprise the Proponent's proposed action. It will also evaluate the impacts of a no-action alternative and a range of reasonable alternatives to the proposed action, as required by 40 CFR 1502.14(d).
3. The parties to this MOU understand and agree that the NEPA review will fully disclose cumulative impacts that result from consideration of impacts of the Project in combination with impacts of other past, present, and reasonably foreseeable actions, regardless of the agency (Federal or non-Federal) or person who undertakes such other actions (40 CFR 1508.7).
4. Project-related activities to be addressed in the EIS will include, but will not be limited to, the following:
 - The Proponent's proposed action, whereby it will construct, operate and reclaim an open-pit copper, silver and molybdenum mine primarily on private land; and construct, operate and reclaim a processing plant, tailings, waste rock and leach facilities primarily on NFS lands adjacent to the proposed mine;
 - development and operation of utilities and their corridors;
 - use of existing roads, new road construction, and road maintenance;
 - construction of, but not limited to, access roads, a leach field, retention structures, utilities, wells, ore transportation systems, and test reclamation plots;
 - the creation of jobs required for all phases of the project, such as construction, operation and production, and reclamation;
 - mitigation to avoid or minimize impacts;
 - project closure, reclamation and maintenance; and
 - monitoring of construction, operation, and reclamation.

5. The Forest Service will serve as the lead agency in the preparation of the EIS, in accordance with Council on Environmental Regulations (CEQ) at 40 CFR 1501.6) and will be responsible for compliance, as a Federal agency, with the NEPA and other laws and regulations.
6. It is understood by the Proponent and the Forest Service that an EIS will be prepared by a Prime Consultant who will be selected from a list of Forest Service contractors and compensated by the Proponent. The Prime Consultant will be chosen solely by and serve under the direct supervision and control of the Forest Service. The Prime Consultant's accomplishments will be the foundation of the Forest Service EIS and will be owned by the Forest Service. The Prime Consultant may obtain technical assistance or information from one or more independent, third-party subcontractors, subject to Forest Service approval.
7. The CNF Supervisor will be the Responsible Official (decision-maker) for this NEPA review.
8. As soon as the scoping process is underway, the Proponent will limit its communications with the Prime Consultant and the Forest Service to matters of budget, schedule, and fulfillment of information requests (see F.3 and F.4).

D. THE FOREST SERVICE SHALL:

1. Consider the views of the Proponent during selection of the Prime Consultant. Factors that will be weighed included NEPA experience, past performance, availability, costs and conflicts of interest. Necessary qualifications of the consultant's impacts analysis team are listed in Attachment 1 of this MOU.
2. Assist the Proponent in preparing the contract with the Prime Consultant. The contract will be written to reflect the terms of this MOU, especially those terms and conditions identified in Attachment 1.
3. Designate a Forest Service point of contact for all matters related to the preparation of the EIS (see F.12). This individual will direct the Prime Consultant in conducting the NEPA review and will interface with the Proponent to resolve issues and address questions that arise during EIS preparation. This person will also interface with the Forest's Rosemont Project Manager on questions of a highly technical nature that arise during EIS preparation.
4. Consult with and keep the Proponent informed of progress made in the NEPA review and will hold meetings with the Proponent on a monthly basis to discuss progress and any important issues and/or needs.
5. Based upon a review of the project and the information developed to date, make every effort to meet mutually acceptable milestones established in writing by the Proponent (see Attachment 2). The schedule may be subsequently modified due to events or conditions beyond the control of the parties. In this event, the Forest Service will work with the Proponent on a mutually acceptable schedule revision.

