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SEC

SERVICE DATE – NOVEMBER 2, 2006

SURFACE TRANSPORTATION BOARD

DECISION

STB Finance Docket No. 34836

ARIZONA EASTERN RAILWAY, INC.—CONSTRUCTION EXEMPTION—IN
GRAHAM COUNTY, AZ

Decided: October 31, 2006

By petition filed on August 4, 2006, Arizona Eastern Railway, Inc. (AZER), seeks an exemption under 49 U.S.C. 10502 from the prior approval requirements of 49 U.S.C. 10901 for AZER to construct an approximately 10-mile rail line, beginning at MP 1133.5 at Safford, AZ, where it would leave AZER's existing line and proceed 10 miles across the Gila River to the Safford Municipal Airport and out to the planned location of Phelps Dodge Mining Company's new mine at Safford, AZ.

The petition for exemption raises issues that require consideration by the Board. By this decision, the Board is instituting a proceeding under 49 U.S.C. 10502(b). The issues presented will be addressed in a subsequent decision.

It is ordered:

1. Under 49 U.S.C. 10502(b), a proceeding is instituted.
2. This decision is effective on its service date.

By the Board, Vernon A. Williams, Secretary.

Vernon A. Williams
Secretary