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# Test CB ore shipment might lead to mo

by Charles Kocher  
managing editor

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A shipment of nickel ore from New Caledonia will be coming into Coos Bay about June 20 in a test that could pave the way for a more permanent — but as yet undescribed — flow of cargo

The 20,000 metric tons of ore will be loaded for the Glenbrook Nickel smelter in Riddle, according to Glenbrook Vice President and General Manager Art Schweizer. Both the logistics of the partial test shipment and the first ever from New Caledonia to the

United States — and the compatibility of the ore with the smelter at Riddle are going to be scrutinized in the tests.

Until those concerns are studied, Schweizer refused to speculate on the long-term possibilities of the ore shipments, saying that officials have agreed only to comment on the test shipment. He expects the evaluations to be finished by the end of July.

Ore from New Caledonia, located near Australia, has been shipped to Japan in the past, but never to the United States.

For several months, the firm has been looking for sites on Coos Bay and in the Portland area to handle the ore. Officials said more than half a dozen proposals were made from Coos Bay, using both public and private docks.

The ship, carrying a partial load of the red clayish ore will be unloading at Central Dock on the downtown Coos Bay waterfront, where some renovations are under way to handle the load. Stevedoring Services of America will be in charge of offloading the ship, while three trucking com-

panies — Ireland of Myrtle Creek, Wilkins of Portland and Trimac of Tacoma, Wash. — will be involved in moving the load to Riddle.

Schweizer estimated it will take eight days to unload the ore, and 14 days to run about 1,000 truck loads of ore on the two-hour drive along Highway 42 and Interstate 5 to Riddle.

Officials of the Oregon International Port of Coos Bay, the Oregon Department of Economic Development and the Coos Curry Douglas Business Development Corp. have

all been "very supportive" in doing the groundwork for the project.

Glenbrook, which took over in 1987, bought down Hannah Nickel operations owned by Cominco Resources Ltd. of Vancouver, B.C. and Spokan Nickel America Inc. of Spokane, Wash. Schweizer. Both are subsidiaries of Cominco Ltd. of Vancouver, a large mining firm.

The ore is smelted at Riddle. (Continued on Page 2)

Schweizer said the ore from New Caledonia is different from the Riddle smelter. The dwindling local ores that have fed the smelter in the past contain 1 to 1.5 percent nickel while the imported ore runs to 2.3 percent nickel.

Any problems with transportation and handling — in New Caledonia, in Coos Bay, or at Riddle — are also being studied in the test shipment, he said.

Schweizer declined to comment on the eventual size or number of shipments that might be made, where they would be handled, whether drying of the ore would be involved, or how many jobs any eventual project might generate.

# CB ore shipment might lead to more

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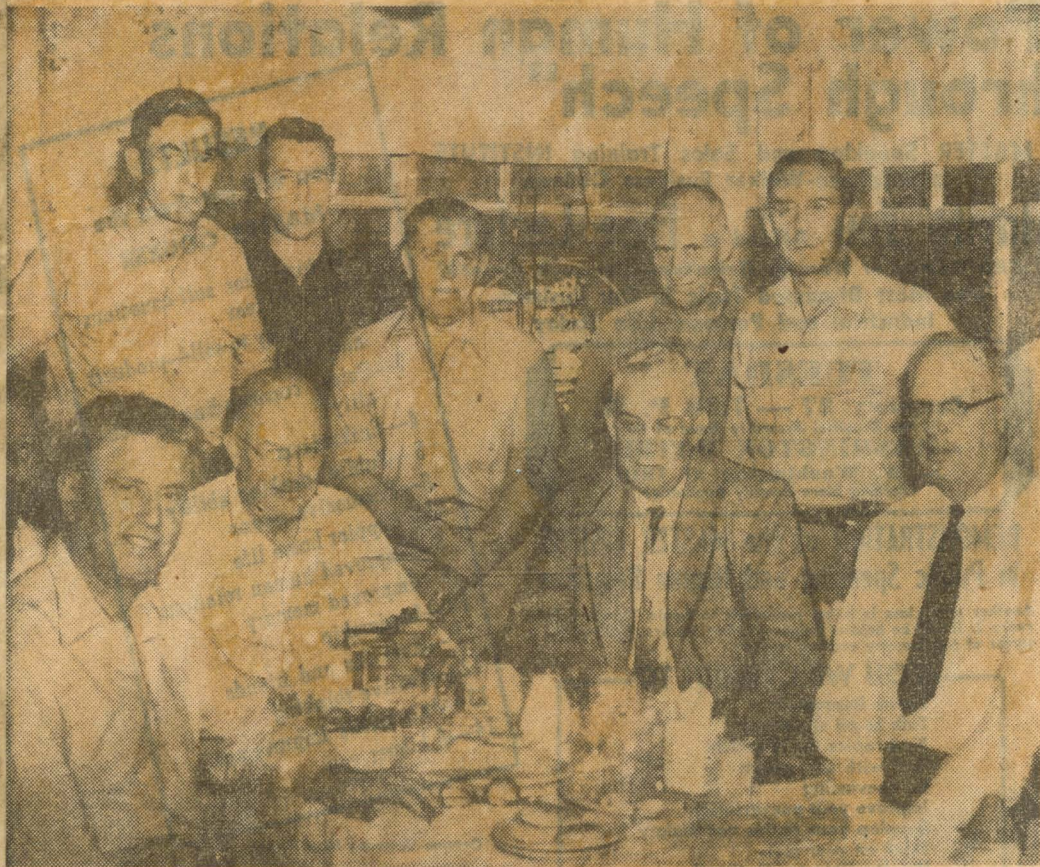
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Glenbrook, which took over the closed down Hannah Nickel operations in 1989, is owned by Cominco Resources International Ltd. of Vancouver, B.C., and Cominco America Inc. of Spokane, according to Schweizer. Both are subsidiaries of Cominco Ltd. of Vancouver, a large Canadian mining firm.

The ore is smelted at Riddle into fer-  
(Continued on Page 3)

# Federally Backed Oregon Operat



Portent of imminent development of large-scale nickel mining in Biddle area was seen in a visit of M. A. Hanna company officials to Douglas county last fall. In inspection party were, from left: Front row, Vice President G. W. Humphrey, son of new U. S. treasury secretary; President J. H. Thompson; Editor Charles V. Stanton of Roseburg News-Review, and U. S. Representative Harris Ellsworth, Roseburg; back row, J. K. Gustafson, consulting geologist; J. C. Rieger, sales manager; T. D. Vines, assistant chief engineer; R. W. Whitney, general manager of Minnesota mines, and D. N. Vedensky, research director.

Green rock first noted in southern Oregon by shepherders nearly 90 years ago appears destined to provide the state with its biggest mining enterprise to date—and the United States its first real source of nickel.

Thickly forested Nickel mountain, five miles west of Riddle in Douglas county, is marked for decapitation in yielding thousands of tons of a critical metal needed in the nation's defense.

Nickel is vital in toughening armor plate and making stainless steel, yet only a small fraction is mined domestically.

Action in Washington, D. C., has cleared most of the way for a start this summer on mining and smelting facilities to cost between \$25,000,000 and \$30,000,000. The mine is scheduled to be in operation by summer of 1954 and the smelter by the following October.

Subsidiaries of the M. A. Hanna company, Cleveland, O., a top-flight outfit handling millions of tons of coal and iron ore in this country and developing huge iron deposits in eastern Canada, will take on the Oregon nickel task.

#### Project State's Biggest

The Hanna Coal and Ore corporation will develop the mining operation at its own expense at a cost estimated close to \$4,300,000. The defense materials procurement administration will advance up to \$24,800,000 to the Hanna Nickel Smelting company to construct crusher and smelter.

That's the biggest thing that's ever come to Oregon mining. Riddle's development won't loom large against the huge nickel operations near Sudbury in Canada, but it will be of respectable size.

Hanna has agreed to produce for Uncle Sam at least 95,000,000 pounds of nickel contained in ferronickel. That's regarded as a minimum. Drillings have pretty well proved that two deposits on the prominence which also has been long known as Piney mountain, contain 20,000,000 tons of nickel ore, perhaps considerably more.

It's the largest known nickel deposit in this country, and the richest despite its low content of 1 to 3 per cent of the pale, hard metal. The nickel is locked in the silicate mineral, garnierite, with an approximate 6 per cent of iron.

#### Alloy to Rate High

That combination is why smelting will yield ferronickel, instead of nearly pure nickel as in Canada. Most nickel goes into nickel steel, anyhow, so the mixture is quite acceptable to industry.

Most nickel steels contain only 1 or 2 per cent of the toughening metal, though they range up



Months of sample taking on Nickel mountain, five miles west of Riddle, resulted in bulldozer trenches as that shown above. Test drilling and shaft also are evidences of Hanna work.

to more than 25 per cent. The alloy produced at Riddle is expected to run around 25 per cent nickel. Enough chromite exists in the ore to bring the product closer to actual stainless steel, though its use in stainless is rated unlikely.

#### Cost Factor Reduced

Oregon mining men have dreamed for decades of a going nickel operation, but economics long had them beat. Ore removal appeared feasible. The best deposits on Nickel mountain lie on terraces and slopes from 2000 feet elevation up-

ward toward the summit of 3533 feet. Power shovels can scrape off the red earth overburden, permitting open pit mining.

But a new, cheap process for treating nickel silicate ores was needed—or a big boost in the price of nickel—to make an operation at Riddle feasible. The key has been found for the lock, with government aid to make an admittedly marginal venture attractive to a private company.

Cheaper methods for producing the ferro-nickel have come out of years of intensive re-

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# ion to Give Nation Needed Nickel

search. The Albany laboratory of the U. S. bureau of mines has come up with a smelting process peculiarly adaptable to Oregon's timber economy—it uses two tons of hog fuel to one ton of ore as a substitute for coke in the furnaces.

But the Hanna interests have adopted a closely-guarded French process, it is reported in mining circles. Developed by the French Societe d'Ugine, the process is being used on nickel ore from New Caledonia. Hanna reportedly will pay a royalty for its use.

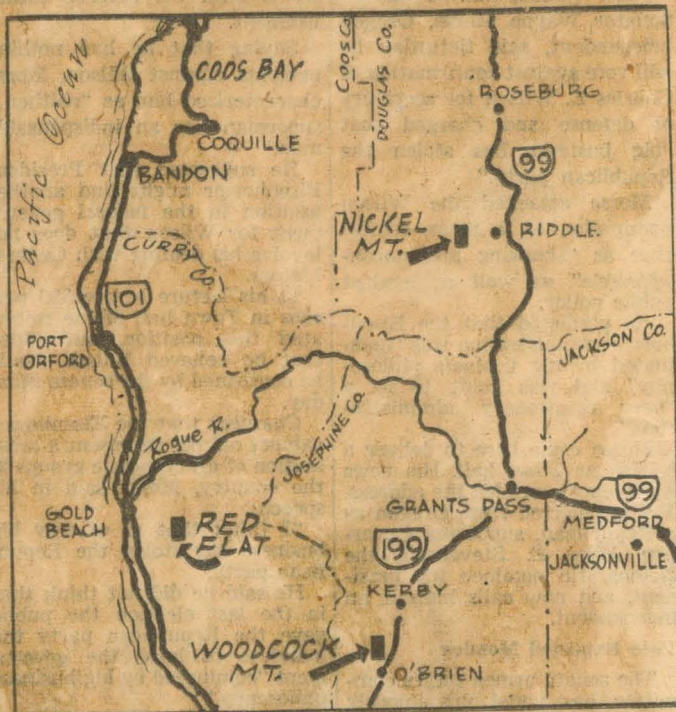
What the advantage of the Ugine process may be is unclear to mineralogy men locally. It may utilize ferrosilicon as a reducing agent, one surmised.

Financing of the Riddle development is something of a riddle in itself, but apparently John Q. Taxpayer will be nipped to help boost strategic nickel supplies.

