

Meeting #44  
May 11, 2016  
**MEETING SUMMARY**

**Meeting Attendees**

*Community Working Group members present:*

Bruce Wittig – Queen Valley Fire Department  
Hank Gutierrez - Superior Copper Alliance  
Anthony Huerta – Town of Superior  
Pam Bennett – Queen Valley Community Liaison  
Cecil Fendley – Queen Valley Water Board  
Arlynn Godinez - Superior Unified School District  
Nancy Vogler – LOST Trail  
Bill Vogler – Superior Copper Alliance  
Pamela Rabago – Superior Chamber of Commerce  
Rick Cartier – Superior Chamber of Commerce alternate  
Mark Siegwarth – Boyce Thompson Arboretum  
Jeff Bunkelmann – Central Arizona College  
JoAnn Besich – Superior Optimist Club  
Roy Chavez - Concerned Citizens and Retired Miners

*Community Working Group members not present:*

Evelyn Vargas – Cobre Valley Regional Medical Center  
Tiffany Rowell – Superior resident  
Karen Jones – San Carlos Apache Tribe  
George Martin – JF Ranch  
Lynn Martin – JF Ranch  
Fred Gaudet – Arizona Trail Association

*Resolution Copper Company:*

Vicky Peacey, Environmental & Permitting Manager  
Jim Schenck, Communities Manager  
Diego Ortega, General Manager Communities

*Facilitators – Godec, Randall & Associates (GRA)*

John Godec  
Debra Duerr

*Public Guests:*

Charles Goff, Pinal Partnership Open Space & Trails Committee, Superstition Area Land Trust  
Robert Jacque  
Norman Ratliff  
Michael Oddonetto  
S. S.  
Brett Bingham, Oddonetto Construction  
Leslie Watson, Tucson

## Housekeeping

John Godec noted that Diego Ortego of Resolution Copper Company is attending the meeting tonight, and asked Mr. Ortega to introduce himself since several CWG members have not met him. Ortega told the CWG that he is the new General Manager of Communities, focusing on implementing communities and social performance objectives for Rio Tinto. He has been with the company for a number of years, and came to Superior about three months ago.

Godec mentioned that the Martins were not able to come tonight as they are in Boston due to family matters.

Bill Vogler told the group that he is going to run for Town Council. Members were very supportive of this decision and gave him a round of applause.

Godec gave the group an update on the ongoing issue of Superior health studies. He recalled that the Arizona Department of Health Services (ADHS) had conducted blood-level arsenic and lead tests last summer. Apparently there are still some concerns in the community, and some area residents have contacted the Arizona Department of Environmental Quality (ADEQ) asking them to take another look at the issue. Godec has been in contact with the ADHS, who have agreed to provide information to develop a history of everything that's gone on in the area; Godec will provide this for the group's information. He mentioned that there was a question from the last meeting about whether arsenic can bioaccumulate; brief research shows that it can be absorbed in plants and ingested in that way. The facilitators will obtain more information from expert sources.

The topic of possible new CWG members was discussed. Godec reported that he has had contacts with several people who may be interested in joining the group. These include the new Superior police chief, David Neuss, who will talk with the town manager about joining the group, in addition to Anthony Huerta. Fernando Shipley from Globe has also been contacted; he is a former mayor of Globe and may have an interest depending on his current commitments. Charlie Goff is with Pinal Partnership and the Pinal County Open Space Committee as well as the Superstition Land Trust. He is attending the meeting tonight, and introduced himself. Godec also suggested that Mr. Goff might be interested in the Recreation Users Group. There seemed to be general consensus from the group that these gentlemen would be good selections for CWG membership.

Godec canvassed the group about topics and times for the next few meetings. He suggested that on June 8 we might have a discussion of the CWG's future roles and activities, since it will be the third anniversary of the group's establishment. He said that he has contacted the Tonto National Forest to ask them to come to the July 13 meeting, possibly to talk about what they learned during scoping and provide an update on the Environmental Impact Statement (EIS). Several members thought they might be hesitant to come while scoping is still going on, but agreed we should ask them. It was assumed that the group would take August off as it has in

past years. Mark Stapp from Arizona State University has been invited to the September meeting to talk about real estate and property values.

### **CWG Subcommittee Status**

Debra Duerr reported that the next Recreation User Group meeting is scheduled for July 13 at 10:00 AM. She has contacted the Maricopa Audubon Society about their possible interest in this group, as was suggested by several people who attended the public scoping meetings.

Vicky Peacey of Resolution later told the facilitators that they have completed the requested cost estimates for rehabilitation of the smelter stack and associated historic buildings, and suggested setting up another meeting of the Historic Preservation Task Force to review this.

### **Project Facilities Details & Update**

Vicky Peacey, Resolution Copper

Godec introduced Vicky Peacey, saying that there were several questions and comments that came up at the EIS public scoping meetings about a proposed processing plant near Florence Junction and other project facilities. Peacey has agreed to provide more information about these project features that the group hasn't discussed in detail to date.