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6. Meetings between the Proponent and the Forest Service will occur during all phases of the NEPA review and will include, but not be limited to the following:
 - a. Selection of the Prime Consultant and/or subcontractors.
 - b. Determining or adjusting the budget for the NEPA review.
 - c. Reaching consensus on a timeline for the EIS (see draft in Attachment 2).
 - d. Reviewing and concurring upon this MOU and a contract with the Prime Consultant.
 - e. Prior to a proposed change in the scope of the EIS that would increase costs by more than 5% of the total budget.
7. Invite the Prime Consultant and/or the Proponent to participate, as necessary, in meetings with resource agencies and government officials during the NEPA process.
8. Develop a protocol to facilitate communication and coordinate the exchange of information between the Proponent, the Forest Service, and the Prime Consultant. All such communications will be part of the Forest Service's deliberative process regarding the proposed project. This protocol will be determined considering the complexity of the proposed action, the Federal Advisory Committee Act, the Freedom of Information Act, and related agency guidance.
9. With the assistance of the Prime Consultant and subcontractors:
 - a. Develop a public participation plan.
 - b. Design visual aids for meetings and open houses, including maps, handouts, poster boards, mailers, etc.
 - b. Arrange and participate in public meetings.
 - c. Document comments received at public and internal meetings.
 - d. Prepare news releases to announce scoping and other comment periods.
 - e. Distribute public notices and publish legal notices.
10. Oversee the environmental analysis through a Forest Service interdisciplinary (ID) team, which will function in an advisory capacity to provide technical guidance to the Project Manager, Prime Consultant, and subcontractors regarding the issues and alternatives to be addressed in the EIS. The team will also provide input and guidance on the adequacy of existing data and studies, and such additional matters as are useful to the prompt and efficient completion of the EIS. Every effort will be made to avoid duplication of tasks between the Project Manager, Prime Consultant, subcontractors, and ID team members and to focus the EIS on significant issues.
11. Ensure that adequate information and data are provided by the Proponent and Forest Service for use in impacts analyses. Provide written or electronic copies of the following information to the Prime Consultant and/or Proponent:
 - a. NEPA milestone schedule defined by the Forest Service and the Proponent.
 - b. A template for the EIS.

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- c. The CNF Land and Resource Management Plan (Forest Plan), Forest Plan EIS, Record of Decision, and all Plan amendments.
 - d. Statutes, regulations, Executive Orders, Forest Service Manuals and Handbooks related to preparation of the EIS.
 - e. Written comments or reports prepared by the ID Team.
 - f. Letters, comments or other materials received by the Forest Service from the public during all phases of the NEPA process.
12. Provide the Prime Consultant with existing data, environmental descriptions, and analyses available from all sources, including the Forest Service.
13. Upon the Proponent's request, designate specific data and information as confidential and proprietary to the extent permitted by law. This responsibility extends to both internal and consultant's use of the information. In the event that confidential or proprietary information is proposed for release by the Forest Service under the authority of the Freedom of Information Act (FOIA), the Proponent will be provided written notice of pending release at least thirty (30) days in advance of such.
14. Assume responsibility for compliance with NEPA procedures and implementing regulations and ensure the quality of notices, all versions of the EIS, the Record of Decision, and the NEPA administrative record (AR).
15. Ensure that the EIS presents a range of reasonable alternatives and includes relevant environmental/social/economic issues and impacts, including cumulative impacts.
16. Provide a mailing list to the Prime Consultant for public distribution of NEPA-related announcements and documents.
17. Confer with the Prime Consultant and meet, as necessary, during preparation of the EIS to discuss topics, such as the following:
- a. Substantive environmental issues that will be addressed in the EIS.
 - b. Design criteria for the proposed action and alternatives.
 - c. Measures to minimize potential impacts and/or avoid impacts.
 - d. Alternatives to be analyzed in detail and the alternatives that will not be analyzed in detail.
 - e. Changes to the EIS necessary to respond to comments received from the public.
 - f. Proposed mitigation measures and analysis and disclosures required by those measures.
18. Independently evaluate information and analyses submitted by the Prime Consultant, subcontractors, the proponent, or others, and assume responsibility for its accuracy [40 CFR 1506.5(b)]. Make the final determination of the inclusion or deletion of material from the EIS and in all instances involving questions as to the content of any material (including all data, analysis, and conclusions).

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19. Supervise preparation of the EIS in compliance with applicable policy and legal requirements including, but not limited to, public review of the EIS, analysis of public comments, and decision documentation. In exercising this responsibility, the Forest Service will endeavor to foster cooperation among other relevant agencies and to integrate NEPA requirements with other environmental review and consultation requirements in order to avoid, to the fullest extent possible, duplication of efforts by such agencies (40 CFR 1500.5(g)(h), 1501.2(d)(2), 1506.2) However, the Forest Service will not delegate to any other agency its authority over the scope and content of the EIS or its approval of the Project.
20. Direct the Prime Consultant to maintain the NEPA AR for the project until the decision is signed. At that time, the record will be delivered to the Forest Service.
 - a. The Forest Service will provide direction to the Prime Consultant for design, organization, indexing, preparation and maintenance of the administrative record for the project.
 - b. The Prime Consultant and subcontractors will document sampling, testing, field observations, literature searches, analysis, recommendation, and other work which provides source material for the analysis, and any supplements to them. The Prime Consultant and subcontractors will also document all the Forest Service's records in a similar and compatible manner.
 - c. The documentation will be organized by specific categories of information and chronologically within categories for easy retrieval. An index of the information in the AR will show the date, author, addresses, subject and document or page number. The list will be appended to the EIS for use as a reference to information cited therein.
 - d. Two complete copies of the NEPA AR will be made available to the public during the Draft EIS comment period.
 - e. The final AR will include all information and documentation collected after the DEIS comment period, through the Record of Decision.
21. Assume responsibility for preparation of and costs associated with the reproduction and distribution of the Record of Decision (ROD).

