

ARIZONA ECONOMY

Phelps Dodge to open new mine near Safford

Copper prices spawn other state projects

By Max Jarman
THE ARIZONA REPUBLIC

Phelps Dodge Corp.'s board of directors last week gave the go-ahead for the company to open the first new major copper mine in the United States in more than 30 years.

And with that, gave a shot in the arm to the economy of Graham County.

"It will kick off a new wave of development for the valley," said Ron Green, mayor of the 9,500-resident community of Safford.

The \$550 million mine near Safford is expected to create 1,000 construction jobs and 400 permanent positions when it commences operations in the second half of 2008.



J. Steven Whisler

Phelps Dodge chairman and chief executive officer J. Steven Whisler said the company was excited to be moving forward with the project, which would be a "showcase of modern mining technology."

The development consists of two open-pit copper mines, a mile apart, known as the Dos Pobres and San Juan. It is expected to more than double the tax base in Graham County, which has a population of about 25,000 people and one of the lowest assessed valuations of Arizona's 15 counties.

The mine has been on Phelps Dodge's drawing board for more than 10 years but was put on the back burner when copper prices slumped in the late 1990s and early 2000s.

With a more than threefold increase in copper prices in the past few years, the project has been brought to the forefront.

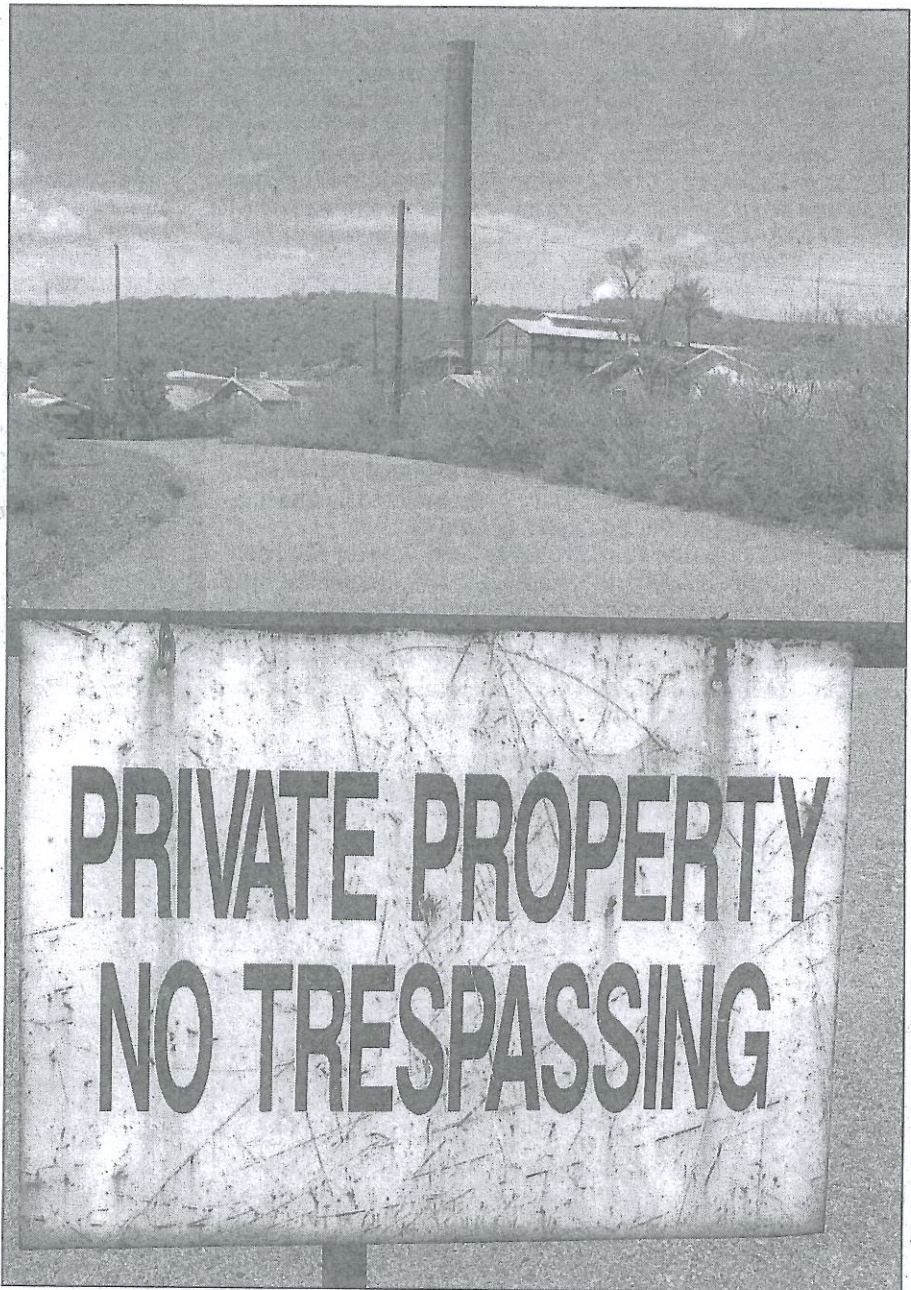
An environmental impact statement for the project has been approved, and last year the Bureau of Land Management approved a massive land swap that gave Phelps Dodge control of the property.

The project still must obtain approval from the state to commence construction.

High copper prices have spawned

"These will be high-paying jobs that will enable more young people to stay in the area," Green said.

In addition to the direct employment, the mine is expected to create 250 to 300 indirect jobs in the area.



Resolution Copper Co. is working to develop an underground mine in the area north of Superior. The former mine and smelter there were shut down in the mid-1990s.

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Mayor of Safford

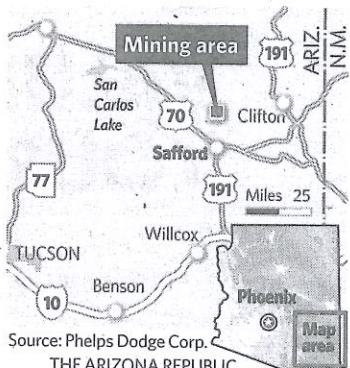
several other new copper mine projects in Arizona.

Resolution Copper Co., a venture between BHP Billiton and Rio Tinto, two of the world's largest mining companies, is working to develop an underground copper mine near Superior.

And Quadra Mining Ltd. of Vancouver plans to develop an open-pit copper mine near Globe on a site it acquired last year from Cambior USA Inc.

New Safford mine

Phelps Dodge Corp. plans to develop a new copper mine near Safford.



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