



STATE OF
MINNESOTA
DEPARTMENT OF NATURAL RESOURCES

500 LAFAYETTE ROAD • ST. PAUL, MINNESOTA • 55155-40_____

DNR INFORMATION
(612) 296-6157

August 30, 1995

Northshore Mining Company
Silver Bay, MN 55416

Cleveland-Cliffs Inc.
1100 Superior Avenue
Cleveland, Ohio 44114-2589

Cyprus Minerals Company
9100 East Mineral Circle
P.O. Box 3299
Englewood, CO 80155

Re: MILEPOST 7 MASTER PERMIT RENEWAL

Gentlemen:

The state of Minnesota, Cleveland-Cliffs Inc., and its subsidiaries Cliffs Minnesota Minerals Company and Northshore Mining Company have for almost a year been engaged in the process of renewing the permits that would allow continuance of the taconite mining operations at Babbitt and Silver Bay. The negotiations and meetings have involved a number of issues ranging from technical issues related to tailings basin management and future dam construction to corporate accountability of the new owners and their affiliates, relative to adequate financial assurance safeguards.

Whereas the above matters seem to be drawing to a conclusion, the department's master permit for the Milepost 7 tailings basin operation is rapidly coming to an end. In accordance with the "Closure Consensus Plan" the permit terminates when 15 million tons of pellet production is reached. This production level is only a matter of days away. It had been the intention of the department that a new permit, recognizing the continuation of the operation beyond 15 million tons, would have been completed by now and issued to the companies comprising the new ownership of the operation. However, this has not occurred and we now find it necessary to extend the existing permit with the current permittees for a short period until the new permit can be issued.

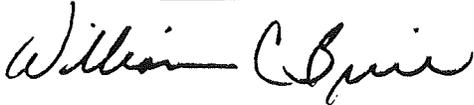
I hereby renew the Milepost 7 Master Permit that is jointly held by Cyprus Minerals Company and Cyprus Northshore Mining Corporation as issued on August 17, 1989, and as modified on May 7, 1991, February 20, 1992, and May 27, 1994. This renewal shall be effective until January 15, 1996. By that date the state and the operation's new



ownership shall have concluded the necessary negotiations for transfer of the permits, or plans shall be developed for shutdown of the operation and the closure and reclamation of Milepost 7.

I believe the renewed permit is consistent with all applicable court orders, and fully carries out the responsibilities vested by law in the Department of natural Resources. The renewed permit allows the continuation of the operations in accordance with the principles and responsibilities of tailings basin operation and ultimate closure that are contained in the "Concensus Closure Plan."

Dated the 30th day of August, 1995.



William C. Brice, Director
Division of Minerals

- c: Bruce C. Scherling, Reserve Mining Company
- Becky Comstock, Dorsey & Whitney, Counsel to Armco, Inc.
- Glenn Moran, General Counsel, LTV Steel Company, Inc.
- Dennis M. Wagner, Northshore Mining Co.
- Charles W. Williams, Pollution Control Agency
- Scott Strand, Attorney General's Office
- Eldon Kaul, Attorney General's Office