E. THE PROPONENT SHALL:

1. Contract with the Prime Consultant to conduct the NEPA analysis and documentation in accordance with Forest Service standards.
2. Designate a single-point contact for interaction with the Prime Consultant and the Forest Service on all matters that concern the NEPA review of the Project.
3. Develop and execute a contract with a Prime Consultant to cover all costs associated with the NEPA review of the Project, with the exception of those related to the ROD. The Proponent will be responsible for all costs and any continuing costs incurred by the Prime Consultant until the

contract has expired or is terminated by the Proponent.

4. Prior to awarding the contract, ensure that all Consultant staff and those of its sub-contractors sign a "Conflict of Interest" or "Disclosure Statement" that confirms that individuals and the Consultant do not have any interest, financial or otherwise, in the outcome of the project. A copy of signed statements will be provided to the Forest Service prior to the initiation of the NEPA review.
5. Incorporate the specifications listed in Attachment 1 into its contract with the Prime Consultant, including a requirement that the Prime Consultant and any subcontractors shall not conduct public surveys or questionnaires without prior approval of the Forest Service.
6. Provide the Forest Service and the Prime Consultant with a comprehensive written description of the Project that also describes commitments to implementing specific mitigation measures to avoid impacts.
7. Provide all relevant technical and environmental information necessary for environmental analysis and documentation.
8. Include in its contract with the Prime Consultant the requirement that the Consultant will be responsible for collecting and disseminating all documentation, including, but not limited to, meeting notes; electronic mail (email) messages; analysis protocols, methodologies and data; maps; Geographic Information System (GIS) data and metadata; other supporting information used in the preparation of the EIS; and the EIS itself. Such information will comprise the NEPA AR, which will be maintained by the Prime Consultant and afterward, filed on the CNF.
9. Review the technical, environmental, and socioeconomic information in its possession, and to the extent that such information is not restricted by confidentiality, provide the Forest Service with information necessary for review or input to the impacts analysis.
10. Provide timely responses to data requests and timely review of documents within the time limits established by the Forest Service.
11. Attend meetings and participate in the development of mitigation measures to address potential adverse impacts.. The Prime Consultant's ID team, or specific members thereof, will attend Forest ID team meetings regarding the Project, as requested or deemed useful by the Forest Service.
12. Ensure that the Prime Consultant is responsive to all Forest Service requests related to the NEPA review of the Project, for assisting the Forest Service in responding to public comments arising from the Draft and Final EIS, and for providing other information (i.e., mapping, public meeting materials, etc.) needed by the Forest Service to prepare the ROD.
13. Assume responsibility for the costs of stenographic, clerical, graphics, and layout services; printing of documents in accordance with Forest Service standards; and analysis, internal review drafts, and copies of the draft and final NEPA-related documents (including the EIS) prepared by

the Consultant.

14. Bear sole responsibility for the cost of preparing and providing the number of requested copies of the Draft and Final EIS for public review; for the cost of distributing the EIS, as directed by the Forest Service; and for providing an electronic copy of the EIS and related documents that is suitable for reproduction by the Forest Service.

15. **AT NO TIME**, direct the Prime Consultant in matters related to the NEPA review and/or EIS analyses and preparation.

