



MEMORANDUM

Date: April 17, 2023

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
County Administrator

Re: **Update on Hubday's Application for Arizona State Trust Land Auction**

On April 3, 2023, I informed the Board that I had written to the Arizona State Land Commissioner requesting that an application by Hubday for the auction of 200 acres of land in the foothills of the Santa Rita Mountains be denied and withdrawn from the Board of Appeals' April 13 agenda. The Board of Appeals met and this item was not on their agenda. Staff will request an update from the Arizona State Land Department (ASLD) on its status.

The Board of Appeals' agenda did include the amendment of four right-of-way permits for the prior Rosemont mine proposal approved in 2017. According to ASLD staff, the amendments were to remove conditions to federal approvals that are no longer applicable. The Board of Appeals approved the amendments.

Attached is a letter from Hubday's Senior Vice President for South America and the USA concerning Pima County's letter and concerning a letter sent by Save the Scenic Santa Ritas. I have reviewed Hubday's letter and stand by the statements made in the County's letter.

JKL/anc

Attachment

c: Carmine DeBonis Jr., Deputy County Administrator
Francisco Garcia, MD, MPH, Deputy County Administrator & Chief Medical Officer
Steve Holmes, Deputy County Administrator
Linda Mayro, Director, Office of Sustainability and Conservation
Ursula Nelson, Interim Director, Pima County Department of Environmental Quality
Nicole Fyffe, Senior Advisor, County Administrator's Office
Marie Light, Principal Hydrologist, Pima County Department of Environmental Quality



April 12, 2023

Commissioner Robyn Sahid
Arizona State Land Department
1110 W. Washington Street
Phoenix, AZ 85007-2952

**Re: Response to Pima County Letter regarding State Land Application No. 53-122457,
Rosemont Copper Company/Hudbay**

Dear Commissioner Sahid,

Congratulations on your nomination to lead the Arizona State Land Department. I hope this letter finds you well.

I am writing to you regarding a letter you received from the Pima County Administrator regarding our application to purchase certain parcels of state land (Application No. 53-122457). I felt compelled to respond to this letter, since it completely mischaracterizes our efforts to address the County's concerns and makes some factual assertions that are clearly incorrect.

As an initial comment, essentially all of the County's concerns involve environmental matters that are thoroughly regulated by other state agencies. With respect to the mission of the State Land Department, I am confident that the sale of these isolated parcels for Hudbay's mining project is the highest and best use that will maximize returns for the beneficiaries of the State Land Trust.

Since Hudbay acquired the Rosemont Project in 2014, we have proactively reached out to the County multiple times, offering to begin a good faith dialogue to see if we could address their concerns. Although the current and former County Administrators have typically accepted specific meeting requests, they have never agreed to have substantive discussions about what their concerns are and whether we can adequately address them. The last time we reached out to the Administrator's office in August 2022 (by email to Deputy Administrator Carmine DeBonis Jr.), we did not receive a response.

In the 17 years since the prior owner, Augusta Resources, started the permitting effort for the Rosemont Project, the County's demands have been constantly changing, which makes it difficult to plan our operations to conform to their requests. Almost all of the "performance criteria" laid out by the County in 2006 were satisfied by the final plan for the Rosemont Project (2019), yet the County remained vehemently opposed. What the County is now demanding in land (20,000 acres) is at least eight times what was requested in 2006.

I would like to respond to some of the specific statements from the March 31st letter, as well as the letter from Cathy and Steve McGrath that was attached to the County's letter.

Statement 1:

"Hudbay and its predecessor have a long history of ignoring local concerns."

Response:

Hudbay's approach to community engagement is to build lasting relationships based on trust, transparency, and mutual respect. Our goal is to be as responsive as possible to stakeholder input, ensuring that the surrounding communities benefit from our presence. For the Rosemont Project, approximately 25% of the entire value of the project was committed to community and environmental efforts in response to local concerns. We are extremely proud of the successful community relations programs at our existing Peruvian and Canadian operations that have provided substantial economic, employment, and environmental benefits to the neighboring communities.

Statement 2:

"They have repeatedly failed to meet our land and water conservation objectives. According to development impacts shown in Hudbay's Preliminary Economic Assessment, Pima County's calculation of land mitigation to adhere to the County's Conservation Lands System (CLS) guidelines would be 20,000 acres, none of which appears to be forthcoming."

