FREEPORT-McMoRan

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Bureau of Reclamation
Attn: BCOO-1000
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**Re: Comments on Draft Environmental Impact Statement for Near-Term Colorado River Operations (DEIS dated January 16, 2026) – Impacts to Critical Mineral Production in Arizona**

Freeport-McMoRan appreciates the opportunity to provide comments on the *Draft Environmental Impact Statement for Near-Term Colorado River Operations, dated January 16, 2026* (DEIS). Freeport is the largest producer of copper in the United States and a significant producer of other minerals that are essential to electrical generation and infrastructure, national defense, high tech manufacturing, and resilient domestic supply chains, and includes a U.S. workforce totaling approximately 14,000 employees and an additional 25,000 contractors.

The Colorado River (River)has experienced long-term drought, substantial growth, and a sustained increase in demand for water (a finite and over-allocated resource in the intermountain west). These conditions have strained the existing legal and political framework that seeks to fairly allocate water among states, regions, communities, and interests. The prompt and fair reconciliation of these competing interests is a matter of national importance.

This letter focuses on our Arizona operations that depend on Colorado River water delivered through the Central Arizona Project (CAP), with particular emphasis on our Miami, AZ. Smelter, and Morenci Mine. Freeport has serious concerns about the potential economic and operational impacts of the DEIS alternatives as currently framed.

## Freeport's Arizona Operations and National Importance

**Freeport operates several large copper mining and processing facilities in Arizona and New Mexico, including its Miami and Morenci operations in Arizona, along with other Arizona mines that that collectively produce 70 percent of U.S. refined copper.**

Together, these operations underpin:

- Production of copper and associated byproduct minerals that the U.S. government has identified as critical to national security, electricity generation and infrastructure, and advanced manufacturing.

- High-quality employment and economic activity in rural and tribal communities across Arizona.
- Domestic copper smelting capacity at our Miami, AZ Smelter, one of only two remaining primary copper smelters in the U.S.
- Large-scale, globally significant copper production at the Morenci Mine, the largest copper mine in North America and a cornerstone of U.S. domestic copper supply.

Freeport's Arizona facilities have made significant long-term investments in water efficiency, recycling, and conservation. Globally, Freeport's operations have achieved a recycling rate of 83 percent, while our Morenci operation has achieved an 89 percent efficiency rate, including reuse and conservation of freshwater resources. Our long-term water strategies are structured around reliable, planned deliveries of Colorado River water through the CAP and reuse of these supplies, supplemented by groundwater only where necessary.

Importantly, the location of these facilities and the availability of the copper produced from these facilities are not movable. The availability of mineral resources and the ability to extract these resources are set in geologic formations hosting ore bodies that do not occur in abundance in other areas of the United States. We cannot simply shift our operations to other locations.

## Concerns with the DEIS and Colorado River Shortage Proposals

Freeport recognizes the unprecedented stress on the Colorado River system and while we support the overarching objective of protecting system reliability and stabilizing reservoir elevations, we believe the fundamental components of the 1922 Colorado River Compact must be adhered to and recognized in the DEIS. We also strongly believe that all sectors and Basin States must contribute to a sustainable, long-term solution. However, the alternatives outlined in the DEIS appear to have several unintended and insufficiently analyzed consequences for Arizona's mining and mineral processing sector, including:

### 1. Disproportionate Risk to Industrial Water Users That Support Critical Minerals

Under several of the proposed shortage and conservation frameworks, reductions in CAP deliveries to non-municipal, non-tribal users could be substantial and front loaded, without a clear, quantified assessment of the impact on critical mineral production.

The DEIS does not adequately distinguish between discretionary industrial uses and those, like copper mining, concentrating, leaching, and smelting at both the Miami, AZ Smelter, and the Morenci Mine and our other operating mine in Arizona (Bagdad, Sierrita, and Safford mines), that are directly tied to national strategic objectives and statutory priorities for critical mineral security. This approach risks assigning deeper and earlier cuts to operations that support U.S. energy, defense, and infrastructure policy.