The mining subsidiary has contracted to sell the government enough ore to produce 95,000,000 pounds of nickel at \$6 per dry ton of ore with 1.5 per cent of nickel, the average grade shown in test drillings. This is for the books, as the government then will turn around and sell the ore to the smelting company at the same figure.

## Price Schedule Set

Hanna Nickel Smelting will produce ferronickel ingots at a price not to exceed 79.39 cents a pound for the first 5,000,000 pounds of nickel—a price not far from the current market figure of about 60 cents.



Map shows locations of nickel deposits at Riddle and also at Red flat in Coos county and Woodcock mountain in Josephine. Latter two are smaller, more remote than Nickel mountain.

tain between Kerby and O'Brien in Josephine county, also far from a railroad.

A few sulphide deposits containing nickel, a little copper and a tiny amount of cobalt also are known in southern Oregon. But generally the hauling of ore from other sites to Riddle is regarded as not feasible.

years the site has belonged to the Edson F. Adams estate, Oakland, Cal.

Hanna has sent ore samples to many laboratories for help in working out a refining process, including those of the federal bureau of mines, its own in the east and some in Europe.

However, amortization provisions constitute a heavy subsidy. All but \$2,800,000 of the federal advance to the smelting firm can be written off during the term of the contract, which runs to June 30, 1962, if the company fulfills its production commitment.

If Hanna wishes to retain the smelting facility at that time, it will owe the government only the \$2,800,000. Continuation after 1962 is considered dubious unless new technical improvements arise or the nickel market climbs.

The Riddle smelter, it is reported, will have four primary furnaces, one refining furnace and two auxiliary furnaces. These will be electrically heated. Bonneville power administration has given the operation a commitment for 65,000 kilowatts of firm power, part of it for 1954 and the full amount by 1955.

The ore will go through a primary crusher at the mine site, then move between two and three miles down the slope of Nickel mountain, probably by conveyor either of the bucket or rubber belt type. The ore then will be recrushed and dried before smelting.

#### Other Deposits Known

Other deposits of nickel are known in the Northwest, but the Riddle body is the only one giving promise of production. All are at a disadvantage against Canadian ores, because the latter's sulphide combination yields nearly pure nickel through a relatively inexpensive process.

In southern Oregon two other deposits have been sampled and partially explored. A 4000-acre area at Red Flats in Curry county is being studied by the U. S. bureau of mines. Surface ore there contains 1.5 per cent nickel, said Regional Director Stephen Shelton; about in line with 1948 findings of a less intensive check by the state department of geology and mineral industries.

Size of this deposit has not been determined, but its location 20 miles in from the ocean and far from a railroad is discouraging. The third deposit in the region is at Woodcock moun-

Second largest known nickel deposit in the Northwest, however, is in central Washington, 26 miles north of Cle Elum, and contains an estimated 5,500,000 tons smelting about 1 per cent nickel, 45 per cent iron and 1.7 per cent chromium. The deposit is regarded as not sufficient to justify a smelting operation under present conditions.

Oregon's story goes clear back to 1864 with the discovery on Nickel mountain. First to do much exploring and treating of

#### TREASURY SECRETARY HEADS HANNA CONCERN

The M. A. Hanna company name has become familiar to the nation's readers largely in recent months, not because of the nickel project, but because of its shrewd boss, George M. Humphrey, has just become secretary of the treasury.

The \$250,000,000 corporation dominates coal and iron mines, a steel corporation, ships, chemical plants, banks and a rayon factory. Its biggest new undertaking is a \$200,000,000 iron ore development in remote Labrador, with private funds.

ore was W. Q. Brown of Riddle, between 1880 and 1900. He owned a large part of the mountain, which rises slightly higher than others around it.

But recurrent testing made little progress until World War II and its impetus for stockpiling of strategic metals. A geological survey report of 1942 estimated the deposit at something more than 6,000,000 tons on about 162 acres. Then the Freeport Sulphur company made 50 to 60 diamond drillings and boosted estimates to 20,000,000 tons in two ore bodies.

Freeport Sulphur abandoned Oregon to build the Nicaro plant in Cuba, another of the three foreign sources available to the United States. This nickel operation fell idle at war's end but was revived in late 1951.

Work at Nickel mountain was resumed in 1949 when the Hanna company leased mineral rights, with option to buy. For many

Compared to the normal U. S. nickel consumption of more than 130,000 tons a year, the potential at Riddle is small, but defense production leaders consider the Oregon deposit well worth developing.

## Work Slated At Roseburg Nickel Mines

ROSEBURG (AP) — Work probably will start next summer on the M. A. Hanna Company's 30 million dollar nickel mine and smelter at Riddle, 25 miles south of here.

H. L. Pierce, vice president of the Cleveland firm, said a crew of possibly 300 to 400 men would be employed at the construction peak in 1954.

More than 200 men will be employed in nickel mining and smelting operations, he said. Construction work is expected to be finished in September, 1954.

The \$4,300,000 mine on Nickel Mountain will be operated by the Hanna Coal and Ore Corp., a Hanna subsidiary, while another subsidiary, the Hanna Nickel Smelting Co. will operate the smelter.

Nickel Mountain contains this country's only known major deposit of ferro-nickel, and the company expects to produce 95 to 125 million pounds of nickel there.

Some \$24,800,000 is being advanced by the Defense Material Procurement Agency for smelter construction.

COURTIER  
Jan. 29, 1953

## Nickel Smelter Contract Given Bechtel Corp.

CLEVELAND (AP) — An officer of two M. A. Hanna Co. subsidiaries said Tuesday Bechtel Corp., San Francisco, has been awarded a contract to handle the design, engineering and construction of a nickel smelter plant in Douglas County, Ore.

H. L. Pierce, vice president of Hanna Coal and Ore Corp. and of Hanna Nickel Smelting Co., told a reporter the contract has been placed, but declined to give any details as to the size or cost of the plant.

"That is something we are working on," he said.

On Jan. 16 Jess Larson, defense materials procurement administrator, announced an agreement with the two Hanna firms for production of 95 to 125 million pounds of nickel from the Oregon deposit. Under that agreement, DMPA will advance up to \$24,800,000 for construction and related expenses.

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# Nickel Plant Officials Named

ROSEBURG (AP) — The officials who will manage the 30 million dollar nickel mining and smelting plant south of Riddle were named Monday by the M. A. Hanna Mining and Smelting Co.

Earl S. Mollard, who has been in charge of the Hanna Company operations in Minnesota since 1947, will be general manager.

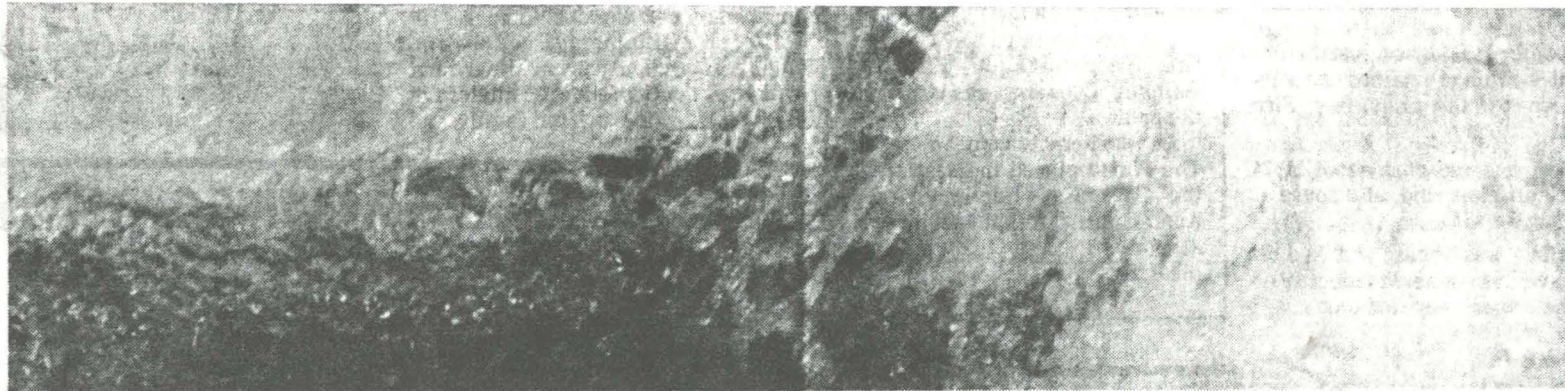
E. Emmons Coleman, who has been general manager of the Bradley Mining Company's electric furnace plant at Stidnight, Idaho, since 1950, will be plant manager.

**COURIER**

4-27-53

Commissioner John Whitty said, "My gut tells me we let the thing go — if they don't want to pass it the governor says it doesn't affect his commitment (to the port)."

"There are some political complications in the bill," Peter Toll, legislative aide to Sen. Bill Bradbury, said this morning. "The first problem is getting the bill out of committee and we're in the process of counting votes . . . right now. We've been approached on some deals and we're examining all avenues. It's uncertain as to how (the bill) will turn out, but it leans positive."



Some Bay Area residents might want all of spring's gushers confined to a pool like the bubbly freshet Luke Hosas

# Smelting plant 'progress' reported

By RAY FINEFROCK  
News Editor

No formal agreement has been reached, but progress was made Saturday toward the finalizing of details for bringing a low-carbon ferrochromium smelting plant to the North Spit.

The Oregon International Port of Coos Bay Commission held a 3½-hour executive session during a special meeting Saturday, and as a result "management was given direction on finalizing negotiations" to bring the

plant here, port General Manager Frank Martin said this morning.

Martin said parameters were given "regarding length of the lease, commitment of the port to the project, interaction of the port urban renewal district and lessee and finalization of state commitments for infrastructure development to the project."

A meeting is planned Tuesday with state officials to formalize the state's part of the project, Martin said. Developers estimate about 170 new jobs could result.

"We are guardedly optimistic (about) conclusion of the project (arrangements) on or about the first of May," he said.

Saturday the port worked through a lengthy draft of a tentative memorandum of understanding between the port and Pacific-SHERWOOD, the firm slated to build the plant. The port has received commitment from Pacific Power and Light to construct a new \$4 million substation and offer special electric rates for high volume usage. The port is hoping to receive a

\$2 million commitment by the state to the project.

"I think the port has responded well in the short time frame we've had," Martin said before the executive session began. "We have spent a lot of time the past week and put together what we feel is a reasonable agreement," on the \$24 million project.

Martin said the state is reluctant to commit funding until the port has a letter of agreement or actual lease with the principals in the project.

"Unless we get funds from county urban renewal agency elsewhere, the port is not financially capable of doing some of the things Mr. (P.J.) Wooding (president of SHERWOOD) is asking," Gant said. The draft memorandum of intent the port worked through in executive session contained salient points which Wooding wants resolved before we go to the state."

The memorandum was prepared as the culmination of 10 to 12 hours

(Continued on Page 2)

Health insurance

World News Coos Bay, OR 4-20-87



## Hearing report

A report on the status of the Kiddie Kastle day care center in Coos Bay has been forwarded to a hearings officer, who presided over a month-long hearing in the case, and her final order in the case is expected soon, according to the state Children's Services Division.

Jerry McIntyre, branch manager for the CSD in Coos Bay, said he learned this morning that a final order from Hearings Officer Mary Wagner was sent to Wagner last Thursday for her review. He said if Wagner finds no errors in the order, she will then forward the document on to attorneys for the state and the Kiddie Kastle.

McIntyre said the delay in releasing the order was caused by problems in the transcription unit of the state's Department of Human Resources.

An attorney for the Kiddie Kastle, Steve Wilgers, has filed papers in Coos County Circuit Court asking the state to show why it has not released its decision in the case. A hearing on Wilgers' request was set for April 27.

## Smelter progress

(Continued from Page 1)

negotiations with Wooding, who announced the plant plans 10 days ago.

Commissioner Tom Humphrey questioned the legal standing of the memorandum. "As I see it, when a contract is written up these things (which we agree on) will be in it."

Gant agreed that the memo, once agreed upon and signed off, should be looked upon as "a binding thing."