Peacey talked about the filter plant and issues that came up at the scoping meetings about zoning and Resolution's purchase of the property. She showed a map of the proposed Mine Plan of Operations, emphasizing that this plan may change as Resolution goes through the EIS process.

She explained that ore will be processed at a new concentrator facility near the West Plant in Superior. Concentrate will be piped into two 8-inch pipelines that will go to the filtration plant, to be located about 7 miles south of Florence Junction. This site is owned by Resolution, purchased in April 2012. It was a former residential site that went bankrupt several years ago. Adjacent property is owned by SRP and two other owners. The site borders the Arizona Magma Railroad right-of-way (ROW), which is the main reason it's attractive to Resolution. The pipelines parallel the railroad corridor, then around the property to the north side where the filter plant is situated. There, water is squeezed out of the concentrate to produce a dryer mixture that's about 8% water and 20 to 23% copper. This is stored in the concentrate load-out building, where it is put into rail cars and shipped offsite to smelters. The facilities at this site are all enclosed in buildings, except the rail delivery line.

Within the site there would be a contact stormwater pond that needs an Arizona Department of Water Resources (ADWR) permit. There would be a recovery water tank for Central Arizona Project (CAP) water, which would be pumped back up to concentrator in Superior, where it will be reused. Air quality permits and an Aquifer Protection Permit will also be required, as will a closure permit from the State Mine Inspector. The maximum employment at this site will be 30 workers. The plant will operate 24 hours per day.

She noted that the Forest Service has the authority to look at alternatives, even on private land.

Zoning on the site includes “Employment” and “Moderate Low Density Residential”. Therefore, the zoning is relatively consistent with the county’s vision for the surrounding area. Resolution will need to rezone the entire property for Employment. They have worked with Pinal County to amend the Comprehensive Plan for this, starting in May 2014. Peacey showed a detailed history of actions associated with this, which amendment was approved by the Board of Supervisors in October 2014. A rezoning application was started in January 2015 and was noticed for the public and posted on the site. A neighborhood meeting was held, attended by three people who had voiced opposition at the Planning and Zoning Commission meeting. As a result, the Commission placed some stipulations on the application and voted to approve it in October 2015. Conditions included an increased buffer between the plant operations and the property to the west, an agreement to enclose all facilities in buildings, and a modification of the access road location, leaving 180 acres of open space on the site. Resolution also provided an access easement to the adjacent property. There are 50-foot setbacks all around the property. Resolution is also discussing providing other amenities for the County as part of a development agreement, such as help with Skyline Road improvements.

CWG members had the following comments and questions:

- What was the reason to put all the buildings at the north end of the property?
  - A large turning radius is needed for the rail line, but there was no other specific reason. There were no comments about the location of the buildings at previous meetings.
- How close are the nearest homes?
  - About 7 to 10 miles away.
- What will noise levels be?
  - An evaluation of noise, lighting, and air quality are currently being done.
- Why not load the rail cars directly rather than using a loader?
  - Having a stockpile lets you store material for some time. It’s easier to manage the stockpile when using a loader.
- What concerns did the other adjacent property owners have, other than the one you discussed?
  - None. It is vacant farm property.
- Who will operate the railroad? BNSF? Another company?
  - Peacey didn’t know that but will find out. By the time the concentrate is loaded onto rail cars, it’s been sold and is no longer managed by Resolution. Resolution owns the ROW or has patent, but they do not own the rail line.
- A member thought that Resolution tried to annex the area to the Queen Valley Fire District, but the fire district is prevented from doing that on vacant State Land. If there is private property that needs to be served, the state needs to accommodate that.
- Another member asked the Queen Valley Fire Department why they would want to annex that area now?
  - They responded that it would be to serve the area in future when it will be residentially developed, thereby increasing revenue to the fire department.

- What type of rail cars will be used? If they are 341 series cars, this member thought they are dangerous.
  - Peacey did not know the answer to this.
- Will the concentrate be sold prior to leaving the facility? To whom?
  - Yes. We don't know to whom. There are few if any smelters in the U.S. large enough to handle this amount of material, which may amount to 100,000-160,000 tons per day of 20% copper concentrate. The combination capacity of two smelters in Arizona and the plant in Salt Lake City would only be able to process about half of the material. Some of it could go overseas for processing through shipping ports, such as Long Beach. This analysis will be ongoing for years. Also, BHP owns 45% of the concentrate and Resolution doesn't know what BHP's plans are.
- Will the Salt Lake City smelter be expanded for this project? He heard that this is a plan.
  - Vicky hasn't heard this.
- There will be a railroad switch yard near Picacho Peak – will this affect Resolution?
  - We don't know, as that would be a railroad issue. It may help to move material to west coast ports.
- A member said he is not concerned, as some are, about what happens to the material once it leaves this area.
  - This project will produce about 25% of what America needs at peak production, so the mine should generate wealth for Americans as well as contributing to the world market.
- There should be a tax recovery by Pinal County from sales, and ultimately to unincorporated areas.
  - There will be a sales tax on this product, called net smelter return, which goes into the state general fund. This is, in essence, a royalty.
- Copper concentrate is sold to smelters as a commodity. Smelters make the true profit. One CWG member thinks this makes the point that the project will not be the economic benefit to this region that some say it will be.
- A member feels that there hasn't been adequate public notice to the residents living near (several miles away from) the proposed filtration plant site.
  - This has always been included in the Mine Plan of Operations and is part of the EIS as a connected action. It will be studied as part of the EIS as well the separate Pinal County public processes that have already occurred.
- Diego Ortega made the point that these two mining companies – Rio Tinto and BHP - are willing to invest the billions of dollars needed to extract this huge copper deposit, so that will be an economic benefit to Arizona. He expressed willingness to continue working with the communities.