### 2. Insufficient Consideration of Operational Realities at our Miami Smelter and Morenci Mine

Copper mining, concentrating, leaching, and smelting are water intensive, continuous flow industrial processes. Significant, unplanned reductions in water deliveries cannot be absorbed simply by incremental efficiency measures; they can force curtailments or shutdowns.

The DEIS does not meaningfully analyze how various shortage volumes, timing, frequency, or resulting changes in State policies to protect municipal and power customers from reduced deliveries would affect:

- Ore production rates and leach operations at the Morenci Mine and our other Arizona mines.
- Concentrator performance and associated water recycling at Morenci and our other Arizona mines.
- Smelter throughput, metallurgical balances, and environmental controls at the Miami, AZ Smelter.
- The integrated flow of intermediate products (concentrate, anode, and other intermediates) across our Arizona system, which depends on coordinated, predictable water availability at both the Smelter and mine sites.

Any disruption in water availability at Morenci or other major Arizona mines will cascade through the system, affecting the volume and quality of copper concentrate available to the Miami, AZ Smelter, and other facilities and, ultimately up to **70 percent of the nation's supply of refined copper**.

### 3. Underestimation of Economic and Supply Chain Consequences

A material reduction in water availability to Arizona's CAP water supply under the proposed alternatives in the DEIS threaten significant negative impacts to national copper production and adverse economic impacts to Arizona's economy and could increase dependence on imported concentrates and refined copper from other producing nations around the world, including China. In 2024, the total economic impact of mining in Arizona was approximately $21.16 billion and resulted in 58,919 total jobs.[1] Arizona copper mining firms produced an output of $10.1 billion and employed 12,919 workers. The economic output per worker in copper mining is $784,923, second only to the Arizona semiconductor industry. Freeport's Morenci Mine alone was responsible for $1.6 billion in economic benefits and 4,225 jobs in 2024. The DEIS fails to consider the impacts of the proposed reductions on the economic output or jobs in the copper industry, or any other industry in Arizona.

Given the importance of Arizona in maintaining a secure domestic supply of copper, federal actions which negatively impact copper production in Arizona are directly contrary to the economic and national security interest of the United States, as directed by the Trump Administration. Specifically, the DEIS must address:

- The potential job losses and impacts on rural and tribal communities, small businesses, and regional tax bases in areas anchored by Arizona mines and the Miami, AZ Smelter;
- Downstream effects on U.S. manufacturing, grid infrastructure, energy development, vehicles and transportation, and defense systems that rely on a secure and predictable copper supply; and
- The potential increased dependence on smelting capacity in foreign countries that may not share the same worker safety practices and are contrary to U.S. interests.

[1] Arizona Mining Association, 2024 Economic Impact Study of the Arizona Mining Industry, Prepared by L. William Seidman Research Institute, W.P. Carey School of Business, Arizona State University.

**4. Lack of an Explicit Framework for Recognizing Federal Priorities for Critical Mineral Infrastructure**

While the DEIS discusses municipal, tribal, and agricultural allocations, it does not set out a clear, transparent approach to recognizing the national interest in maintaining critical mineral production and domestic smelting capacity.

According to Executive Order No. 14,220 ("Addressing the Threat to National Security from Imports of Copper"), 90 Fed. Reg. 11001 (February 28, 2025), "Copper is a critical material essential to the national security, economic strength, and industrial resilience of the United States" because it plays "a vital role in defense applications, infrastructure, and emerging technologies, including clean energy, electric vehicles, and advanced electronics." Recognizing the importance of copper to the economic and national security interests of the United States, President Trump made clear that it is "the policy of the United States to ensure a reliable, secure, and resilient domestic copper supply chain."

The Miami, AZ Smelter and Morenci Mine together represent a uniquely important segment of domestic critical mineral infrastructure: Morenci as one of the world's largest sources of copper concentrate and the Miami, AZ Smelter as one of a two remaining U.S. primary smelters capable of processing that concentrate at scale (**representing 48 percent of national primary smelting capacity**). Curtailments that jeopardize either operation's viability would be very difficult to reverse and could permanently erode U.S. critical minerals resilience and the ability to respond to supply chain disruptions or emergencies.