At this point the commission decided to consider the actual memorandum in executive session under the Oregon statute allowing an executive session for negotiations for the lease of land and contracts.

In other action, the commission:

—appointed Jean Burkholder, director of administration, to make the 1987-88 budget presentation to the full commission when the budget is completed by the executive committee.

## Mishaps reported by Coos agencies

Two people were treated and released from Coquille Valley Hospital just after midnight Saturday after their vehicle left the road and went over a bank on North Fork Road about one-half mile from Highway 42, Coos County Sheriff's deputies said.

Seramin Calderon Molina, 24, Norway, and Terrie Ann McLarrin, 44, Myrtle Point, received minor bruises in the incident, officials said.

Molina was subsequently cited for driving while under the influence of intoxicants and fourth-degree assault, deputies said.

### Accident reported

Angela Marie Glover, 18, Myrtle Point, was treated Bay Area Hospital Sunday following a single-vehicle injury accident on Gravelford Road, Coos County Sheriff's deputies reported.

Glover's vehicle apparently left the road about 9 p.m. and rolled over, deputies said, about eight miles east of Myrtle Point. She received facial lacerations, deputies said. No citations were issued.

### Bridge accident reported

Three vehicles were involved in an accident Oregon State Police attribute partially to bridge repairs and

partially to wet weather Saturday morning on McCullough Bridge, police said.

A vehicle driven by John A. Krieschel, 72, North Bend, was stopped about 11:15 a.m. for the one-lane closure on the bridge while repairs to the span are under way, police said.

A vehicle driven by John E. Lucero, 20, North bend, attempted to stop behind the northbound Krieschel vehicle, failed on the wet pavement and started to skid sideways, police said. Lucero subsequently reported minor bruises, police said.

A third vehicle driven by Anthony D. Shope, 42, Central Point, struck the Lucero vehicle, then struck the Krieschel vehicle, police said. Neither Shope, a passenger, Thomas L. Shope, 43, nor two children, Tawna Shope, 10, and Jodi Shope, 9, were injured, police said.

All of the vehicles were damaged, with the Shope vehicle receiving major front end damage, police said.

No citations were issued, police said.

### Driving arrests

Oregon State Police report 10 driving while under the influence of intoxicants arrests between Friday night and Sunday night.

## Court clears way for Linnas deportation

WASHINGTON (AP) — The Supreme Court today cleared the way for the deportation of Karl Linnas, who faces a Soviet death sentence on charges of supervising mass executions at a Nazi concentration camp.

The court, by a 6-3 vote, refused to extend an order that had blocked the deportation.

Justices William J. Brennan, Harry A. Blackmun and Sandra Day O'Connor voted to extend the order blocking deportation until the court considers a formal appeal in his behalf.

Today's action comes on the heels of reports that Attorney General Edwin Meese III had decided to deport Linnas to Panama instead of the Soviet Union.

But Adolfo Arrocha, minister of the

definitely its original decision to allow Linnas in Panama.

Linnas, 67, has been held at a New York City jail since April 1986.

Linnas previously was a resident of Greenlawn in Long Island, N.Y. He has lived in the United States since 1951 and became a U.S. citizen in 1959.

Immigration officials in 1979 charged that he entered the country under false pretenses. He was stripped of his U.S. citizenship in 1982, and has been fighting deportation ever since.

**Official CB**

# Plant plans to hire 170

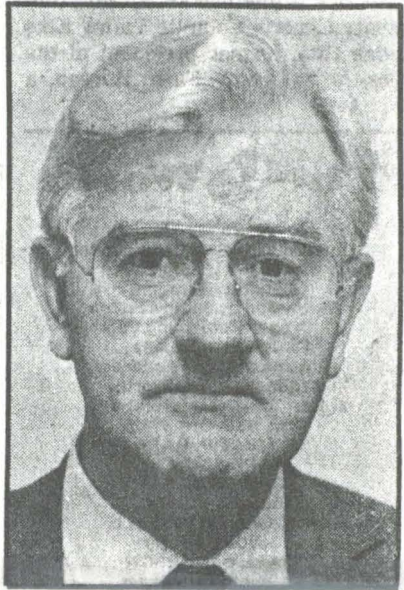
Construction on a \$24 million low-carbon ferrochromium smelting plant employing 170 workers is planned to begin on the North Spit this spring.

The announcement came Friday from P.J. Wooding, president of WOODING, a New Jersey corporation and an international leader in the metal-smelting industry.

Wooding, in an exclusive interview, told The World the 60,000-square-foot plant will be in operation by October 1988. He said his firm plans a "training program that will be on-going" as it seeks "craftsmen of all disciplines."

The principal use for low-carbon ferrochromium is in the production of high alloy, superalloy and many stainless steels, Wooding explained.

"Once the building is sheeted in," said Wooding, "we will then begin



P.J. WOODING  
"About 30,000 tons a year"

building many of the component parts we need within the plant itself."

Wooding praised Port Director Frank Martin, saying that Martin "worked for months to bring the project to the Coos Bay port."

The state also is expected to participate financially in the project.

Greg Kantor, deputy press aide for Gov. Neil Goldschmidt, told The World the governor "has been working closely with all the parties involved" and "we are very optimistic about the eventual outcome of the project."

Regarding state financial aid for the project, Martin said "at this point we are guardedly optimistic, but are probably four to six weeks away from any definitive statement."

Known as the "SHERWOOD Project," the new smelting facility will include funding from Pacific Power and Light stockholders in the amount of \$2 million in preferred equity.

Wooding noted. PP&L confirmed an "incentive electricity supply agreement also has been negotiated subject to approval by the Oregon Public Utility Commissioner." This agreement provides a price discount as well as funding for transmission, a substation and other electrical facilities, the company confirmed.

P.S.M. Technologies Inc., headed by President William G. Wood, will provide \$10 million in equity and will have exclusive rights to supply the raw material for the project, Wooding said.

He said chromite ore from the Klamath Mountains in Southern

Oregon and Northern California will be used to smelt ferrochromium, which will then be refined into a high quality lowcarbon ferrochromium, which will then be refined into a high quality

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He said chromite ore from the Klamath Mountains in Southern Oregon and Northern California will be used to smelt ferrochromium, which will then be refined into a high quality low-carbon ferrochromium. Wooding projected a production rate of about 30,000 tons a year from the North Spit plant.

The president of WOODING told The World that "90 percent of the product has already been sold in contracts ranging from five to 10 years" on what he referred to as "a take-or-pay market basis."

"We will ship 15,000 tons to North American markets," Wooding said, "and the balance to the European Economic Community."

# Glendale Leases Exploration Site to Exxon

By MARGUERITE GARRISON  
Courier Correspondent

GLENDALE — A lease contract allowing Exxon Minerals Company to explore for copper ore on 55 acres of city-owned land in the McCullough Creek area was signed Wednesday by Glendale Mayor George Miller.

Negotiations on the contract, which lasted about two years, were at a stalemate until Exxon offered to pay the city to hire a mining lease expert who could advise the council. Leonard G. Wilkerson of Petroleum Title Association of Oregon, who formerly handled mining leases for the state, worked on behalf of the city to hammer out the agreement with Exxon.

All the revisions which were made in the standard lease form offered by Exxon were discussed in previous city council meetings, Wilkerson said Wednesday.

"I think we've put a very diligent effort into keeping the city's exposure to a mini-

mum," Wilkerson told the council. "I think it's a good lease."

The council voted unanimously to approve the document and the mayor signed it as Exxon presented the city with a check for \$996.66.

Wilkerson also presented his bill for \$965 for his services Wednesday night, but subtracted \$465 as a "charitable contribution to the city of Glendale."

The contract signed Wednesday calls for an initial exploration time of seven years. Afterwards, the city will receive lease payments which will escalate until the mine is in operation or Exxon cancels its interest in the land.

The city will receive \$1 an acre for the first seven years but on the eighth year the amount will increase to \$10. Thereafter the amount will increase by \$10 each year until a top of \$50 an acre is reached.

Other changes in the lease sought by the city include a provision for restitution of

damaged timber resources. Also, stockpiling on the land will not be allowed unless mining is or has been occurring.

The area in which royalties could be based was reduced from 6,400 to 1,000 acres. Royalty payments will be made monthly instead of quarterly and will be paid when the resources are removed, not when they are sold.

The next item on the agenda at the special city council meeting Wednesday, was the bid opening for improvements to Sether Street. Seven bids ranging from \$77,907.50 to \$113,359.20 were received by the city.

City Recorder Lorraine Palm said the three lowest bids would be reviewed for technical and legal points and the ability of the contractor to perform the work. She said the city has 30 days in which to award the contract.

The three lowest bids were submitted by Copeland Paving Company of Grants Pass with \$77,907.50, Gary Peterson of Grants

Pass with \$80,627 and Roseburg Paving with \$92,053.

In other business Wednesday, the council considered revoking a building permit issued to Dave Walker, who lives on Gilbert Avenue.

Mrs. Palm told the council that on Nov. 13, Mrs. Walker requested a building permit to allow the Walkers to cover their pool and add a second story room.

Mrs. Palm said Mrs. Walker was in a hurry that day and didn't have the proposed plans with her. She also said Mrs. Walker told her that the zoning on the property had been changed to a commercial designation in 1979.

The city recorder said she wanted to be helpful when she filled out the papers for Mrs. Walker with the commercial designation, which does not require setbacks.

Soon after issuing the permit, however, Mrs. Palm said she realized there were problems. She could find no record of the change to commercial zoning. As a resi-

dentally zoned property, and has to conform to setback and the construction over pool is in violation of a 10-foot requirement for residential z

A stop work order was issued. Attorney Pat Kelly, Walker, argued that if the building and revokes a permit then buy it. He said his client \$5,000 invested in the project. Walker needed a heated pool. He said that the city must it revokes the building permit.

Pete Pollaczek, representing the city, told the council that important in the case were whether Walker at the time of the permit that he knew and when he first knew the requirements.

The council did not vote on Wednesday but will continue.

# Glendale Leases Exploration Site to Exxon

GUERITE GARRISON  
City Correspondent

— A lease contract allowing the Copeland Paving Company to explore for oil on 55 acres of city-owned land in the McCullough Creek area was approved Wednesday by Glendale Mayor

Wilkerson on the contract, which was in effect for two years, were at a stalemate. The city offered to pay the city to hire a lease expert who could advise on the deal. Leonard G. Wilkerson of the City Association of Oregon, who has handled mining leases for the city on behalf of the city to reach an agreement with Exxon. The city said the terms which were made in the form offered by Exxon and approved in previous city council action, Wilkerson said Wednesday. The city has put a very diligent effort to minimize the city's exposure to a mini-

mum," Wilkerson told the council. "I think it's a good lease."

The council voted unanimously to approve the document and the mayor signed it as Exxon presented the city with a check for \$996.66.

Wilkerson also presented his bill for \$965 for his services Wednesday night, but subtracted \$465 as a "charitable contribution to the city of Glendale."

The contract signed Wednesday calls for an initial exploration time of seven years. Afterwards, the city will receive lease payments which will escalate until the mine is in operation or Exxon cancels its interest in the land.

The city will receive \$1 an acre for the first seven years but on the eighth year the amount will increase to \$10. Thereafter the amount will increase by \$10 each year until a top of \$50 an acre is reached.

Other changes in the lease sought by the city include a provision for restitution of

damaged timber resources. Also, stockpiling on the land will not be allowed unless mining is or has been occurring.

The area in which royalties could be based was reduced from 6,400 to 1,000 acres. Royalty payments will be made monthly instead of quarterly and will be paid when the resources are removed, not when they are sold.

The next item on the agenda at the special city council meeting Wednesday, was the bid opening for improvements to Sether Street. Seven bids ranging from \$77,907.50 to \$113,359.20 were received by the city.

City Recorder Lorraine Palm said the three lowest bids would be reviewed for technical and legal points and the ability of the contractor to perform the work. She said the city has 30 days in which to award the contract.

The three lowest bids were submitted by Copeland Paving Company of Grants Pass with \$77,907.50, Gary Peterson of Grants

Pass with \$80,627 and Roseburg Paving with \$92,053.