Peacey talked about the ROW corridor. In this ROW, in addition to the railroad line, there will be a series of recovery wells for stored CAP water, an 18-inch dewatering line from the mine to New Magma Irrigation District, a new water supply line that goes from New Magma to Superior, and two 8-inch buried concentrator pipelines, as well as a 69kV power line. She showed a cross-section of this configuration.

- How do you protect these pipelines? Aren't they tampered with now?
  - There's a pipeline protection plan, with pressure and flow monitors, spill drop boxes and other operational controls. Yes, there is some vandalism now.

- Several members thought the community would be very interested in this protection plan. Peacey agreed.
- The 69kV line comes from the Abel Substation near Magma Junction. Will there need to be a permitting process for that?
  - Yes, a Certificate of Environmental Compatibility from the Arizona Corporation Commission.
- Will electric power be an issue at the mine site East Plant?
  - There will be two new 230kV power lines to the mine site, one coming from Silver King substation owned by SRP. They will parallel existing 115kV lines and require a Forest Service special use permit.
- What are the wells along the railroad used for now? Doesn't Resolution have wells too?
  - They are owned by Arizona Water Company; former Resolution wells also belong to them now.
- Why didn't the Town of Superior buy that water line when it had the opportunity?
  - Local residents felt that was a mistake; they should have.
- Where will the 32 new wells be that were mentioned at the scoping meetings?
  - Extraction wells will be evenly spaced along the portion of the ROW in the southern area.
- How deep are these wells?
  - The old water company wells were 600 to 1100 feet deep.
- If the old West Plant operations were reopened, Magma was going to get access to Arizona Water Company water for certain portions of the day. Does Resolution now have access to this?
  - Resolution doesn't own this right, to Vicky's knowledge.
- Magma and Newmont put pipelines and pump stations in near Fort Courage along Highway 177, and these furnished Arizona Water Company. When the mine closed, there was an opportunity for the town to buy it but they didn't.
- The area just east of the filtration plant is part of the aquifer where Superior gets its water, which amounts to about 250 acre feet. Superstition Vistas will ultimately use far more than this, so some members are concerned about the quantity and quality of that aquifer.
- When the concentrate is loaded in the rail cars to go to the smelters, does Resolution sell it to the smelters or to other companies?
  - Typically, to the smelter, who then sells it on the open market.
- Members understand that where, when, and how copper is sold depends on the current world market at any given time. We are at the mercy of the world market.
- A member asked if Chinalco is a shareholder in Resolution.
  - Peacey explained that this is a Chinese aluminum company that is a shareholder in Resolution (10-13% owner). American companies represent about 20% ownership.
- Peacey offered to provide more information about how the copper market operates.

### **Public Questions & Comments**

A guest noted that the concentrate, when it's shipped out, is about 8% moisture, so some quantity of water is also being exported. Peacey said this is done to reduce dust from the shipped material. The water contained in it is evaporated in transit, or is dried before it goes in the smelter. A CWG member suggested that lime could be used to spray the material.

To clarify, Resolution doesn't own the copper by the time it comes out of the concentrator. Is the water weight also calculated in the price? Peacey said that it is.

A guest was concerned about the level of economic benefits to this region. She asked what the projected value of the concentrate is once it's smelted and what the ultimate profit will be to the companies who own it. If that's not a value that this community can benefit from, let's not destroy the land to get it. She feels that land here in Superior will be destroyed, so there should be a tax or payment to the local communities to compensate, at each stage of the extraction process (mining, processing). Peacey noted that Rio Tinto can't control the copper market, but takes a long-view assumption of a declining copper price to be conservative in its estimates. This accounts for the fact that the market will go up and down. Also, part of the appraisal process for the land exchange will look at both mineral and land values. Resolution will need to compensate the federal government in equal value.

A member said he'd rather see Superior develop independently in a sustainable way and not rely on royalties from the company. Peacey said she agree that the benefits of the project should go mainly to the local communities, but also agrees that the community should be able to survive independently.

The meeting adjourned at approximately 7:55pm.

#### **Next Meeting**

*5:30 PM light dinner for CWG members and invited speakers.*

*Meeting begins at 6:00pm*

***Wednesday, June 8, 2016***

*Superior Chamber of Commerce*