## Importance of the Miami, AZ Smelter

The Miami, AZ Smelter is integral to both Freeport's Arizona operations and the national copper supply chain:

- It processes copper concentrate from Freeport's U.S. mines, including the Morenci, AZ mine; Bagdad, AZ mine; Chino, NM mine; Tyrone, NM mine; and Sierrita, AZ mine, into anode and other products that feed domestic refineries, rod mills, and fabricators that supply the power grid, transportation, electronics, and defense sectors.
- It provides flexibility and redundancy that help ensure continuity of supply during market, logistical, or geopolitical disruptions.
- It supports high skilled, well compensated jobs and substantial local economic activity in a community with limited alternative industrial bases, including indirect employment and tax revenues that fund critical public services.
- Its continued operation directly aligns with federal policy goals to strengthen domestic processing of critical minerals, in the U.S. to reduce reliance on foreign smelting capacity, and maintain a secure, transparent, and reliable supply chain.
- The operational integrity of the Miami, AZ Smelter depends on predictable water availability, both directly and through the mines and concentrators that supply its feed.

Any scenario under the DEIS that significantly reduces reliable water deliveries to our Arizona operations, without targeted safeguards or mitigation measures, places the Miami, AZ Smelter, and its integrated upstream supply at risk.

## Importance of the Morenci Mine

The Morenci Mine is the largest operating copper mine in North America and a cornerstone of U.S. primary copper production:

- **Morenci produces a substantial share of U.S. copper (approximately 30%)**, supporting critical infrastructure, energy production, and defense applications.
- The operation includes large-scale open pit mining, concentrating, and leaching facilities, all of which rely on stable water supplies and extensive internal water recycling to maintain production and ensure environmental compliance.
- Morenci is a major employer and economic engine in rural Arizona, providing high quality jobs and supporting local and regional tax bases and community services.
- Morenci's scale and efficiency contribute to the competitiveness of U.S. copper production globally, reducing reliance on imports and supporting domestic downstream manufacturing.

While Morenci draws on a portfolio of water sources, reductions in Colorado River related supplies and associated system adjustments can affect both current operations and future growth or modernization plans. Significant cuts to CAP deliveries could constrain copper ore mining rates, throughput in process plants, and long-term investment decisions at Morenci, with direct implications for national copper production and availability.

## Conclusion

Freeport fully acknowledges the gravity of the challenges facing the Colorado River Basin and is committed to being part of a durable, collaborative solution. At the same time, policy choices made in this process will have long lasting consequences for the nation's critical mineral supply chain, the viability of domestic smelting and mining capacity, and the economic health of Arizona communities anchored by facilities such as our Miami, AZ Smelter and Morenci Mine.

Freeport urges the Department of the Interior to refine the DEIS and the preferred alternative to:

1. **Explicitly Evaluate the economic impacts to Critical Mineral Production.**

    A. Incorporate a dedicated, quantitative analysis in the Final EIS that evaluates the impacts of each alternative on:
        1) U.S. copper and associated critical mineral production from Arizona operations, including Morenci.
        2) Domestic smelting capacity, with specific attention to the Miami, AZ Smelter.
        3) National security, reliable energy deployment, and supply chain resilience.

B. Consult with relevant federal agencies (e.g., Department of Energy, Department of Defense, Department of Commerce, and the U.S. Geological Survey) regarding the strategic implications of potential capacity losses or curtailments in domestic copper production and smelting.

**2. Align the Final EIS with Federal Critical Mineral, Energy and Advanced Microchip Manufacturing Policies**

A. Ensure that the Final EIS and its selected alternative are consistent with:
   1) Federal strategies on critical minerals and advanced microchip manufacturing; and
   2) National defense and economic security objectives that depend on reliable domestic access to copper and associated minerals produced at facilities such as Morenci and Miami.

B. Where tradeoffs are unavoidable, make those tradeoffs explicit in the record, including the impacts of the potential for increased imports from regions with weaker environmental and labor standards and the associated national security implications.