In other business Wednesday, the council considered revoking a building permit issued to Dave Walker, who lives on Gilbert Avenue.

Mrs. Palm told the council that on Nov. 13, Mrs. Walker requested a building permit to allow the Walkers to cover their pool and add a second story room.

Mrs. Palm said Mrs. Walker was in a hurry that day and didn't have the proposed plans with her. She also said Mrs. Walker told her that the zoning on the property had been changed to a commercial designation in 1979.

The city recorder said she wanted to be helpful when she filled out the papers for Mrs. Walker with the commercial designation, which does not require setbacks.

Soon after issuing the permit, however, Mrs. Palm said she realized there were problems. She could find no record of the change to commercial zoning. As a resi-

dentally zoned property, any construction has to conform to setback requirements and the construction over the Walker's pool is in violation of a 10-foot side setback requirement for residential zoning.

A stop work order was issued on Dec. 15.

Attorney Pat Kelly, representing Walker, argued that if the city issues a building and revokes a permit, it must then buy it. He said his client had about \$5,000 invested in the project and that Mrs. Walker needed a heated pool for hydrotherapy. He said that the city might be sued if it revokes the building permit.

Pete Pollaczek, representing the city, told the council that important questions in the case were whether Walker knew at the time of the permit that he was in violation and when he first knew of the setback requirements.

The council did not vote on the question Wednesday but will continue investigation.

# Glendale Mineral Lease Stalls Again

By  
MARGUERITE GARRISON  
Courier Correspondent

GLENDALE — Once again, Glendale City Officials and a representative from Exxon Minerals Company met Monday to discuss leasing 55-acres of the city's land for copper ore exploration.

And once again, the bargaining stalemated.

The amount of lease payments seemed to be the biggest stumbling block to settlement for the city council, despite some concessions by Exxon in wording of the contract.

Dewey M. Lommes, landman for Exxon, said the company would agree not to

stockpile ore on the city's property unless mining had actually occurred there.

He also agreed to a provision for a qualified local appraiser to assess any damage to timber resources.

But council members were unimpressed with the concessions and focused on the question of money.

"It's not worth our time," Councilman George Stackhouse said.

City Recorder Lorraine Palm said the cost of having an expert go over the lease document would exceed the payment of the lease.

The question also was raised about whether the property would have to be returned to the tax rolls if it gen-

erates any income.

As originally submitted to the city, the lease called for payment of \$1 per acre for the first 10 years of the initial exploration time and \$5 an acre thereafter. If any mining is done on the property, however, Exxon will pay royalties in addition to the lease money.

Lommes asked the council to state how much money they wanted, but council members refused to make an offer, saying they needed more time.

Another issue was length of time for the initial exploration to occur. Originally, the company had asked for a 10-year period to explore before making the decision to mine. In previous negotiations, however, the company had ap-

peared to agree to a seven-year exploration deadline.

But on Monday night, the council pressed for a two-year exploration time. Lommes replied his company would definitely not accept a two-year limit, and the matter was tabled once again.

Lommes said he would send the city a copy of the lease containing his company's most recent concessions.

The city's property is about 3 miles west of the city limits near McCullough Creek.

Lommes said Exxon already has drilled a test-hole north of the city's property and is now working on another test hole about 1½ miles north of the first hole.

"But we haven't gotten the results on it," he said. The initial holes, he continued, are being drilled to "confirm geological structure."

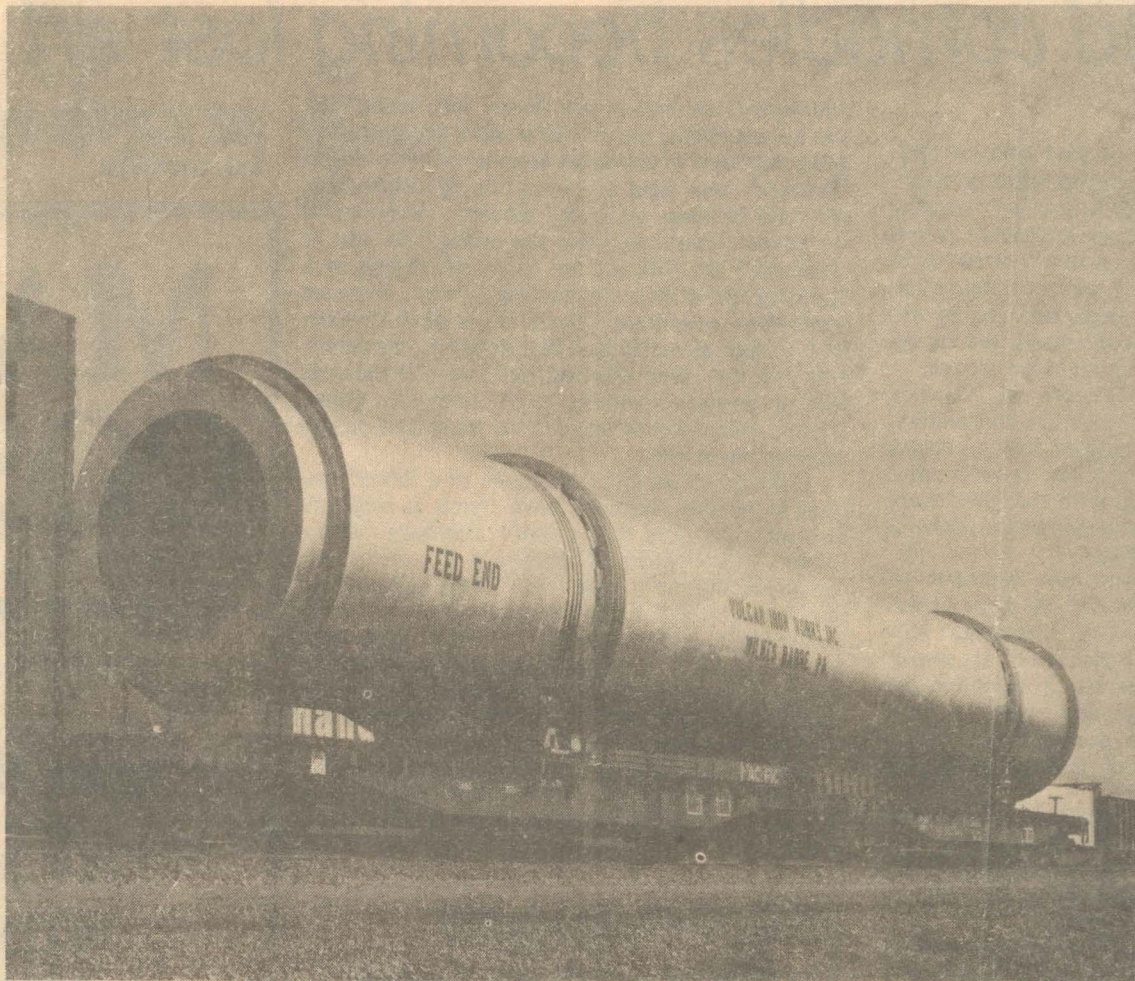
About 2,000 acres in the vicinity of the city's land, including some land belonging to Douglas County, have already been leased to Exxon for ore exploration.



## Shell Move

This kiln shell was delivered recently by Southern Pacific to the only nickel mining and smelting operation in the United States at Riddle. The shell, a California-to-Oregon move, is being installed in a new facility to dry nickel ore for smelting. Nickel is a

strategic material with the United States entirely dependent on foreign imports until 1954 when Hanna Mining Co. of Cleveland began operating the mine and smelter four miles west of Riddle.



**CHANGE FOR NICKEL** — That's what this monster kiln shell will do at the nation's only nickel mining operation, near Riddle. Kiln will dry nickel

ore for smelting by Hanna Mining Co. Shell was delivered on Southern Pacific Railroad car on tracks serving Hanna and mine exclusively.

BPA tentatively approved Hanna Nickel's request for an extension of its 7-mil-per-kWh off-peak power rate for five years starting July 1, 1985. The power supplier will grant the extension on condition that by July 1, 1986, Hanna installs a \$12.9-million wet screening process at its 26-million-ppy Riddle, Ore., ferronickel smelter. BPA's draft record of decision was subject to public comment until Apr. 1; if no objections were filed, BPA is to pass on its opinion to the Federal Energy Regulatory Commission before it sets the new rate. Hanna says its breakeven cost will fall about \$1 to \$1.90 per lb of contained nickel with the new process and the extended rate.

SOURCE: METALS WEEK

DATE: APRIL 1, 1985

COMMODITY SECTION: FERROUS

STATE ARTICLE CONCERNS: OREGON



Oregonian 3-32-88

# Buyer of Riddle nickel mine to tap it for construction stone

An Ohio-based company that recently purchased the former Hanna Nickel Smelting Co. mine and plant near Riddle has auctioned off its mining and rock-processing equipment, company officials said Monday.

The new owner, Universal Consolidated Cos. of Fremont, Ohio, does not plan to resume nickel mining at the site in Douglas County, about 15 miles south of Roseburg, said Bill Niggemyer, the company's president.

"It's not a terribly economic mine. It never was," Niggemyer said of the nickel-recovery operation conducted by Hanna off and on since 1954.

Niggemyer said his company's subsidiary, Nickel Mountain Re-

sources Co., would operate the plant instead as a producer of construction stone and sandblasting abrasives, using materials left over from the nickel mining. Those two operations would employ up to 27 people, he said.

He also said the company wished to process ferrosilicon, another material available from the mining wastes, but that he had not been able to reach an agreement with the Bonneville Power Administration on necessary electricity costs.

Niggemyer said that although worldwide nickel prices have soared in recent days to \$23,900 per metric ton, "nobody expects that to be the long-term case" even though that price would make mining at Riddle profitable again.

# Opinion

## The News-Review

DAVID TISHENDORF  
Managing Editor

PHILIP D. NEISWANGER  
Publisher and Editor

BRUCE DAILY  
Editorial Page Editor

Page 4

Roseburg, Oregon

Friday, November 13, 1987

### Hanna sale provides good news, lessons

The recent decision of United Consolidated Companies of Ohio to purchase and begin operating the smelter at Nickel Mountain near Riddle was a welcome one. Nickel Mountain Resources will provide 50 to 75 jobs in the south county, which was hard-hit by the decision of M.A. Hanna Co. to shut down the mining and smelting operation.

Bill Niggemyer, president of the company that bought Hanna's assets, is a dynamic and engaging gentleman and we're pleased to welcome him to the community. We expect that his foresight will be rewarded.

It would have been tragic if a functional, productive industrial plant had been cut up for scrap, which clearly would have been the case had it not been purchased. It is unlikely, had it been destroyed, that it ever would have been replaced by a similar facility. There are several factors that went into the decision to buy the smelter and rescue its assets from the scrapheap that are worthy of note:

- The Hatch study — an analysis of the potential of Hanna's assets — cost \$50,000 and was paid for by the county Industrial Development Board with no guarantee of any kind of payback by anyone. Whenever a government agency steps in to spend money for analyses that might be used by private business, eyebrows get raised about the "taxpayers' money."

This particular case is a perfect example of a way in which public funds can be spent to save a resource and produce jobs. The county contracted with a highly qualified consultant to produce a

decision of a company to buy and operate the smelter. Aside from the information it produced, contracting for the report was a tangible way for Douglas County to say, "We're open for business."

Even the financial side worked out well, as the state eventually agreed to help with the cost of the study and the buyer has indicated he will contribute to its cost.

- The deep water port at Coos Bay was another factor. Although not the most important consideration, the presence of a deep water port offers market potential that is simply unavailable in Nebraska or Ohio. The Pacific Rim offers enormous possibilities and the development of that port and improvement of the route inland offers the state an effective way to improve the economy of all of southwest Oregon.