F. IT IS MUTUALLY AGREED AND UNDERSTOOD BY THE PARTIES THAT:

1. The Prime Consultant will be under the supervision of the Forest Service, and the Forest Service will make the final determination concerning the scope and contents of the Consultant's work. The contract between the Proponent and the Prime Consultant will specify compliance with all legal requirements.
2. NEPA-related information and data collected by the Prime Consultant and subcontractors will be retained in the NEPA administrative record. An index of the AR will be shared with the Forest Service NEPA Team Leader as it is developed.
3. The complexity and the independent nature of the NEPA process requires a common understanding of the roles of the Forest Service personnel, the Proponent, the Prime Consultant, and other interested persons, agencies, and organizations. The role of the Proponent is the same as it would be if the process were being entirely performed by Forest Service personnel, with no Proponent financing.
4. The independent nature of the NEPA process creates the need to conduct the process with integrity. The Forest Service ID Team Leader will establish the process for the efficient flow of communication between the Prime Consultant, the Proponent and the Forest Service. Oral and written communications among ID team members are protected from disclosure to preserve the integrity of the deliberative process. Individuals who disclose this kind of information to the public and/or the proponent will be excluded from further participation in the NEPA review.
5. The Prime Consultant is an important part of the interdisciplinary process and will aid and support the Forest Service ID Team.
6. All planning data, maps, files, reports, computer, audio or video tapes, and disks and other records will be retained in the NEPA administrative record.
7. In the event of a challenge to the legality or adequacy of the Forest Service compliance with NEPA with respect to the proposal of the Proponent, the Proponent, the Prime Consultant, the Prime Consultant's professional personnel, and the subcontractors will, at the Proponent's expense, make available to the federal government all pertinent non-privileged information

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under their control, and to the extent reasonable, discuss such information with the government, and testify at deposition or trial regarding such information.

8. Either party, in writing, may terminate this MOU in whole, or in part, at any time before the date of expiration. In the event of termination, it is agreed to as follows:
 - a. The NEPA review process will terminate.
 - b. All documentation, reports, analyses, and data used in the EIS developed by the Proponent, the Prime Consultant, or the Prime Consultant's subcontractors up to the date of termination will be delivered to the Forest Service and be placed in the administrative record.
 - c. The Proponent's contract with the Prime Consultant will require the Prime Consultant to submit to the Forest Service a written report on the environmental work and analyses done by the Contractor.
 - d. Preparation of the EIS may be initiated by the Forest Service, consistent with federal government manpower and budget limitations.
9. Any information furnished to the Forest Service under this MOU is subject to public release under the authority of the Freedom of Information Act (5 U.S.C. 552). Specific exemptions in the FOIA may protect proprietary and private information related to the project. The Forest Service FOIA staff will evaluate such information to determine whether or not it may be withheld. All information to be released in response to a FOIA request will be shared with the Proponent or other party for review 30 days prior to release. The Proponent/other party will have a right to object to release of specific information.
10. This MOU in no way restricts the Forest Service or the Proponent from participating in similar activities with other public and private agencies, organizations, and individuals.
11. The Forest Service and the Proponent and their respective agencies and offices will handle their own activities and utilize their own resources, including the expenditure of their own funds, in pursuing these objectives. Each party will carry out its separate activities in a coordinated and mutually beneficial manner.
12. The principal contacts for this MOU are: Gil Clausen, President and CEO, Rosemont Copper Company, 4500 Cherry Creek South, Suite 1040, Denver, CO 80246; and Beverly Everson, Coronado National Forest, 300 W. Congress, Tucson AZ 85701.
13. Nothing in this MOU will obligate either the Forest Service or the Proponent to obligate or transfer funds. Specific work projects or activities that involve the transfer of funds, services, or property among the various agencies and offices of the Forest Service and the Proponent will require execution of separate agreements and be contingent upon the availability of appropriated funds. Such activities must be independently authorized by appropriate statutory authority. This MOU does not provide such authority. Negotiation, execution, and administration of each such agreement must comply with all applicable statutes and regulations.

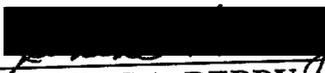
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- 14. This MOU is not intended to, and does not create, any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity, by a party against the United States, its agencies, its officers, or any person.
- 15. This MOU may be amended upon mutual written agreement of all parties.
- 16. This MOU is effective upon the signature of the Forest Service and the Proponent.
- 17. Unless terminated earlier, this MOU shall expire on the day on which the Forest Service appeal resolution period has ended.
- 18. By signature below, the Proponent certifies that the individuals listed in this document as Representatives of the Proponent are authorized to act in their respective areas for matters related to this MOU.

THE PARTIES HERETO have executed this MOU.