Response:

The CLS is not legally applicable to the Copper World Project. However, Hudbay wants to be responsive to community and stakeholder concerns. At our meeting with Pima County Administrator Leshar and Deputy Administrator DeBonis Jr. last July, we explicitly told them we would be developing a mitigation package for Copper World and that they would be a key stakeholder in this effort. Hudbay has already identified over 2,300 acres of land that we currently own, identified as high value per the CLS, and over 1,100 acre-feet/year (afy) of high priority water rights as a starting point for our land and water conservation plan. When a follow-up email was sent to Mr. DeBonis in August, we did not receive a response. This March 31st letter was the first time we were made aware of their request for 20,000 acres of conservation land.

Statement 3:

"[T]he mine's water usage would increase groundwater withdrawals in the Tucson Active Management Area by 11.5 percent."

Response:

Hudbay's groundwater withdrawals for Phase I of Copper World would amount to approximately 2.5% of current withdrawals in the Tucson AMA (Copper World withdrawal = 6,000 afy; Tucson AMA withdrawals in 2021 = 244,656 afy). Hudbay has already recharged enough water for approximately seven years of operations of Copper World and is committed to recharging 100% of what we pump throughout the life of the mine. To my knowledge, we would be the first new user in the state to be voluntarily net neutral on water from the beginning of the project.

Statements in the letter from Cathy and Steve McGrath, dated January 1, 2023

Statement 4:

"It is already dumping waste into the ephemeral streams and washes that flow seasonally into populated areas"

Response:

This statement is factually untrue. Hudbay has placed rocks and dirt into some of the ephemeral washes on our private property, all of which fade into the bajada before reaching any populated area on the other side of the Santa Rita Experimental Range. None of these washes "flow seasonally"; they flow for very short periods of time in direct response to rainfall.

Statement 5:

"All that [processing] will be on private land with minimal oversight."

Response:

All mining projects in Arizona, including those on private land, are subject to federal and state environmental regulations. All federal standards for hazardous substances, air quality, and water quality will apply to Copper World's private land operations and will be monitored and enforced by state regulators.

Statement 6:

"What they pollute up there will wash down here and contaminate the aquifer."

Response:

Hudbay is required to obtain an Aquifer Protection Permit (APP) from the Arizona Department of Environmental Quality (ADEQ) prior to commencing operations. As part of the permitting process, we are required to demonstrate that our operations will not contaminate groundwater. The permit requires monitoring and reporting to state regulators to ensure that our operation performs as intended.

Statement 7:

"They are up there dumping waste into the southern end of [Sycamore] canyon now."

Response:

This statement is false. The upper end of Sycamore Canyon is U.S. Forest Service land. Hudbay cannot and has not disturbed this area. To the contrary, Hudbay acquired an old mine several years ago near the upper end of Sycamore Canyon and is working under the direction of the Forest Service to address environmental risks associated with the historic mining. Hudbay will cover the cost of the reclamation effort, which is estimated to be in the high six-figure range.

Statement 8:

"They offered to buy any of our houses for fair market value. They want to own all properties with access to the canyon so they can barricade."

Response:

Hudbay is committed to being a good neighbor. We understand that those who live closest to our planned operations may want the opportunity to relocate before we begin mining

activities. Our goal is to communicate with them transparently and to treat them fairly, not “drive them out”.

Statement 9:

“[T]hey can't guarantee anything.”

Response:

Hudbay is required to receive a number of permits from state and local regulators prior to commencing mining operations at Copper World. We are committed to working with the agencies responsible for issuing these permits, to demonstrate that our mining operation will meet environmental standards. Once issued, the permits will include monitoring and reporting requirements to ensure that the mine meets air and water quality standards.

Additionally, a Mined Land Reclamation Plan (MLRP) is required prior to breaking ground on a new mine. The MLRP must be approved by the Arizona State Mine Inspector and bonding must be provided to cover the costs of the reclamation before ground disturbance begins. This is legally required in Arizona and an example of how modern mining is done responsibly.

We recognize that Pima County still has concerns about our mining plans, and we would welcome the opportunity to work through those concerns in good faith to see if they can be addressed. However, to date, the County has declined to engage in such discussions, apparently preferring to preserve their objections to use against us in public forums such as this.

Please do not hesitate to reach out if you have any further questions or concerns about our application to purchase state land. Hudbay is committed to developing a project that will meet all environmental standards and provide significant economic benefits to the residents of Arizona.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Javier Del Rio', with a long horizontal stroke extending to the right.

Javier Del Rio
Senior Vice President, South America and USA