- Contracts with Bonneville Power Administration for low-cost power during off-peak hours weighed heavily in the decision of United Consolidated to buy Hanna's operation. Those contracts were negotiated with the help of senators and congressmen to keep Hanna operating as the nickel market fell apart. Though Hanna couldn't keep going, the contracts provide the opportunity for jobs. It's important that BPA remain a regional power agency and that Congress not look to the agency to solve the deficit problem by paying more than it originally agreed to pay.

There are many approaches to economic development. One approach that works well is to keep things operating that have been

thought Bruce did an especially good job of passing credits to. I was sorry that he didn't include you since you have done tenacity and refused to let interest dwindle. I regret the technical committee didn't get organized sooner so the engineering could have been properly managed. My personal thanks, Ned

# Industrial board continues Hanna study

by SHAWN CHURCH

5018

The News-Review

The Douglas County Industrial Development Board will proceed with the second and final phase of a \$50,000 study to find alternative uses for the now-closed Hanna Nickel Smelting Co. mine and smelter.

After an hour of discussion in a closed session Tuesday afternoon, the board's executive committee passed a motion to proceed with the study of three or four potential uses for the site atop Nickel Mountain, four miles west of Riddle. Hatch Associates Consultants Inc., a Buffalo, N.Y.-based firm hired to do the study, initially identified eight possible uses.

Peter Graff, assistant director of the Coos-Curry-Douglas Business Development Corp., which does

staff work for the industrial board, said the consultant and the executive committee would finalize a list of alternative uses as part of the second phase.

"(Hatch) will also further refine technical and financial feasibility of alternatives selected," Graff said, "and (the company) will pursue negotiations with potential investor-operators and M.A. Hanna Company as appropriate."

In January, M.A. Hanna of Cleveland announced it was closing the mine and smelter because of an ailing nickel market. Hanna, which employed 600 workers at the peak of its operation, was for years the only operating nickel mine and smelter in the United States.

The motion passed by the executive committee also called for crea-

tion of "technical-financial review committee" to work with the consultant on the final phase. The committee will consist of Herb Wedge, former general manager at Hanna; Ron Culbertson, a member of the executive committee; Len Ramp, with the state Department of Geology and Mineral Industries; and a representative each from the state Department of Economic Development and the U.S. Bureau of Mines.

Of the eight identified alternative operations, all would be significantly smaller than Hanna's operation, Graff said. "There could be two or three things happening there, which in total would not add up to the 500 employees that Hanna once had," he said.

Graff would not identify the three

or four uses to be studied further. But the eight identified by the consultant include production of ferrochrome from black sands, which are found on and off the Oregon coast from Coos Bay to Cape Blanco; production of stainless steel slabs; production of specialty alloys for remelt; recovery of metals from fly ash; destruction of hazardous wastes; and recycling of furnace dust generated by steel mills.

Graff said the executive committee is optimistic, but it is running up against a deadline.

M.A. Hanna agreed to a 90-day moratorium, which expires Sept. 30, on the dismantling of the plant and sale of the smelting equipment. The company agreed to the moratorium, but it has made it clear it plans to leave Oregon and

wants to get out from under the tax liability on the plant.

"We need to have potential investor-operators talking to Hanna at that time," Graff said. "And they have to be talking to Hanna in terms of taking options" on the equipment.

The board also decided Tuesday to ask the state Economic Development Commission to reconsider its denial of a request to fund 75 percent of the \$50,000 study.

Following the state commission's denial, county commissioners agreed to pay for the study with money from a fund supported by the pay back of loans for industrial development. But they also sent a letter to Gov. Neil Goldschmidt protesting the denial. They have not received a response.

# Hanna's new entry: nuggets

By FRANK HAFLICH  
AMM Reporter

**E**arly this March, Hanna Mining Co. was preparing to ship the first batch of a new product quite different from its traditional line of 28 to 30-pound nickel bars: half-pound nickel "nuggets" to an unidentified stainless steel producer in the East or Midwest.

The new product is not revolutionary. In fact some nickel industry observers think Hanna is playing catchup with other producers in gaining access to a part of the stainless market increasingly characterized by the argon oxygen

decarburization (AOD) process.

But a form of Hanna's new product will also be marketed to electroplaters in a program which has grabbed the interest of the rest of the nickel industry, although the Cleveland-based producer isn't saying much about this at this time.

Introduction of the nickel nugget also appears to be part of an overall drive by the United States' only primary nickel mine to regain market position lost during a 20-month shutdown and assure its future operations, as it reportedly sharpens its price competitiveness and broadens its market overseas.

Gary Korecki, assistant manager of nickel and silicon sales in Cleveland, said Hanna is moving

into nuggets because of the growing use by the stainless industry of argon oxygen vessels.

"A lot of people do things differently than they would with electric furnaces," observed Korecki. Some of these procedures involve automatic chargings and the addition of nickel in the cool-down phase of production for a final adjustment to chemistry. Hanna's traditional 28 to 30-pound bars or "pigs," are just too big for these applications.

Herb Wedge, general manager of nickel and silicon operations for Hanna Nickel Smelting Co., Riddle, Ore., said the smaller shapes produced by the mini-caster (built by Economy Industrial Corp. of Ambridge, Pa.) will "make it possible for customers to use (the nuggets) in automated raw material systems."

The mine, located about 200 miles south of Portland, started up in 1954 and last year produced about 17.5 million pounds of nickel.

It was shut from April 1982 to December 1983 due mainly to escalating electricity costs, and was restarted after negotiating lower off-peak-hour rates. Some labor concessions also were reportedly won. Wedge noted that while the mine's lower energy bill cut its costs, an expected nickel price improvement last year did not materialize and he is not ready yet to describe operations as "economic."

These moves greatly reduced Hanna's costs but not to the point where they yet approach other world class producers, according to an industry observer. Ilmar J. Martins, a Toronto consultant and president of Nickdata Inc., which publishes an annual survey of producers' costs, estimates that the Riddle mine's cost dropped from \$3.50 or more per pound of nickel before the shutdown to about \$2.40 to \$2.50 per pound last year. Costs of other major producers, he estimates, range from \$1.50 to \$1.90 per pound.

However, another industry report also indicates that if Hanna is successful in extending its existing power contract, it might decide to bring on a new production process that could drop its costs even more, to about \$1.90 per pound.

Industry sources reported that Hanna's pricing has been unusually aggressive since it reentered a fiercely competitive market. Recent bidding contests in India and Japan, for example, are said to have resulted in Hanna beating out its nearest competitors by 5 cents to 6 cents per pound.

*Roseburg News Review 6-4-85*

## Hanna construction will cause employee layoffs

**RIDDLE** — Hanna Nickel Smelting Co. will temporarily close its operation near here June 15 for the construction phase of a \$13 million capital improvement project.

General Manager Herb Wedge said about 270 employees would be idled by the shutdown, which is expected to last up to six months.

The project involves the installation of "wet-screening" equipment at the mine of the nation's only integrated nickel operation. The new equipment is expected to significantly improve the quality of the operation's low-grade ore, making the nickel smelting process more efficient.

"We expect the new equipment to lower our production costs substantially, and to help return the operation to sustained profitability," Wedge was quoted as saying in a

Rising production costs and falling nickel prices forced the closure of Hanna Nickel for 18 months beginning in 1982. In December 1983, operations resumed under a discount electric rate that calls for powering the company's smelting furnaces only at night and on weekends.

Despite lowering operating costs by more than 33 percent, Hanna Nickel was unable to earn a profit in 1984 because of depressed nickel prices.

Hanna Nickel's parent company, M.A. Hanna Co., decided to invest in the wet-screening equipment following the signing of five-year labor and electricity contracts earlier this spring.

Wedge said Hanna Nickel has ample inventory to supply its customers for the duration of the construction period.

SOURCE: AMERICAN METAL MARKET

DATE: APRIL 23, 1985

COMMODITY SECTION: FERROUS

STATE ARTICLE CONCERNS: OREGON

(MORE)

And a source at a domestic steel-maker said Hanna has also offered nickel at an estimated 5 cents to 10 cents per pound under prevailing market levels.

But a steel industry buyer pointed out that Hanna in its market return could be running up against a traditional "reluctance" by consumers to drop one nickel supplier for another, especially when the alternate firm has a history of dropping out of the market.

Hanna's nuggets for the stainless industry, like its pig, is 50 percent nickel and 50 percent iron, generally considered the highest nickel percentage of any major ferromnickel producer. Other producers also market smaller nickel shapes in the form of cones, shot and briquettes.

"We're going to be selling these both in Europe and the States," Korecki said. "We also see considerable interest from Japan." Indeed, industry observers pointed out that AOD technology caught on first overseas and a greater percentage of European stainless producers probably use vessel addition products than in this country.

Korecki said it is not possible yet to tell just how much of Hanna's 17 million or so pounds of production during 1985 will be nuggets, although he stated that once up to speed the mini-caster could process more than half the mine's output. Neither does he have any estimate of how much of the 82-million-pound-per-year stainless market for nickel, previously closed to Hanna's pig, has been

opened with introduction of its nuggets.

The second target market for the new nuggets, electroplating, is said to involve so-called iron-nickel plating for decorative or non-corrosive environments, where particularly heavy use and corrosion resistance are not essential. Currently, sources said, platers buy their nickel in extremely pure form and purchase the iron separately. But Hanna is believed to be working with a major supplier of chem-

icals to the plating industry which is helping to promote a process that will accept nuggets containing 60 percent nickel and 40 percent iron.

But one industry source suggested the market is quite small, perhaps only 3 percent, or 2 million pounds, of the estimated annual U.S. plating market for nickel of 60 million pounds.

"Not necessarily," countered Korecki in one of the few comments he will make about the plating potential for nuggets, hinting

that Hanna believes the market could be much larger.

In any case, executives of both giant Inco Ltd. and Falconbridge Mines Ltd. in Toronto said they view this segment of the plating market as "too small" to warrant any similar marketing effort on their part.

Some industry sources questioned the wisdom of Hanna's expanding into nuggets on the grounds that a producer of its small size—industry leader Inco produces 500 million pounds per year annually—should have little trouble selling its pig at market prices. They argued that there's little sense in raising its production cost with a new process that could only

cut into the bottom line since, with only few exceptions in recent history, nickel's selling prices have been virtually the same in its various forms.

But others believe that after being out of the market for so long, Hanna has not been able to sell its nickel automatically. They also believe introduction of the mini-caster—the equipment costs an estimated \$100,000—isn't necessarily an overwhelming expense. Further they believe that if Hanna can successfully market a significant amount of plating nuggets at, say, a 20-cents-per-pound-or-so premium over its steelmaking grade, the new product might pay off. □

SOURCE: AMERICAN METAL MARKET

DATE: APRIL 23, 1985

(END)

# Glendale Council, Exxon Ponder Mineral Lease

By MARGUERITE GARRISON  
Courier Correspondent

GLENDALE — Negotiations between the City Council and Exxon Minerals Co. on leasing 55 acres of city property to explore for copper ore produced no results Thursday.

Toward the end of the meeting Exxon landmen Dewey Lonnes and Les Burkett expressed a willingness to "talk about" some points in question and carry them back for company reaction, but the two sides were no closer to signing the lease than before.

The council decided that city recorder Lorraine Palmer should send the disputed lease agreement to a mining lease expert for advice.

Exxon proposes a three-part lease, starting with a 10-year exploration period in which the city would be paid \$55 a year for nine years and \$275 from the 10th year on.

At the end of the exploration period, Exxon would have an additional 25-year lease if it intends to develop a mine. If a mine is developed, Exxon would get a perpetual lease and the city would receive royalties.

At issue were the right of the company to stockpile ore or tailings on the land, a provision for bonding, the length of the initial exploration time, price, and other details.

Councilman George Stackhouse told the landmen \$5 an acre was "hardly worth our trouble."

Burkett replied, "Obviously it's a fair price or people wouldn't have gone along with it."

He told them it was a standard lease form used in many states.

The interchange was typical of the bargaining in Thursday's meeting.

The city's property is about three miles west of Glendale near McCullough Creek.

Burkett assured the council the city would be compensated for damages to timber or other features of the property. If the company drills through a water horizon, he said the law requires that it will be closed off so underground aquifers will continue to flow in the same pattern as before.