ROSEMONT COPPER COMPANY

**USDA FOREST SERVICE
CORONADO NATIONAL FOREST**

	<u>2/4/08</u>		<u>1/30/08</u>
GIL CLAUSEN	DATE	JEANINE A. DERBY Forest Supervisor	DATE

The authority and format of this instrument has been reviewed and approved for signature.

NOTE: Signatures redacted to protect Personal Identifying Information (PII).

 1/29/08
 NORENE NORRIS
 Forest Service Grants & Agreements Specialist

ATTACHMENT 1
THIRD-PARTY CONTRACT SPECIFICATIONS
ROSEMONT COPPER PROJECT

I. RESPONSIBILITIES

The Consultant will be responsible for:

1. Assisting the Forest Service in identifying all environmental compliance requirements that must be met prior to implementation of the project;
2. Planning and conducting any field studies needed to support the NEPA impacts analysis, which may include, but are not be limited to, a cultural resources survey and a biological resources survey, both of which will be prepared in the format specified by the Forest in cooperation with Forest archaeologists, biologists, and other resource specialists;
3. Distributing all NEPA notices for public review;
4. Analyzing the potential environmental impacts of the proposed action and reporting the results in an environmental impact statement (EIS);
5. Preparing the preliminary, draft and final EISs that disclose the impacts of the Project;
6. Assisting the Forest in government-to-government consultation with agencies and Indian tribes;
8. Preparing responses to comments on the Draft EIS;
9. Printing and distributing pre-decisional and final NEPA documents; and
10. Identifying a primary and secondary point of contact for the Forest Service.

Each of the above responsibilities will be carried out with the oversight and input of Forest Service technical resources specialists assigned to the Project interdisciplinary team. Following is a list of specific duties and responsibilities associated with these tasks.

A. Environmental Compliance Planning

The Consultant will:

1. At Forest Service request, attend meetings with agencies and other parties regarding environmental compliance efforts. Meeting sites would be at the Forest Supervisor's Office in Tucson, Arizona; however, the need may arise to schedule meetings at

- regulatory agency or other sites or offices, such as the Nogales Ranger District;
2. Prepare a checklist of all environmental compliance requirements (including those from Forest Service directives, handbooks, and manuals) that must be satisfied before project implementation, and identify agency points-of-contact, where applicable;
 3. Prepare a description of the proposed action, in consultation with Forest staff, and identify potential environmental resource issues and concerns;
 4. Collect and review environmental baseline data and information, then identify the need for field studies and other research; and
 5. Review and concur on the EIS timeline in Attachment 2 of the MOU for third-party NEPA review of the Project.

B. Environmental Field Studies

Based on information and data needs identified during project scoping, the Consultant will conduct field studies where data and information gaps exist. Studies may include, but are not limited to, field surveys of cultural and heritage resources and biological resources, including threatened and endangered species.

C. Consultation with Other Agencies

The Consultant will provide the necessary technical expertise to conduct the following activities:

1. In accordance with the Fish and Wildlife Coordination Act; Section 7, Endangered Species Act; and state species protection regulations, assist the Forest Service in conducting consultation with U.S. Fish and Wildlife Service (FWS), and Arizona Game and Fish Department (AGFD) regarding protected species and habitat; and
2. Assist with community and Tribal outreach in cooperation with the Forest Supervisor and Forest heritage staff.

C. NEPA Review

The Consultant will support the Forest in completing the NEPA review process. Tasks will include, but are not limited to, the following:

Maintain an administrative record of the NEPA review process for transfer to Forest archives. The administrative record will include, but not be limited to, original written correspondence, meeting notes, email messages, field notes, field reports, comment letters, public notices, mailing lists, and the EIS in preliminary, draft and final form. Only those items relevant to the NEPA analysis will be retained in the administrative record;

- Develop an EIS outline for Forest Service approval;
3. Revise the EIS outline in response to comments by Forest resource specialists;
 4. Evaluate scoping comments received in response to the Notice of Intent and, with the Forest Service, determine how they will be addressed in the NEPA review;
 6. Prepare a preliminary DEIS for review by Forest resource specialists;
 7. Revise the PDEIS in response to Forest Service comments and prepare a Draft EIS for publication;
 8. Copy and distribute the DEIS for public review; and
 9. Evaluate public comments on the DEIS, prepare a Comment-Response Summary, and revise the EIS to address comments.

The Forest Service will be responsible for transmitting the DEIS and Notice of Availability to the U.S. Environmental Protection Agency and will prepare the Record of Decision and Legal Notice of Decision.

