

Kennecott Utah Copper
Tailings & Water Services
P.O. Box 6001
11984 West Hwy 202
Magna, Utah 84044
(801) 569-7277



Kennecott
Utah Copper Corporation

SCANNED

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JUL 11 2006

DEQ
Environmental Response & Remediation

DERR2006-006620

July 6, 2006

Dianne R. Nielson, Ph.D.
NRD State Trustee
Utah Department of Environmental Quality
P.O. Box 144870
Salt Lake City UT 84114-4870

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JUL 10 2006

DIVISION OF
WATER QUALITY

Subject: Completion of the Zone A Plant

Dear Dr. Nielson:

Kennecott Utah Copper Corporation (KUCC), pursuant to Section III of the agreement between the State Trustee for Natural Resource Damage, KUCC, and Jordan Valley Water Conservancy District (JVWCD) dated August 31, 2004, requests the Trustee's determination and acknowledgement of the Completion of Zone A Plant.

As described in Section III.A, Completion means that KUCC has received an Operating Permit from the Division of Drinking Water (DDW) under its normal rules and regulations. DDW issued an Operating Permit for the Zone A Plant on May 26, 2006, a copy of which is attached.

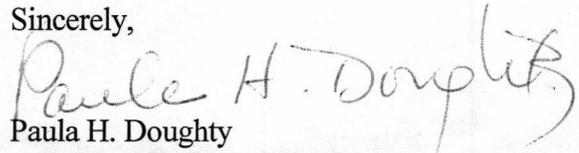
Section III.A also describes a Design Capacity determination that was to be made by DDW in issuing an Operating Permit. Prior to issuance of the Operating Permit, DDW advised that making the determination required by III.A is not a typical function of the Division. In lieu of having DDW make this determination, KUCC agreed with the Trustee, through the Trustee's representative, Mr. Doug Bacon, that actual Zone A Plant production for 30 days could be used to demonstrate that the plant is capable of producing an amount equal to or greater than the designated Design Capacity of 3.13 million gallons per day (MGD), averaged over a 30-day period. Plant production records are attached for the 30-day period of June 2 to July 1, 2006. During this time the plant produced an average of 3.52 MGD.

KUCC also requests that, as described, in Section III.C of the agreement, the Trustee execute and deliver to the issuer of the Zone A ILC instructions for the reduction of the ILC by an amount equal to 60% of the face amount. The current face value is

\$25,208,200. A 60% reduction equals \$15,124,900 and the new value of the ILC should be \$10,083,300. Please coordinate the delivery of such instructions with Mr. Jack Welch, Rio Tinto Shared Services, who can be reached at 801-252-3526.

The support of the Trustee has been very helpful in executing this project to restore an important natural resource. KUCC is also grateful for the able assistance and support of Doug Bacon that aided in making this project a success.

Sincerely,


Paula H. Doughty
Manager, Tailings and Water Services

Attachments(2)

Cc: Doug Bacon, UDEQ-DERR
Richard Bay, JWCD

Attachment 1

Zone A Plant Operating Permit



State of Utah

Department of
Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF DRINKING WATER
Kevin W. Brown, P.E.
Director

Drinking Water Board
Anne Erickson, Ed.D., *Chair*
Myron Bateman, *Vice-Chair*
Ken Bussert
Daniel Fleming
Jay Franzen, P.E.
Helen Graber, Ph.D.
Paul Hansen, P.E.
Laurie McNeill, Ph.D.
Dianne R. Nielson, Ph.D.
Palm Rust
Ron Thompson
Kevin W. Brown, P.E.
Executive Secretary

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

May 26, 2006

Kelly Payne, Manager
Kennecott - Zone A RO
P.O. Box 66
Bingham Canyon, Utah 84006

Dear Mr. Payne:

Subject: Operating Permit, Bingham Canyon Water Treatment Plant (Zone A Reverse Osmosis Plant), System #18160, File #06511

On May 17, 2006, we received the final installment of needed documentation for an Operating Permit for the Bingham Canyon Water Treatment Plant. The documentation includes: 1) new source water chemistry results, 2) record drawings furnished to the Owner with a copy to us, and 3) Operation and Maintenance Manual provided to the Owner, 4) Engineer statement that minor changes were made to the plans during construction and that the constructed facility conforms to Division of Drinking Water (DDW) Rules, 5) evidence of proper flushing and disinfection of wells, waterlines and the water treatment plant. This information meets the requirements for an Operating Permit. An **Operating Permit** is hereby issued as constituted by this letter, as outlined in R309-500-4(1).

The Bingham Canyon Water Treatment Plant is approved at a capacity of 4.6 MGD, the limiting factor being membrane flux of 11.9 gal/day/sf.

The overall project, as we understand it, includes construction of three wells (BFG1200, LTG1147, and B2G1193), feed water pipelines, a Reverse Osmosis Water Treatment Plant, a finished water pipeline to the Jordan Valley Water Conservancy District meter station, and related appurtenances. Disinfection is provided by an on-site sodium hypochlorite generator and corrosiveness is controlled by 2 de-gasifier tanks and potential chemical injection.