He reminded the council that the state has many laws governing mining procedures.

The council also discussed the possibility of issuing the company a permit to explore such as the state had granted Exxon for exploration on state lands.

"Can you provide the same assurance to us as you provided to the state?" Mrs. Palmer asked Burkett.

Burkett told her that even if a permit to explore were used, it would still have to be accompanied by a lease agreement.

The 55.37-acre site was used as a dump by Douglas County and transferred to the city when the dump was closed.

Exxon, which is reportedly interested in exploring for copper on some 800 acres in the McCullough Creek area, has been negotiated with Glendale for more than a year.

# Glendale Mulls Exxon Mining Lease

By

**MARGUERITE GARRISON**  
Courier Correspondent

**GLENDALE** — Glendale city officials are deliberating over the terms of a lease which would allow Exxon Minerals Company to explore for copper on 55 acres of the city's property.

"We are anticipating exploratory work in Douglas County," Dewey M. Lonnes, senior minerals land man for the company, a division of Exxon Corp., told the city council Monday.

However, he added that the probability of an ore body large enough to mine was small.

The council will hold a special public meeting at 4 p.m. Oct. 1 to hear input on the mining lease.

**LONNES TOLD** the council that the form of the lease presented Monday night followed that approved recently by Douglas County. The lease will pay the city \$1 per acre for the first nine years. Thereafter, the minimum payment is \$5 per acre for as long as the lease is in effect.

Lonnes told the group that only if an ore body is found would it mean any real money for the city.

The council questioned whether the city's lease should allow the company the right to stockpile ore and tailings on their property. Lonnes said the lease provides for repairing any damage to the land.

Another question concerned open pit mines. If any ore was found, Lonnes said, the company would probably mine it underground. However, he said he did not have the authority to guarantee 100 percent that no open pit mine would be used.

**THE COUNCIL** was concerned over the number of years the lease should be valid. The form of the lease discussed Monday calls for an initial term of 10 years for exploration.

"We anticipate making a decision within two to three years," said Lonnes. He explained the company is asking for the 10-year exploring time because of other factors, such as interest rates and a large number of other Exxon projects which might have a higher priority.

After the initial period, if ore is found, the lease will continue in force for another 15 years or as long as mining, development or processing is

reminded council member Phil McDowell. "What people were concerned about was jobs. They were getting upset because it was tabled (by the council)," he said.

Lonnes said that Exxon will proceed with copper exploration in the area regardless of whether Glendale signs the agreement for its 55 acres.

The council decided to postpone the discussion of the lease terms until the special meeting Oct. 1 to give members the opportunity to study the document.

higher priority.

After the initial period, if ore is found, the lease will continue in force for another 15 years or as long as mining, development or processing is continuing.

Some council members expressed a desire to shorten the initial term and wondered about the wisdom of an open-ended provision which would keep the lease in effect for as long as mining was going on.

**THE CITY'S** property lies about three miles west of the city near McCulloch Creek. Lonnes said the lease does not apply to oil, gas or coal.

During discussion, several council members assured Lonnes that they were interested in the copper mining venture because of the potential for jobs and that they only wished to iron out the details.

The copper mining question



Newspaper clipping file.

1/30/81

Re: EXXON proposed mineral leases in Glendale area

Called Joyce Mill, "Daily Courier" Glendale correspondent. Says nothing newsworthy has happened since her last article, dated 10/14/80, which stated that the Glendale City Council had rejected EXXON's offer. She believes, however, that EXXON has been in touch with city officials since that time. Confirms my suspicion that the locals thought the offer was ridiculous. Thinks they would be receptive to a proposal by the "right company".

# NEWS (AND RUMOR) FROM THE BUSH

BY: ONE-EYED EXPLORATIONIST

Attention! The tiger's cubs pad ceaselessly through the woods, fields and deserts. Their mad lust for orebodies knows no bounds. The latest: Exxon's agents are actively attempting to acquire lands in the vicinity of Glendale, Josephine county, Oregon. The center of attention seems to be on McCullough Creek, west of the city (?). Helicopter EM was supposed to be the key tool. The big money company's land men are said to be offering a whole \$5/ac for leases. Surely some of you interested readers can dig deep and push that up by at least 10¢/acre.

The belt containing this area has been heavily worked by (among others) Chevron, Selco, Canadian Superior, GM Resources, etc. Selco is still supposed to be loitering around (in the Blue range), but the rest seem to have moved to greener pastures. (The prospective area is quite near a gold prospect held by Cavender and Goddard, of whom a few of you might have heard. It has supposedly been farmed out to some fat wallet).

# Community

Grants Pass Courier 10/14/80

## Mineral Lease Rejected

By JOYCE MILL

Courier Correspondent

GLENDALE — The Glendale city council voted Monday to not sign a mineral rights lease agreement offered by Exxon Mineral Co.

The council voted unanimously to not sign the lease as written, but did not close the door on future negotiations with the company.

Exxon had sought a 10-year mineral rights lease on 55 acres owned by the city at the old dump site on McCulloch Creek about a mile west of the city. The company seeks to explore the area for copper.

Exxon had offered the city \$400 for the 10-year lease.

The land is not currently

being used.

The council set a public hearing for 7 p.m. Oct. 28 to discuss applying for a federal Housing and Urban Development grant to upgrade the city. The council would like to upgrade Sether Avenue by raising some houses above flood level and installing storm drains and sidewalks. Other areas of town have not been ruled out for improvement, however.

City Recorder Lorraine Palm said Tom Keel of Douglas County Parks had looked at both city parks in Glendale. Keel said the county might be able to help build a Little League ballpark in the city park on Sixth Street.

Bids were opened on a 1956

Chevy pickup owned by the city. Jerome Rucker of Azalea was high bidder with \$125.

The council approved a Halloween parade at 3 p.m. Oct. 31. The parade will start at rodeo grounds at Fifth and Molly and will proceed down Pacific Avenue to City Hall where prizes will be given and refreshments will be served. The parade is being sponsored by Women's Community Activities Club.

The council granted business licenses to Dennis Weathers, who recently bought Wishing Well Laundromat on Pacific Avenue and to John Biggs for Biggs' Auto Body Shop which will be in Norm Fowler's garage on Pacific and Third.

# Glendale Delays Mineral Lease

By JOYCE MILL

Courier Correspondent

GLENDALE — The Exxon Mineral Corp. lease proposal was again tabled Monday by the Glendale City Council.

The council also voted to close both city parks at 10 p.m. and to ask police to enforce the bicycle ordinance.

Several council members expressed concern that the 55

acres of land Exxon wants to lease could be tied up for a number of years so the city couldn't do anything with it. And the council noted there would not be enough compensation for the commitment on the land.

The land has been unused since a dump operated by Douglas County on the site was abandoned, about three

years ago. The site is about 1½ miles west of town on McCulloch Creek.

The council voted to table the lease for more study and research.

Vandalism at the city park on Sixth Street and Memorial Park on Pacific Avenue led the council to close both parks at 10 p.m. Tables had been carved and bottles had been

left on the ground.

Anyone in the park after closing times will be cited.

A city ordinance against riding bicycles on the sidewalks is being ignored by several children, Mayor Martin Brooks told the council.

The council will instruct deputies to cite anyone who rides on the sidewalks.

# Exxon Mining Tabled

By JOYCE MILL  
Courier Correspondent

GLENDALE — The Glendale City Council postponed a vote on the lease with Exxon Mineral Co. until Sept. 8 to study legal aspects further.

Charles Meldahl and Richard Eichhorn, representatives of Exxon, were present during the special meeting Wednesday night to explain their work.

Meldahl said the company's helicopters would fly over the area and monitor with electrical equipment. Meanwhile, mineralogists would study the land and determine if there's enough mineral in the ground to continue exploration.

Meldahl said a majority of the times the company does not find enough to make the venture profitable.

Exxon wants to lease 800 acres on the McCulloch Creek area, about 55 acres of which is owned by the city. The lease

would be \$442 a year, if the city accepts the lease.

The representatives have talked to others who own property in the area. Some of the owners were in the audience, including Norma Shepherd and Lyman Warren, both of Glendale.

Meldahl said the lease would be tailored to fit the needs of the concerned property owners, particularly elderly people. The mining would be done underground, he said, and there would be no strip mining.

If copper is found, shafts would be drilled underground and mining would be direct, Meldahl said. The wastes from the mine would be placed back in the empty shafts.

Members of the audience were concerned about the impact on the environment. Meldahl and Eichhorn said the company would comply with all environmental laws and

that mining is cleaner than other industries.

The company pays 5 percent royalties up to 1,000 feet to the land owners, and 4 percent on the next 1,000 feet, based upon smelter returns.

Other questions were asked about the water use. The officials said they would be recycling underground water and would not be using water from McCulloch Creek.

The officials also said no chemicals would be shipped from the mineral mining.

If a mine is developed, the officials said employment would be increased by about 400 local jobs. It would take five to 20 years for this to occur, they said.

Councilman George Mill said he wanted to study the issue further. Mayor Martin Brooks concurred and action was unanimously postponed to the regular council meeting Sept. 8.

# Glendale Plan OK'd Mine Lease Delayed

By JOYCE MILL

Courier Correspondent

GLENDALE — The Glendale City Council adopted the city's comprehensive land use plan Monday.

The plan, which will be in effect from 1980 to the year 2000 once it is approved by the county, had been snagged over the zoning of a 11½-acre parcel northeast of town.

The property, owned by E. L. "Skip" Myers, has been zoned residential.

According to city recorder Lorraine Palm, the plan is nearly identical to the 1974 plan.

"It doesn't expand the city — it only designates city expansion if it is to grow," she said.

However, the city must also pass zoning and subdivision ordinances before being placing the plan before the county.

The council scheduled a hearing to discuss the subdivision ordinance at 7 p.m. Aug. 27 in council chambers. Some residents have expressed objections to the ordinance.

The hearing will also include discussion on a lease Exxon has requested from the city for mining on McCullough Creek at the old city dump. A representative from the oil company will be there.

Exxon officials told the city the company wants to do exploratory strip mining for copper near the creek. The council tabled the lease agreement because an Exxon representative could not come before the council until the last week of August and the city attorney was not present.

Mr. and Mrs. Lyman Warren, who live in the McCullough Creek area, said they had also received an offer from Exxon. The company had sent them a lease agreement with a check for a mineral lease on their property. The couple said they did not favor the leases, and felt mining would be hard to live with.

Mayor Martin Brooks said people in the McCullough

Creek area will be contacted to get their feelings before a decision is made.

The city received a population figure of 669 from the Census Bureau. The city counted 870 people. The latter figure will mean an estimated 25 percent drop in state and federal revenues.

City officials said the census was taken when the mills were not operating at capacity. When the mills are operating at capacity, each council member will count the people in his or her ward.

# Exxon Eyes Mine in Old Glendale Dump

By PAUL FATTIG  
Of the Courier Staff

GLENDALE — The Exxon Minerals Co. is seeking property leases here for copper exploration.

The Denver-based firm, a subsidiary to the Exxon Company of oil fame, recently approached the City of Glendale and several property owners in hopes of leasing land adjacent to McCullough Creek, some five miles west of the city.

But the reaction to the

proposal to this area hard-hit by the timber slump has been less than ecstatic.

"I'm not excited — I like it here," says Lyman Warren, 68, who has lived on his 16-acre parcel along McCullough Creek Road for 30 years. "A person wouldn't be able to live here if they started tearing it up."

Warren's remarks are echoed by the other private property owners. However, the city has yet to make a decision and will discuss the

issue during the regular council meeting Aug. 11. The meeting begins at 7 p.m. in the city hall.

Exxon is interested in the land at the old Douglas County refuse disposal dump, now owned by the city. The 55.37-acre parcel was owned by the city before it was transferred to county ownership to be used as a dump. When the dump closed, the property was returned to the city.

In a letter to the city council dated July 21, Charles E.

Meldahl of the firm's exploration department, said the firm is "exploring for copper" and would pay royalties if the mineral is found.