II. DELIVERABLES

Deliverables will include, but are not limited to, those listed below. The Consultant will provide reports and other deliverables to the Forest in both written and electronic formats. Electronic versions will be delivered as attachments in the latest MS Word software either by electronic mail and/or on compact disks. Maps will be prepared in consultation with Forest GIS staff in a format consistent with Forest Service format.

Deliverables
NEPA Administrative Record
Checklist of Environmental Requirements
Project Description
Field Surveys
Field Survey Reports
Annotated Outline of EIS
Evaluation and Summary of Scoping Comments
*Biological Assessment and Evaluation
*Draft Letter to Fish and Wildlife Service for Endangered Species Act Consultation
*Heritage Assessment
* Draft Letter to State Historic Preservation Office for National Historic Preservation Act Consultation
Preliminary (Internal Review) EIS
Draft EIS for Public Release
DEIS Comment Summary and Evaluation
Comment-Response Summary for FEIS
Final EIS

III. CONSULTANT STAFF QUALIFICATIONS

All consultant staff must possess, at a minimum, a Bachelor's degree (or equivalent combination of experience and education) in the field of expertise for which support is provided and at least five (5) years experience in performing NEPA analysis. Proof of such experience will be required prior to contract award.

For this contract, the following technical positions will be necessary:

Interdisciplinary NEPA Team Leader: minimum of 10 years experience in this capacity

Geologist: equivalent to a GS-12 Geologist, with at least 10 years experience (emphasis on hardrock mineral exploration and extraction)

Geochemist: equivalent to a GS-12 Geologist, with at least 10 years experience in hardrock mining, mineral processing, and reclamation

Mining Engineer: equivalent to a GS-12 Engineer, with at least 10 years experience in hardrock mining and reclamation

Hydrogeologist: the equivalent of a GS-12 Hydrogeologist with at least 10 years in hardrock mine development and remediation geohydrology

Hydrologist: the equivalent of a GS-12 Hydrologist with at least 10 years experience in hardrock mine development and remediation hydrology

Biologist: (Terrestrial, Aquatic) the equivalent of a GS-12 Biologist with at least five years experience in wildlife biology

Soils Scientist: the equivalent of a GS-12 Soils Scientist with at least five years of experience

Air Quality Specialist: the equivalent of a GS-12 Air Quality Specialist with at least five years of experience in Air Quality and NEPA impacts analysis

Cultural Resource Specialist: (Historian, Native American, Archaeologist, Anthropologist); must meet the Secretary of the Interior's qualification standards for archaeology as published in the Code of Federal Regulations, 36 CFR Part 61

Visual Resources Specialist: the equivalent of a GS-11 Landscape Architect with at least five years of experience in visual resources and NEPA impacts analysis; expertise in the application of the Forest Service's Visual Resource Management System and the Forest Service's Scenery Management System

Recreation Specialist: the equivalent of a GS-11 Recreation Specialist with five years experience in Recreation/Trails and NEPA impacts analysis

1/29/2008

Socioeconomist: at least five years experience with collaboration, community outreach and environmental justice issues

SUBCONTRACTORS: The Forest Service's Contracting Officer must review and approve potential subcontractors to the Consultant who will contribute to fulfillment of the tasks described herein, and any future additions to the approved list of subcontractors once established.

IV. DATA AND INFORMATION MANAGEMENT

All data and information collected under this contract will become the property of the U.S. Government.

Consultant performance and products will be subject to review by the Forests technical staff and management to ensure adequacy, accuracy and completeness. The Forest may request that advance copies of specific sections of the NEPA document be provided for review by Forest resource specialists prior to submittal of the final deliverable. At its discretion, the Forest may seek additional review of Consultant products by other non-Forest resource experts.

