

## **Court decision allows Simplot to expand mine**

An important legal decision has allowed the J. R. Simplot Company to move forward with plans to extract phosphate ore from two new sections of its Smoky Canyon Mine in southeastern Idaho.

The decision, rendered Nov. 26 by U. S. District Court Magistrate Mikel Williams, Boise, denied an attempt by environmental groups to stop expansion at the mine. It was vital to the Company's long-term interests to receive such a ruling, said president and CEO Larry Hlobik.

"I'm delighted and relieved that the decision went in our favor," he said. "If the ruling had denied expansion, it would have had serious consequences for us."

Although the outcome of the lawsuit has a major effect on Simplot, the litigation actually was filed against federal agencies that OK'd mine expansion earlier this year in an attempt to overturn that approval.

Bill Whitacre, AgriBusiness Group president said the court ruling validates the years of studies conducted by government officials and Simplot employees.

"This decision is a testament to the extensive work done by the federal government and our people to verify that Simplot mining operations are being done correctly and in an environmentally sound manner," he said.

“The court ruling plays a crucial role in our continued ability to develop a strategic mineral at Smoky Canyon.”

Work to build roads, install power lines, and conduct other infrastructure operations to pave the way for mining the new sections will begin soon and will take about a year, said Whitacre.

The decision in Simplot’s favor denied allegations in a lawsuit filed Sept. 12 in Boise that sought to reverse decisions by the U. S. Forest Service and Bureau of Land Management to approve developing the next phase of phosphate mining at Smoky Canyon.

Whitacre said Simplot is grateful for the support of key organizations and communities who filed to intervene in the case, including U.S. Steelworkers local 623, The Idaho Farm Bureau, the cities of Pocatello, Chubbuck, and Soda Springs in Idaho; Bannock, Power, and Caribou counties in Idaho, and Wyoming’s city of Afton and Lincoln County.

The government agencies’ decision to approve the mine’s next phase occurred after five years of study, decisions, appeals, and public comment.

“Tens of thousands of public comments have been submitted at different stages of this five-year permit process,” Whitacre said. “The agencies have reviewed each comment, held it up to their own scientific review process, and have approved the plan we submitted.”

The unusually lengthy decision-and-approval process was important to ensure exhaustive review and public involvement, but has left the mine dangerously low of remaining ore to supply the Company's fertilizer manufacturing plant at Pocatello, according to Whitacre.

About 210 people work at the mine and another 350 are employed at the plant.

Simplot's phosphate mine, located along the Idaho-Wyoming border in Caribou County, Idaho, has been in continuous operation since 1984. Now that expansion has been approved, the two remaining sections to be mined at Smoky Canyon will provide an estimated 15 years of phosphate ore reserves.

The mine, which is the only source of phosphate ore for Simplot's Pocatello plant, had enough reserves for only about two more years before expansion was allowed by the court decision.

Officials of the Forest Service and BLM rendered their decisions in favor of expansion after a technically rigorous examination of mining practices and environmental considerations. This included state-of-the-art scientific studies, collections of thousands of pieces of data, and the utilization of the latest science to determine the best mining and engineering practices.

When the BLM issued its final Environmental Impact Statement in October 2007, the announcement stated that mining and reclamation practices would be held to an extremely high standard and added that “Smoky Canyon will be a trendsetter.”

An economic impact study conducted by Idaho Economics, a research firm in Boise, concluded that if the phosphate mine and fertilizer plant had been closed, it would have resulted in a combined loss of \$131 million per year across 11 counties in eastern Idaho and Lincoln County in Wyoming.

Although the mine is located in Idaho’s Caribou County, most mine employees live just across the border, in or around Afton, Wyoming. The fertilizer plant is located in Power County, Idaho, just outside the Pocatello city limits, but most employees live in Bannock County. The 87-mile-long underground pipeline that carries slurried ore from the mine to the plant passes through Idaho’s Caribou, Power, and Bannock counties.

The Idaho Economics study also predicted that in addition to the 560 jobs in jeopardy from closing the mine and plant, another 1,066 jobs in the region and more than \$6.3 million in Idaho tax revenue would have been adversely affected.

Smoky Canyon produces enough ore for Simplot to manufacture more than a million tons of various crop nutrients, which are distributed in every state west of the Mississippi River.

J. R. Simplot started his phosphate business in the early 1940s after experimenting with crude phosphate from bat and bird guano from Pacific islands. He found that phosphate significantly improved the quality and yield of crops, particularly potatoes, and began encouraging farmers to use the plant nutrients.

Simplot built a small fertilizer plant in Pocatello with the promise that phosphate rock would be provided by a company from Montana. When that source failed to deliver, he learned of large phosphate reserves in southeast Idaho and subsequently developed his first phosphate mine. The mine – located on the Shoshone-Bannock Indian reservation 25 miles north of Pocatello and named after Mr. Simplot's daughter, Gay – provided phosphate rock from 1946 to its closure in 1993.