The lease provides that "the city leases to Exxon all minerals except oil and gas, coal and oil shale," Meldahl wrote.

The lease calls for an initial term of ten years with a secondary term of 15 years if minerals are discovered during the initial term. The firm is offering \$5 per acre

during the initial agreement, amounting to \$442.96 for the tract.

An optional purchase contained in the lease document indicates the firm has the "option to purchase the property for mining purposes at 150 percent of its fair market value," Meldahl wrote, adding that "if such option is exercised, the city would retain its royalty."

According to the lease, Exxon would also pay damages caused by mining

operations, including 150 percent of the stumpage rate for damage to timber.

The Courier called Meldahl at his Denver office but was told Meldahl was traveling in Oregon and could not be reached. Subsequent calls to try to determine the impact a mining operation would have on this area to the firm's main office in Houston, Texas and public relations firm in Gillette, Wyo. also offered no

(Continued on Page 9A)

# ● Glendale Dump

(Continued from Page 1A)

comments.

City recorder Lorraine Palm urges any residents who have any concern about the proposed lease — whether positive or negative — to express them at the council meeting.

Meanwhile, she said she would have a "legal beagle" pour over the lease to see where the city would stand if it did decide to sign on the dotted line. The lease offers to private landowners apparently are identical.

"The city may be in better shape than private owners to deal with it," she said, observing that the council has legal experts from other government agencies to rely on for advice.

"Our town has been stagnant for so long — this could bring in the needed relationship between the city and industry," she said, although adding that most residents have yet to express excitement about having a mining operation in the area.

The recent census showed that the city's population had dropped from an estimated 800 a year ago to 669. Although a recent hand count by city employees showed there was 683 residents, the city

recorder says the timber slump has hurt the city.

But property owners are a bit dubious about leasing their land.

"We're not interested in signing anything right now," says Mrs. Blomme, who, along with her husband, Bill, own 38.5 acres about a half mile from the old dump. "That's a big step to sign your property away for 25 years — if we sign and they find any mineral within a mile of us they can buy the property.

Her husband has lived on the property since 1941.

"We have a way of living up here that's nice and quiet," she said. "We don't want a big company moving in here and ripping everything up."

Norma Sheperd, who owns 48 acres within a mile of the dump and whose home also sets on the property, says Exxon contacted some of the property owners as long as two years ago.

The firm employed a helicopter armed with a sensing device to sniff out likely mineral deposits.

As for the city, it's waiting for input from area residents.

"But I suppose it all depends on what's underneath there," the city recorder said of the land, "if there is anything."



# Riddle surviving shutdown of nickel plant

By CHRISTOPHER HANN

RIDDLE (AP) — Six months have passed since Hanna Mining Co. shut down its nickel plant here. Now workers, idled by the closure, are keeping their hopes up and girding for the long winter ahead.

For many of the 500 workers who found themselves abruptly unemployed, the void has been filled with yard work, household chores and uncertainty about the future.

Some people left the area. About 20 found work as millwrights in Rock Springs, Wyo. Others have looked for work outside Oregon but found none.

The majority of those remaining continue to collect unemployment benefits. They try to keep busy. They wait.

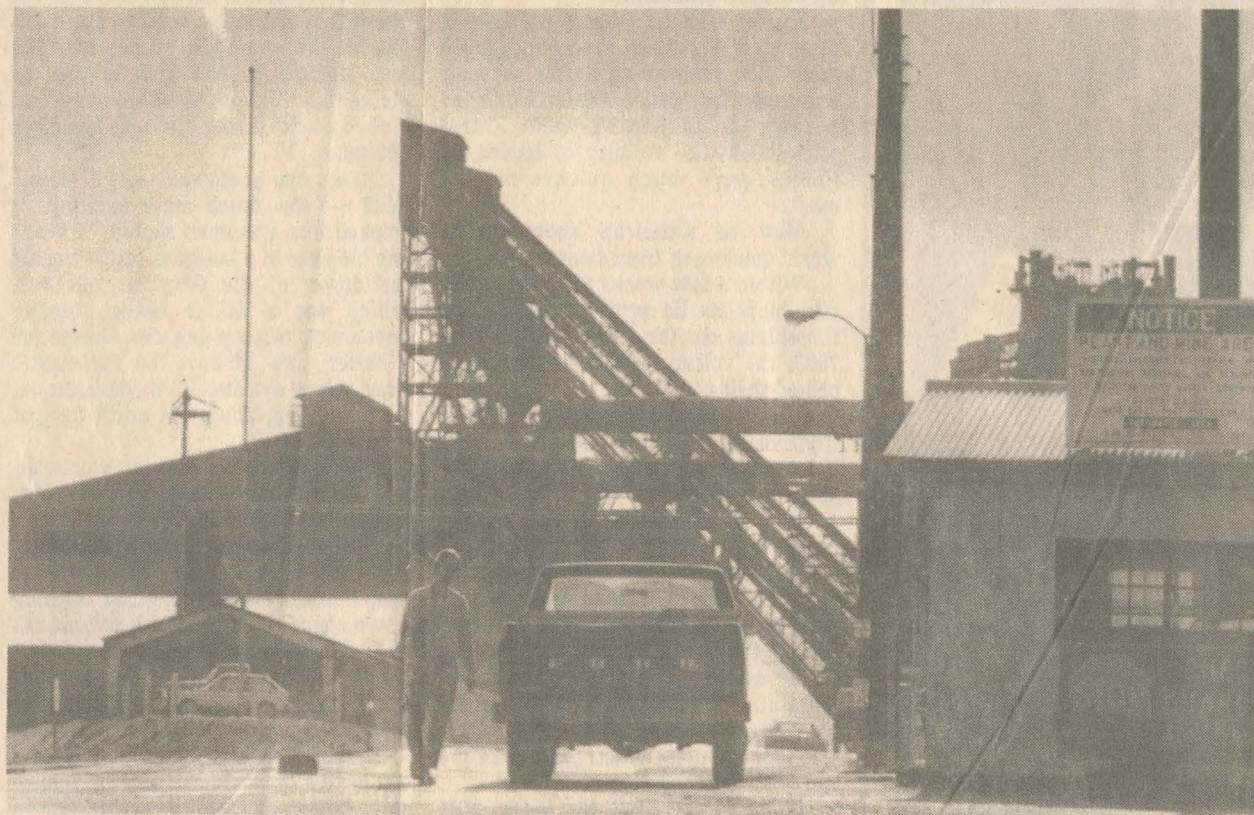
A slumping nickel market, aggravated by a flood of low-priced Eastern European nickel into the international market, has crippled many of Hanna's operations worldwide. All of its nickel plants are closed and a silicon plant in Wenatchee, Wash., shut down Oct. 1.

The Cleveland-based company reported a second-quarter 1982 income of \$1.7 million, compared with \$17.1 million for the same period in 1981.

Hanna officials offer little optimism. There is almost no chance, they say, that the Riddle mine and smelter will open before 1983.

"It's still an indefinite shutdown," said Mary Jackson, public relations assistant for Hanna. "They're looking to find out where the markets are. They're looking at things like new products, new production methods, anything they can do to speed up reopening."

About 20 workers are still employed at Hanna, mostly providing security. The jobless, members of the United



Associated Press Laserphoto

**CLOSED** — Hanna Mining Co.'s nickel plant in Riddle has idled 500 workers since its closure in April.

Steelworkers union, receive a \$158 weekly unemployment check.

State-issued extensions beyond the original 26-week period will allow the workers to receive benefits until next March. In addition, workers with two years of continuous service are insured by the company for one year beginning April 19, the date the plant shut down.

John Davenport, president of Local

5074, said the younger workers, with families to support and without much savings, were hit the hardest. Many had just finished their apprentice programs, he said.

Jobs are available in California, but they do not offer the salary Hanna workers are accustomed to, Davenport said.

"You're fighting a losing battle

when you've got a home here to keep up and then to move down to California to find a job that doesn't pay as much as the one you had," he said. "And then to try to maintain two homes just doesn't pay. So people just won't do it."

The workers' modest unemployment benefits have temporarily softened the impact of the shutdown. Yet the coming winter months promise to bring rising

costs of living. Davenport fears worse times ahead.

"We haven't been off work long enough for it to really sink in just how bad it could be, because the unemployment (compensation) is there," he said. "It's just a bad situation. I think it's a lot worse than what people really realize."

The winter, Davenport said, "is going to be rough psychologically for a lot of people."

A canned food drive started by the union to aid members' families has blossomed into a food drive and a rummage sale, designed to help any local needy family.

So far, Davenport said, about \$300 has been raised to help about a dozen families.

Predictably, the shutdown has dampened business in the area. Hanna supplied about one-third of all industrial jobs in south Douglas County, with a payroll of about \$19 million.

The precise effects are difficult to assess in the midst of a general economic recession. But the disaster some people predicted when the plant closed has been averted so far.

"I've heard people say that Riddle would be a ghost town," said Mayor Vida Samples. "I don't believe that. Riddle was here many years before they had the mine. And I think it'll be here if they ever open again."

Others paint a grimmer picture.

"It's starting to have an effect in the stores," said Bill West, president of the Myrtle Creek Chamber of Commerce. "It's affected all the towns in the area. It's hurting. I see it hurting down the line.

"We're struggling along," he said. "This is survival time."



# Laid-Off Hanna Workers Gird For Long, Cold, Hungry Winter

By CHRISTOPHER HANN  
Roseburg News-Review

RIDDLE, Ore. (AP) — Six months have passed since Hanna Mining Co. shut down its nickel plant here. Now workers, idled by the closure, are keeping their hopes up and girding for the long winter ahead.

For many of the 500 workers who found themselves abruptly unemployed, the void has been filled with yard work, household chores and uncertainty about the future.

Some people left the area. About 20 found work as millwrights in Rock Springs, Wyo. Others have looked for work outside Oregon but found none.

The majority of those remaining continue to collect unemployment benefits. They try to keep busy. They wait.

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at things like new products, new production methods, anything they can do to speed up reopening."

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Jobs are available in California, but they do not offer the salary Hanna workers are accustomed to, Davenport said.

"You're fighting a losing battle when you've got a home here to keep up and then to move down to California to find a job that doesn't pay as much as the one you had," he said. "And then to try to maintain two homes just doesn't pay. So people just won't do it."

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Others paint a grimmer picture. "It's starting to have an effect in the stores," said Bill West, president of the Myrtle Creek Chamber of Commerce. "It's affected all the towns in the area. It's hurting. I see it hurting down the line."

"We're struggling along," he said. "This is survival time."

HANNA worker leaves Riddle plant this spring full of hopes for a short "vacation."  
—AP Laserphoto

John B. Jones & Co. R. (RECEIVED)

# Smelters started at Hanna

Two smelting furnaces were started up at Hanna Nickel's mine and smelter in Riddle last weekend and about 30 smelter employees have been called back to work.

The smelters were shut down on Dec. 23 after problems developed during a test operation of a new "wet screening" process intended to move ore more efficiently from the nickel mine on top of Nickel Mountain to the smelter at the bottom of the mountain.

According to Mary Jackson, who handles Hanna's public relations out of the corporation's Cleveland headquarters, enough ore has been stockpiled to operate the two smelters for about three months.

The company shut down its mining operation at the end of May for a test to determine how

ore from the wet screening process goes through the smelters, she said.

"Nothing's really changed," Jackson said in a telephone interview. "We want to test the ore from the wet screening process."

With the shut-down of the mine, Jackson said, about 30 mine workers have been laid off and the smelter start-up has not resulted in an increase in the employed work force at the Riddle operation.

Different workers were called back to replace those laid off because of the different skills required, she said.

The nickel operation in Riddle now employs a total of about 180, down from about 270 before the plant shut-down one year ago this month to install a \$13-million wet screening process.

"Wet screening" involves run-

ning the ore through a crusher, then mixes it with water into a slurry that flows down the mountain from the mine to the smelter, where the ore is dried before going into the furnaces.