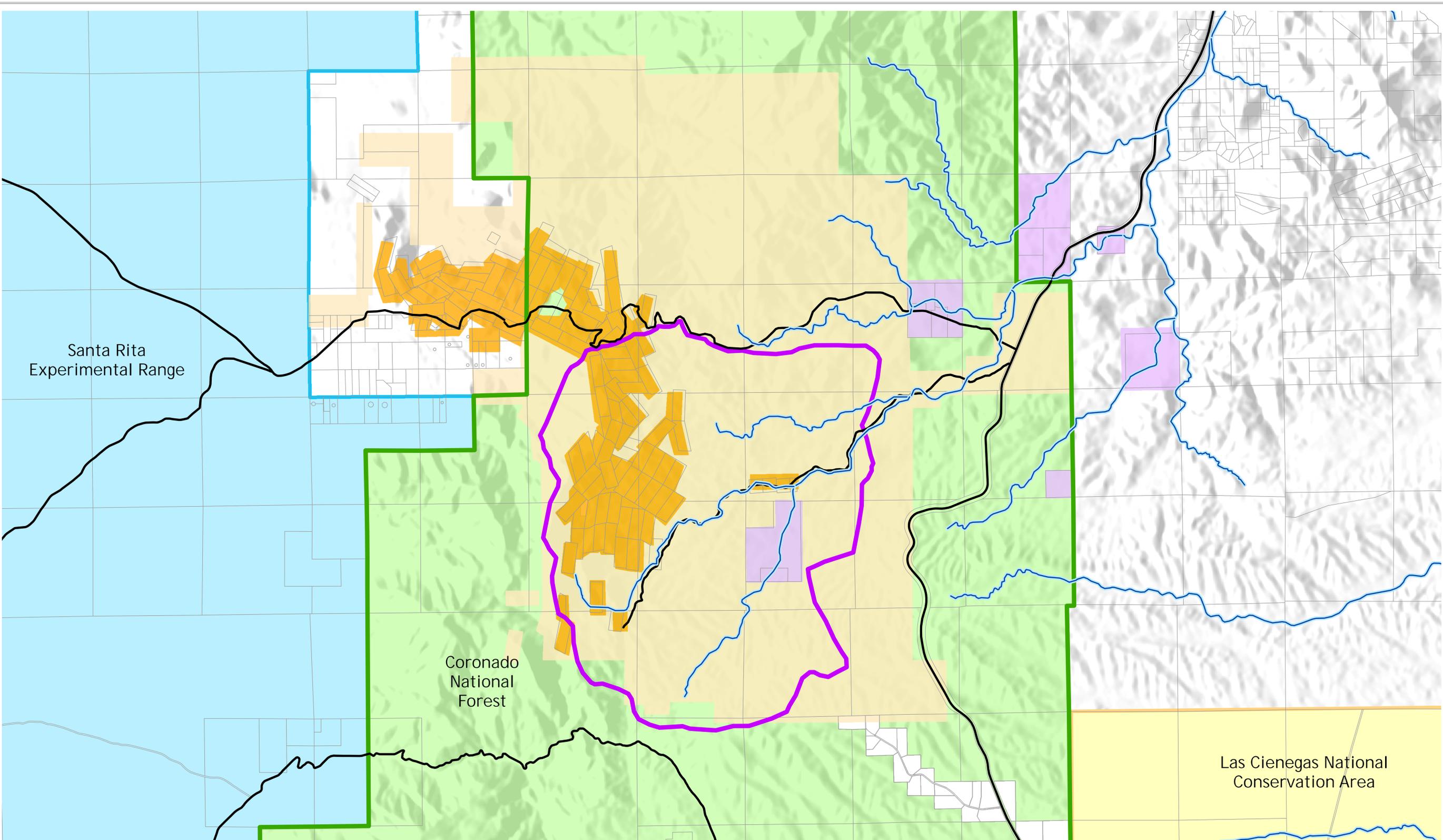
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ATTACHMENT 2
EIS TIMELINE
ROSEMONT COPPER PROJECT

Task	Target Date
Interdisciplinary team established on Forest	January 2008
MOU for third-party NEPA analysis signed	January 2008
Proponent signs third-party contract	January 2008
Statement of Proposed Action with Purpose and Need drafted	February 2008
Public Participation Plan finalized	February 2008
Notice of Intent (NOI) to Prepare EIS published	February 2008
NOI distributed to public mailing list	February 2008
Public scoping meetings (open-house venue) held	March 2008
Scoping comment evaluation completed	April 2008
Forest Service (FS) and consultant meet to develop alternatives, review issues, define geographic bounds of cumulative impacts analysis area, and identify past, present, and reasonably foreseeable actions therein	May 2008
Sections 1 and 2 of Preliminary Draft (PD) EIS completed	July 2008
Section 3 and 4 of PDEIS completed	November 2008
PDEIS to FS, Proponent, and cooperating agencies (CAs) for review	December 2008
Comments on PDEIS to Consultant	January 2009
Final FS and CA review of revised PDEIS before printing DEIS	February 2009
EPA publishes Notice of Availability (NOA) of DEIS and announces 45-day public comment period	March 2009
Public comment meetings	March-April 2009

