

Mining

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Current legal records show the owner as Anchorage, Alaska-based Northwest Basic Industries, which gained ownership following a series of lawsuits. It is to Northwest Basic that the Perttus pay royalties on a lease-to-own plan.

"Right now we have a contract that is basically a purchase contract where we pay a minimum and a royalty per year," Rauno Perttu explained. "When we pay the total, we own it lock, stock and barrel, but we're trying to hurry up the process and buy it so we can have an asset that's fundable to

make the improvements we need to scale up production."

If the Perttus can access adequate funding from the purchase of the mine, they plan to reestablish operations in a slightly different mode, with an eye on environmentally responsible practices.

With a quartz zone that extends 1,000 feet and an average width of 150 feet, the mine could produce for at least 20 more years, as long as it is well-managed, said Perttu.

The mine's high purity quartz in crystal bulk form is a rare find in the Pacific Northwest. Often used in the making of glass and,

in smaller amounts, as nursery and landscape material, this type of quartz is typically shipped over great distances.

In addition, the mine's dolomite limestone — a magnesium calcium carbonate — can be crushed and sold for use as agricultural fertilizer.

If they can get back to full operation, the Perttus hope to find local markets for their product, saving all involved the high environmental and financial costs of transportation.

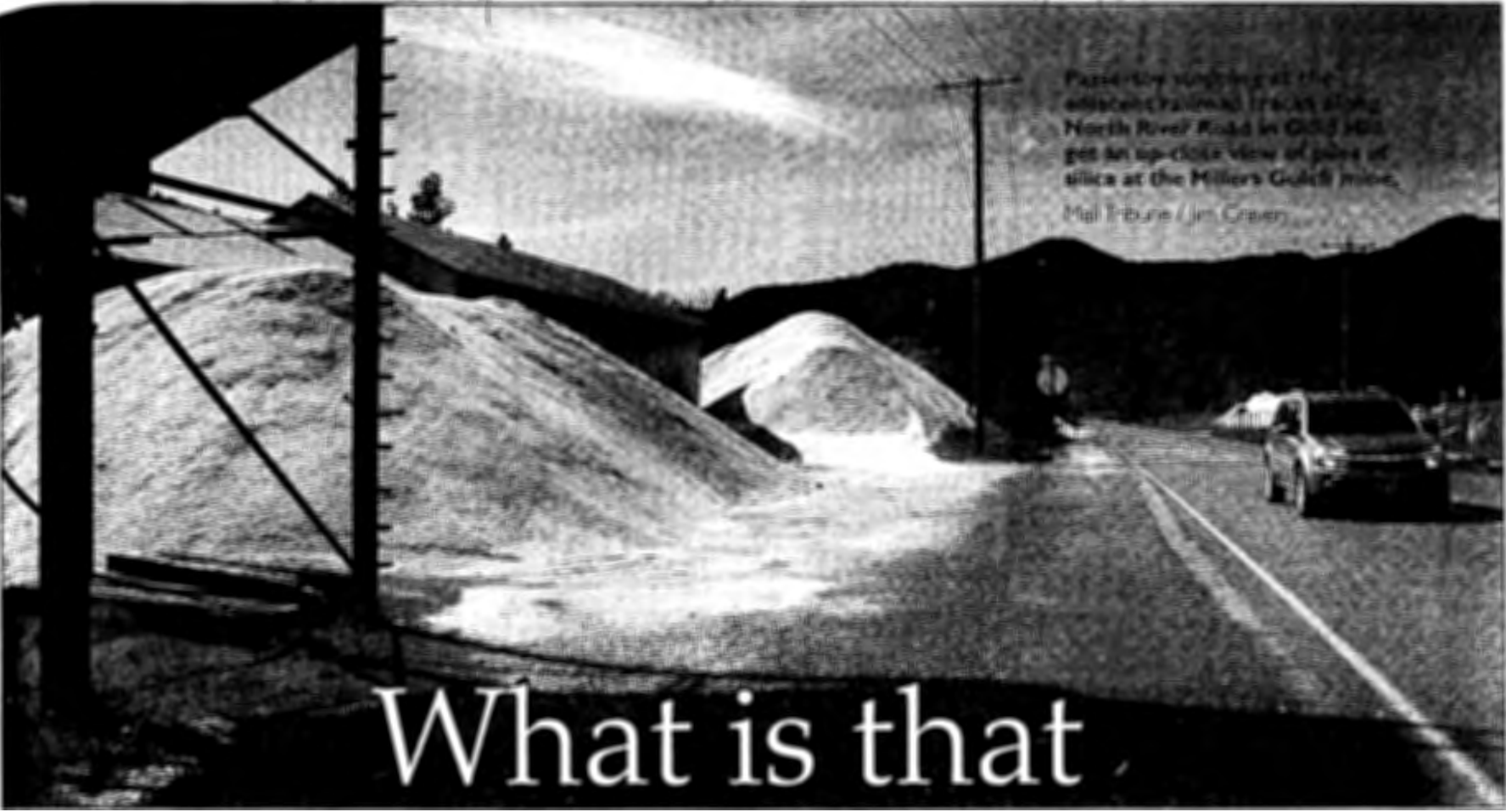
"We've had fits and starts on this but we haven't given up and we think we'll be better second time