**3. Modify the DEIS to recognize the responsibility of the Federal Government to enforce the 1922 Colorado River Compact.**

The DEIS alternatives raise serious legal deficiencies under the 1922 Colorado River Compact (Compact), federal statutes, contract, and prior administrative decisions by the Bureau of Reclamation (Reclamation). The flaws are fatal to the adequacy of the DEIS as a tool for compliance with National Environmental Policy Act (NEPA), but also as a mechanism to adopt operating guidelines that comply with the authorities that govern the Colorado River. The Secretary of the Interior (Secretary) has been given non-discretionary authority to enforce the Compact, specifically enforcement of the delivery obligations to the Lower Basin and Mexico. The complete absence of alternatives in the DEIS that enforce Compact compliance renders the DEIS fundamentally inadequate. All alternatives must be evaluated against this non-discretionary requirement rather than simply ignoring this foundational component of the Law of the River. Because of this deficiency, Reclamation must withdraw the DEIS and reissue a NEPA document that includes recommended actions that will not arbitrarily impair the economic viability of any one category of water user or any one region or state and, most importantly, Reclamation must reissue a NEPA document that prioritizes Compact compliance.

**4. After taking into account non-discretionary compliance with the 1922 Colorado River Compact, limit reductions from Lower Basin State apportionments and deliveries to Mexico by 1.5 MAF (static reduction) under most system conditions.**

This static reduction is larger than the structural deficit and solves a systemic problem in the Colorado River Basin.

**5. Use an annual system-wide assessment that includes the contents from the Colorado River Storage Reservoirs (CRSP) to determine future operations by:**

A. Establishing operating rules based on system contents rather than solely at elevations at Lake Powell and Lake Mead. This would shift to a more holistic, systemwide approach in which operations are dictated by overall system conditions instead of forecasts and elevations in the two main reservoirs.
B. Provide for releases of stored water from the Upper Initial Units and Lake Powell to meet the Compact obligation at Lee Ferry.

**6. Share water use reductions broadly.**

Under the most critical system conditions, proportionately establish water use reductions based on State apportionments and share those reductions predictably among the Upper Basin and Lower Basin, including Mexico. Do not solely place the responsibility for shortages and impairments on the Lower Basin States and their water users.

**7. Provide for storage and augmentation that will encourage innovation and investment.**

The 1968 Colorado River Basin Project Act (Act) (Pub. L. 90–537, Sept. 30, 1968, 82 Stat. 885) directed the U.S. Secretary of the Army, acting through the Chief Engineers, to develop a plan for augmenting the Colorado River supply (Section 1511). A key provision of Act (Section 1512) established that the Mexican Treaty delivery obligation should be treated as a national obligation and receive first priority for imported water. This meant that augmentation efforts would be structured to ensure the federal government could meet its commitments to Mexico under the Colorado River Treaty while simultaneously providing water to Arizona users (up to 2.5 million acre-feet). To this directive, we ask that the DEIS address how the US will perform this duty in light of the various proposals for direct reductions to Mexico and Arizona, including but not limited to the following:

A. Restart the coordination and development of desalination projects in the Sea Cortez as envisioned under Minute 323 of the Mexican Treaty.
B. Develop additional technical assessments of alternatives to address long-term augmentation needs for Colorado River water users that will address potential long-term reductions.
C. Develop strategies for the augmentation of CAP supplies by providing funding and technical assistance to expedite the implementation and permitting of an exchange of water between Arizona CAP users and the San Diego County Water Authority to offset short-term CAP shortages.

Freeport appreciates consideration of these comments as Reclamation works to develop and implement the Final Environmental Impact Statement and Record of Decision and we urge Reclamation to reconsider the proposed alternatives. We welcome any questions or discussion as this process proceeds directed to Sandy Fabritz at (602) 206-0159, or sfabritz@fmi.com.

In closing, Freeport recognizes the importance of this shared resource and the role the Colorado River has played in the development of the American West. For more than 100 years, the Law of the River has governed management of the Colorado River and built stable economies across some of the fastest growing states in the Nation. This region is also notably one of the most prolific and productive locations of critical refined copper in the US – these resources do not occur just anywhere. Access to, and development of, these resources are vital to U.S. critical mineral independence, now and for future generations.

Sincerely,

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