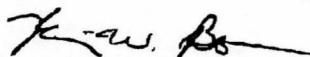
Mr. Payne
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May 26, 2006

The reverse osmosis process is an acceptable approach to demineralization of the expected feed water. Treatment is intended to remove suspended and dissolved solids, not microorganisms under the Surface Water Treatment Rules. Furthermore, there is no disinfection requirement for CT, only that a 0.2 mg/l minimum residual be maintained on finished water as it leaves the plant.

Mike Johanson has met with you regarding quarterly Compliance Reporting. If you have questions or need further assistance, please call Frank Roberts, of my staff, at (801) 536-0098 or Mike Johanson, of my staff, at (801) 536-0063.

Sincerely,

DRINKING WATER BOARD



Kevin W. Brown, P.E.
Executive Secretary

FLR

cc: Salt Lake Valley Health Dept.
Richard Bay, Jordan Valley WCD
Dianne R. Nielson, DEQ
Doug Bacon, DERR
Mike Johanson

Attachment 2

Plant Production Record for June 2 to July 1, 2006

**(Copy of Disinfection/Disinfection By-Product Rule Compliance
Report which is to be submitted quarterly to Division of
Drinking Water)**

Division of Drinking Water
Quarterly Report for D/DBP Rule Compliance
Ground Water System Disinfection

Month: June System Name: Bingham Canyon Water Treat
 Year: 2006 Chlorinator Location: Treatment Plant
 System Number: 18160 Prepared by: Jason Doyle
 Disinfectant Type: Sodium Hypochlorite

Note: These readings must be done a minimum of 3 times per week.

Day	Chlorine Gas					Point-of-Entry Chlorine Residual (Optional)	Remarks
	Reading on Water Meter Totalizer	Volume of Treated Water (Gallons)	Setting of Rotometer Valve	Gross Weight of Chlorine Cylinder (lb)			
	Hypochlorinator						
	Reading on Water Meter Totalizer	Volume of Treated Water (Gallons)	Setting of Hypochlorinator Pump	Level of Liquid in Day Tank (Inches)	Percent Solution		
1	6025647		58/10, 60/15	89.10%	0.8	0.45	TP 07:52
2	9425890	3400243	58/10, 60/15	90.40%	0.8	0.40	TP 10:15
3	12892000	3466110	58/10, 60/15	90.20%	0.8	0.40	TP 06:38
4	16410000	3518000	58/10, 60/15	89.10%	0.8	0.36	TP 07:05
5	19952000	3542000	58/10, 60/15	89.00%	0.8	0.34	K.E. 07:10
6	23396000	3444000	58/10, 60/15	89.10%	0.8	0.43	KE. 06:35
7	26922000	3526000	58/10, 60/15	90.00%	0.8	0.37	KE. 06:30
8	30504000	3582000	58/10, 60/16	91.00%	0.8	0.34	KE. 06:50
9	33962000	3458000	58/10, 60/16	91.50%	0.7	0.37	TP 06:45
10	37478000	3516000	58/10, 60/16	90.90%	0.7	0.38	TP 06:38
11	40975000	3497000	58/10, 60/16	91.10%	0.7	0.34	TP 06:25
12	44514000	3539000	58/10, 60/16	92.30%	0.7	0.38	TP 06:30
13	48090000	3576000	58/10, 60/16	90.20%	0.8	0.22	K.E 06:50
14	51539000	3449000	58/10, 60/16	89.60%	0.7	0.31	K.E 05:50
15	55143000	3604000	58/10, 60/16	92.60%	0.7	0.34	KE 06:50
16	58612000	3469000	58/10, 60/16	91.10%	0.8	0.39	KE 06:30
17	62120000	3508000	58/10, 60/16	88.90%	0.8	0.34	TP 06:34
18	65622000	3502000	58/10, 60/16	92.70%	0.8	0.28	TP 06:22
19	69149000	3527000	57/11, 57/16	90.50%	0.8	0.36	TP 06:25
20	72697000	3548000	57/11, 57/16	92.10%	0.8	0.35	TP 06:32
21	76218000	3521000	57/11, 57/16	89.20%	0.8	0.36	KE 06:30
22	79736000	3518000	57/11, 57/16	91.30%	0.8	0.29	KE 06:23
23	83287000	3551000	57/11, 57/16	92.60%	0.8	0.37	KE 06:30
24	86757000	3470000	57/11, 57/16	90.70%	0.8	0.33	KE 06:00
25	90582000	3825000	57/11, 57/16	90.50%	0.8	0.43	TP 07:56
26	93900000	3318000	57/11, 57/16	92.10%	0.8	0.40	TP 06:26
27	97519000	3619000	57/11, 57/16	91.80%	0.8	0.36	TP 07:00
28	100960000	3441000	57/11, 57/16	92.00%	0.8	0.39	TP 06:22
29	104560000	3600000	85/11, 0/0	90.30%	0.8	0.42	KE 06:40
30	107990000	3430000	57/11, 57/16	92.90%	0.8	0.38	KE 06:05
1	111620000	3630000					KE 06:50