around," said Perttu, who has been in geological management with resource companies for 35 years.

Regardless of how their vision manifests at the mine, the Perttus plan to manage it responsibly.

"I've seen some horror stories where mines have destroyed the environment," said Rauno Perttu. "But the situation has improved dramatically and they can be kept low-impact. Now you can manage a mine where you're not going to do anything that's significantly damaging or that can't be repaired when you're done and it has to be that way when you mine these days."

Passing through at the historic railroad tracks along North River Road in Gold Hill get an up-close view of piles of silica at the Millers Gulch mine. Mail Tribune / Jim Craven



What is that mining operation in Gold Hill?

Since its discovery in 1938, the quartz mine at Millers Gulch along North River Road outside of Gold Hill has yielded more than 5 million tons of ore, including 3 million tons of silica. Most recently, the silica was sold to a local business by the mine's current leaseholders, Rauno and Janice Perttu of the Applegate Valley.

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found that purchasing from us slowed down their production a slight amount, so we lost that contract," Rauno Perttu said. "It's basically inactive right now, but things are changing."

The couple is in negotiations to buy out the mine from the underlying interests, Perttu said. Keeping operations on hold during the negotiations is allowing the Perttus — both engineering geologists born and raised in Oregon — to pursue other entrepreneurial resource

"When we originally bought it in 2000, we had five to six employees and we were selling the product to CertainTeed in White City, but they



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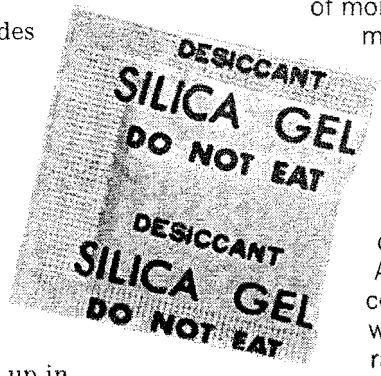
Rauno Perttu

development projects that could help them finance the purchase. A large clay mine they manage near Madras, for example, has proved profitable in the kitty litter industry and may provide the needed backing.

Historical information about the 160-acre, aggregate-zoned site is patchy and no records of the mine or its owners could be found at the Southern Oregon Historical Society. About 39 acres of the quarry have been worked over the years by some legitimate outfits as well as by some get-rich-quick schemers. The longest-running operators were the Bristol family of Grants Pass, who ran

the mine for decades beginning in 1938.

From 1996 until fall 2002, when the Perttus and their partners in Magma Stone Products opened their venture by working the south face of a 2,500-foot hill, the mine was tied up in litigation regarding ownership.



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Gel Implants

Packets of silica gel are found in all sorts of products because silica gel is a **desiccant** — it absorbs and holds water vapor. In leather products and foods like pepperoni, the lack of moisture can limit

mold and reduce spoilage. In electronics, silica gel prevents condensation which might cause damage. A vitamin bottle containing vapor would, if cooled rapidly, ruin the pills. By the way, **DON'T EAT THEM!**

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WHO? WHAT? WHEN? WHERE? WHY? HOW?