1/29/2008

Comment analysis: FS, Consultant, Proponent	April 2009
Responses to comments prepared, DEIS to FEIS revised	May-July 2009
Preliminary FEIS and responses to comments to FS, Proponent, CAs for review	August 2009
Final revisions to FEIS, responses to comments completed	September 2009
Print copy of FEIS after review	October 2009
EPA publishes NOA of FEIS	October 2009
ROD issued a minimum of 30 days after NOA of FEIS	November 2009
Appeal period begins, 45 days	December 2009



The information depicted on this display is the result of digital analyses performed on a variety of databases provided and maintained by several governmental agencies. The accuracy of the information presented is limited to the collective accuracy of these databases on the date of the analysis. The Pima County Department of Transportation Geographic Information Services Division makes no claims regarding the accuracy of the information depicted herein.

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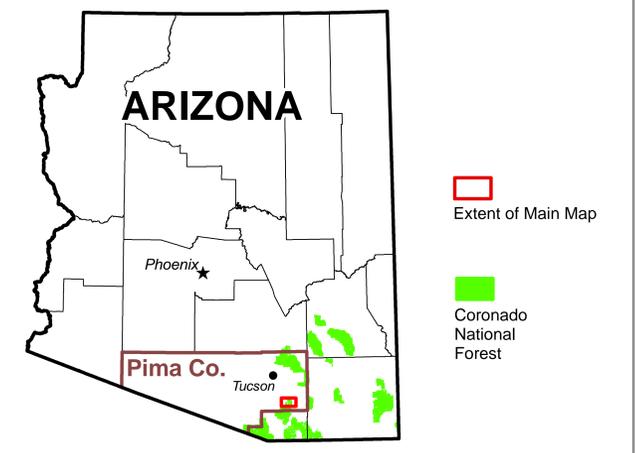
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AUG 31, 2009

Proposed Rosemont Mine with Parcels

- Parcel Boundary
- Rosemont Fee Land
- Rosemont Patented Claim
- Rosemont Unpatented Claim
- Extent of Mine Operations



**Rights of Mining Claimants
Coronado National Forest
June 2009**

The General Mining Act of 1872 confers a statutory right to enter upon public lands open to location in pursuit of locatable minerals, and under valid existing mining claims to conduct mining activities, in compliance with federal and state statutes and regulations. The Multiple-Use Mining Act of 1955 confirms the ability to conduct mining activities on public lands, locate necessary facilities, and conduct reasonable and incidental uses to mining on public lands, including National Forest System lands. Forest Service mining regulations at 36 C.F.R. Part 228 subpart A, correspondingly recognizes the rights of mining claimants.

The National Environmental Policy Act of 1969 (NEPA) requires Federal agencies to prepare an environmental impact statement prior to undertaking a major Federal action significantly affecting the quality of the human environment. NEPA also requires Federal agencies to study, develop, and describe appropriate alternatives to any proposal which involves unresolved conflicts concerning alternate uses of available resources.

A proposed mine plan of operations is a starting point in the environmental impact statement process and is one of the alternatives considered. Forest Service mining regulations and policies establish a process to approve a plan of operations for mining activities on National Forest System lands and to ensure such plans minimize adverse environmental impact. Feasible alternatives which allow the claimant to reasonably exercise their statutory rights and vested property rights in minerals, while seeking to minimize adverse environmental impacts on National Forest surface resources, are also included in the statement.

The regulations implementing NEPA also require that a no-action alternative be included in an environmental impact statement. Forest Service Handbook 1909.15 Chapter 14.2 clarifies that the no-action alternative provides a baseline for estimating the effects of other alternatives. The no-action alternative presents that no action or activity would take place from the planning effort, thus the mine plan of operations would not be approved.

Although the Forest Service may reasonably regulate mining activities to protect surface resources, there are statutory and constitutional limits to its discretion when reviewing and approving a mining plan of operations. The Forest Service cannot categorically prohibit mining activity or deny reasonable mineral operations under the mining laws. Selection of a no-action alternative is outside the discretion of the Responsible Official.

In practice, the Forest Service works with the mining applicant to develop an acceptable legally-compliant plan of operations as an alternative to be considered during the NEPA process, thereby precluding selection of the no-action alternative.