

STATE OF ALASKA

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OFFICE OF PROJECT MANAGEMENT AND PERMITTING
ALASKA COASTAL MANAGEMENT PROGRAM

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October 12, 2006

Michael Smith
Pebble Project
Northern Dynasty Mines Inc.
3201 C Street, Suite 604
Anchorage, AK 99503

Subject: **Status of Application Packet**
Pebble Project/Application for Water Rights

Dear Mr. Smith:

The Office of Project Management and Permitting (OPMP) is in receipt of your Coastal Project Questionnaires, the Revised Consistency Evaluations and the copies of the applications you have submitted for the following groundwater rights and surface water rights for the proposed Pebble Project.

Alaska Department of Natural Resources (DNR)
Division of Mining, Land and Water (DMLW), Water Resources Section

Groundwater Right Applications:

LAS 25873 South Fork Koktuli River,
LAS 25872 Unnamed Tributary (NK1.190) North Fork Koktuli River
LAS 25875 Upper Talarik Creek

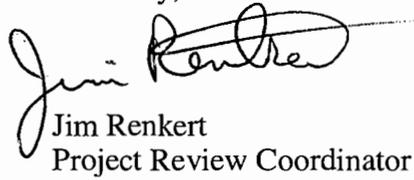
Surface Water Right Applications:

LAS 25874 South Fork Koktuli River
LAS 25871 Unnamed Tributary (NK1.190) North Fork Koktuli River
LAS 25876 Upper Talarik Creek.

Pursuant to 11 AAC 110.220 OPMP has determined that your consistency review packet is complete. OPMP will initiate your consistency review under 11 AAC 110.235 on October 13, 2006.

Please contact me at 269-0029, or email jim_renkert@dnr.state.ak.us if you have any questions.
Thank you for your cooperation.

Sincerely,



Jim Renkert
Project Review Coordinator

cc: Gary Prokosch, DMLW, Anchorage
Patricia Bettis, DMLW, Anchorage
Tom Crafford, OPMP, Anchorage



Pebble Project

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October 12, 2006

Mr. Thomas Crafford
Large Mine Coordinator
Department of Natural Resources
550 West 7th Avenue, Suite 920
Anchorage, AK 99501-3562

RE: Pebble Water Applications ACMP Public Consistency Review

Dear Mr. Crafford:

Thank you for your letter of this date conveying the Office of Project Management and Permitting's determination that Northern Dynasty Mines Inc.'s consistency review packet is complete, and your intention to initiate our consistency review under 11 AAC 110.235 tomorrow.

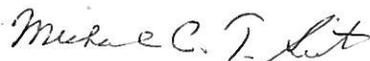
At this time, NDM respectfully requests, under 11 AAC 110.265(b)(2)(B) that OPMP suspend the review process until further notice from us. We have been diligently gathering environmental baseline and engineering data for the Pebble Project for several three years, and are continuing to do so. At this time, we believe additional data will let us develop further analyses that will allow DNR to better adjudicate our water right applications as exemplified by Alvin Ott's letter of March 22, 2006, to Bruce Jenkins of NDM describing additional data needed to review an application for a tailings dam.

This request stops the clock and suspends any deadlines set forth in 11 AAC 110.265 and suspends initiation of the public review process.

Your agency's continued time and efforts with respect to the Pebble Project are appreciated.

Yours truly,

Northern Dynasty Mines Inc.



Michael C. T. Smith
NEPA and Permitting Manager