Under the old process, the ore was moved in an aerial tramway from the mine to the smelter.

The new process and heavy capital investment were intended to make it possible to produce nickel at a profit with nickel prices just under \$2 a pound, according to General Manager Herb Wedge.

However, after the new equipment was installed and started up last fall, problems developed, and both the mine and smelter were shut down on Dec. 23.

In addition to working to correct the problems with the wet screening process, after the shut-down maintenance crews installed a conveyor system to move ore to the ore crusher.

Jackson said that Hanna hopes to re-open the mine if the smelter test run goes well, but no date has been set.

Much depends on the price of nickel getting back up to about \$2 a pound.

"Nickel prices haven't improved," Jackson said. Nickel closed recently at \$1.83 on the London Metal Exchange, down from \$2.54 a year ago when work began installing the wet screening process.

The smelter has four furnaces, only two of which are being used for the test period.

Hanna, which opened the Riddle mine and smelter in 1954, employed between 500 and 600 workers and office personnel in 1980, before nickel prices began to drop.

The Riddle operation is the only integrated nickel mine and smelter in the country.

SOURCE: UMPQUA (OR) FREE PRESS

DATE: JUNE 12, 1986

COMMODITY SECTION: FERROUS

STATE ARTICLE CONCERNS: OREGON

# THE NORTHWEST

## Another nickel operation closure frustrates area

By JEFF BARNARD

RIDDLE (AP) — The sign on the road to Nickel Mountain has a line that reads, "Permission to pass revokable at any time."

That sign has taken on new meaning in this town of 1,115 people in the oak-studded hills of Southern Oregon.

For the third time in four years, M.A. Hanna Co. of Cleveland, Ohio, has announced it is shutting down the nation's only combined nickel mine and smelter.

"I don't know if I'll go back," said Hanna worker Gerald Page, sitting in the shade of his front lawn. "I've been out there 21 years. I'd like to get my 30 in, but it's tough six months at a time."

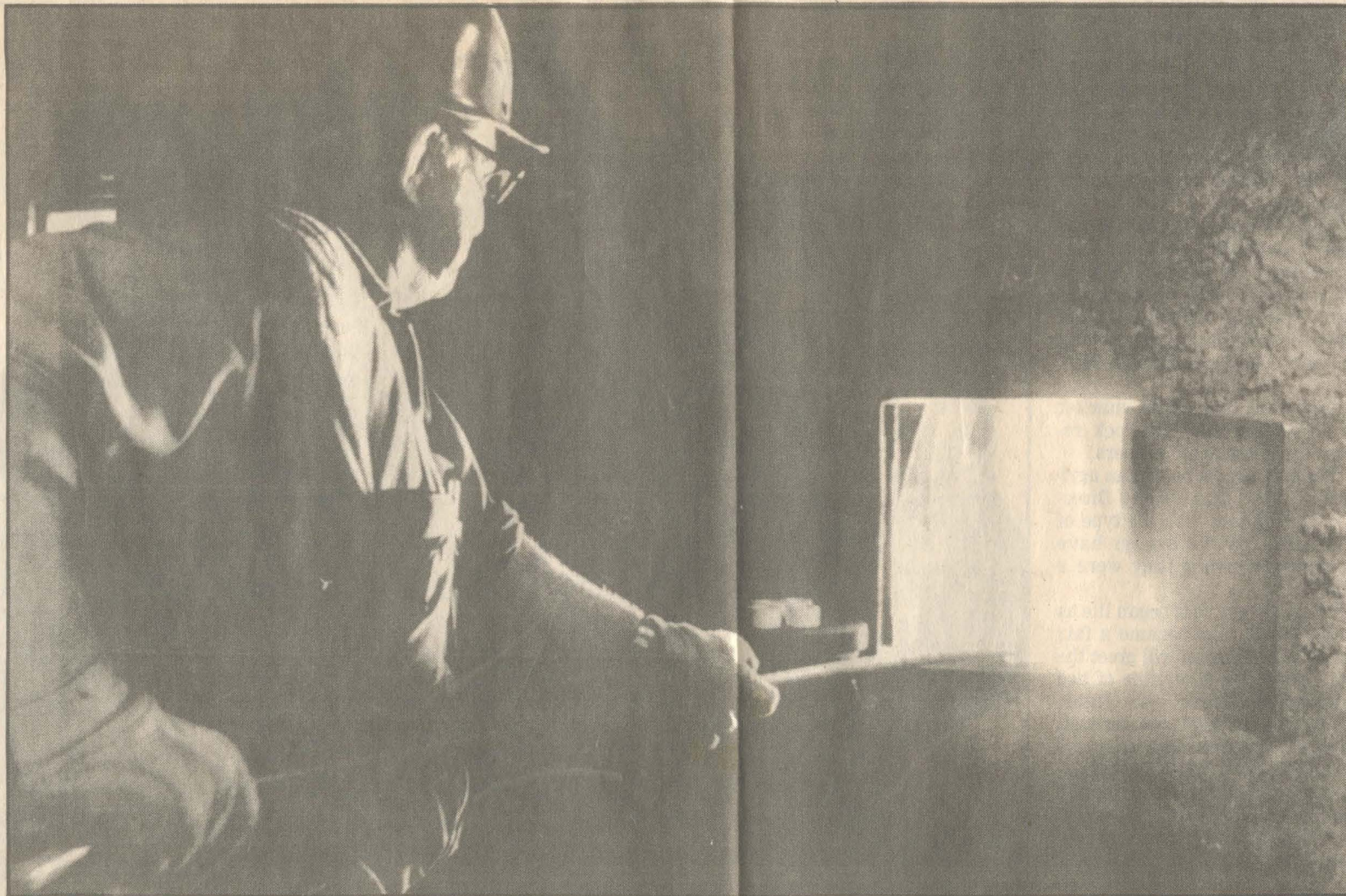
Hanna announced a week ago it was shutting down its Hanna Nickel Smelting Co. indefinitely because of falling nickel prices, putting about 180 people like Page out of work.

Nickel is used as a hardening agent in steel production. The combination of increased competition from foreign suppliers and reduced steel production in this country have combined to drop nickel prices from \$2.52 a pound to \$1.77 in the past year, said Hanna spokeswoman Mary Jackson.

The decision was frustrating for both the company and workers, since steps had been taken to make Nickel Mountain more efficient after the first shutdown four years ago.

Falling prices were blamed in April 1982 when Hanna shut down the mine and laid off 500 people.

Cutting both power and labor costs, the company rehired about 260 people when it resumed production in November 1983.



Mike Schauer samples molten nickel with a ladle attached to a steel rod in this file photo of the Hannah Nickel operation in Riddle.

savings at \$5.5 million a year.

Cuts in the labor force, a wage rollback of \$1.23 per hour and limited production brought the annual payroll down from \$18 mil-

lion June 1985 to install a new \$13 million ore-screening process that was supposed to get a higher yield from the low-grade ore remaining on the mountain.

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time we were going to go back for at least five years," said Page, who works on the refining furnace.

The one consolation was that the economic impact on southern

right now, so that should lessen the impact," said Farmer.

This time the four wood products mills in town are turning out lumber, plywood and laminated

Many Hanna workers in the state to find work. Some of those who remain in town are finding jobs because they were wary of hiring. "I would go back to work if the mine reopened."

"If I got a job now and it was steady, I'd go back," said Page. "It's a wonderful place to work. I started. Now it's just a job. By the looks of things, I'm going to get any better."

There is lingering anger in town over this news. People grumble about the layoffs made by people from the quarters "back East."

Though there is hope that the mine could be the first of the year, indications Hanna is emphasizing its nickel division, which recently is operating losses for months of this year with a \$1 million profit.

With the appointment of Rockwell International director Martin D. executive officer of M.A. Hanna, the company claimed it is embarking on a phase of diversification.

"We are certainly changing our traditional markets, but given the nary difficulties and energy industry that we broadened activity," outgoing Robert F. Anderson

Larry Linton, local hardware store, and Riddle Grocery, remain

"When they say they

Associated Press/1984

# er nickel operation closure frustrates area



Associated Press/1984

Mike Schauer samples molten nickel with a ladle attached to a steel rod in this file photo of the Hannah Nickel operation in Rid-

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savings at \$5.5 million a year.

Cuts in the labor force, a wage rollback of \$1.23 per hour and limited production brought the annual payroll down from \$18 million before the 1982 shutdown to \$6 million when the mine reopened.

After negotiating a new five-year labor contract and securing continued low electric rates, the

June 1985 to install a new \$13 million ore-screening process that was supposed to get a higher yield from the low-grade ore remaining on the mountain.

Operations resumed last October, but production has been spotty as the company worked to fine-tune the new ore-screening process.

"I know everybody thought this

time we were going to go back for at least five years," said Page, who works on the refining furnace.

The one consolation was that the economic impact on southern Douglas County wouldn't be as bad as when the mine shut down four years ago, said Wally Farmer, senior vice president of the South Umpqua State Bank.

"Timber is in pretty good shape

right now, so that should lessen the impact," said Farmer.

This time the four wood products mills in town are turning out lumber, plywood and laminated beams.

The last time, the mine shutdown hit when the region was reeling from a deep recession in the timber industry, the lifeblood of Oregon

Many Hanna workers left the state to find work and some of those who remained had trouble finding jobs because companies were wary of hiring someone who would go back to Hanna as soon as the mine reopened.

"If I got a job now with a future and it was steady, I wouldn't go back," said Page. "It was a wonderful place to work when I first started. Now it's just up and down. By the looks of things it's not going to get any better."

There is lingering resentment in town over this latest shutdown. People grumble about decisions made by people from Hanna headquarters "back East."

Though there is talk in town that the mine could reopen after the first of the year, there also are indications Hanna may be de-emphasizing its nickel and silicon division, which reported a \$2 million operating loss in the first six months of this year, compared with a \$1 million profit for 1985.

With the appointment of former Rockwell International Corp. director Martin D. Walker as chief executive officer and chairman of M.A. Hanna, the company proclaimed it is embarking on a new phase of diversification.

"We are certainly not abandoning our traditional products and markets, but given the extraordinary difficulties facing the steel and energy industries, it is essential that we broaden our base of activity," outgoing chairman Robert F. Anderson said.

Larry Linton, who owns the local hardware store and the Riddle Grocery, remains optimistic.

"When they opened in 1951, they said it would only run for 20 years," he said of the mine. "If the price of nickel goes up, I'm sure it will be back open again and the frowns will turn to grins."

"People around here are pioneers," he added.

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# Feasibility study to evaluate possible Hanna smelter uses

A request for funds to finance a feasibility study on converting the Hanna Nickel smelter to other uses was to be sent to the state Economic Development Commission this week, according to Tony Kuhn, director of the Coos-Curry-Douglas (CCD) Business Development Corp.

A preliminary proposal by Hatch Associates, Buffalo, N.Y., consulting engineers, prepared two weeks ago after a visit to the Hanna smelter in Riddle, suggested several alternative uses for the facility, which was closed by Hanna earlier this year.

One alternative would be to convert the smelter to produce ferrochrome from black sands abundant along the off-shore shelf of the southern Oregon coast.

The feasibility of this process has not been proven, the preliminary proposal states. And the market for ferrochrome, most of which is imported from South Africa, remains depressed.

A \$24 million ferrochromium smelter plant has been proposed for the Port of Coos Bay. Facilities at Hanna might possibly be used in conjunction with this proposed plant, the proposal suggests.

Another alternative suggested is to convert the plant to produce stainless steel slabs containing chromium concentrates from another ore source. Major equipment is in place for this process.

A third alternative would be to remelt scrap metal from aircraft companies and other manufacturing firms on the west coast.

Other possibilities suggested were to recover metals from fly ash generated by coal-fired power generating plants, hazardous waste destruction of contaminated soils by burning and recycling of electric arc furnace dust to recover metals.

Kuhn said the CCD has asked Hanna not to dismantle equipment at the smelter for at least 90 days until the feasibility study can be completed. Hanna has also

been asked to contribute \$7,500 toward the estimated \$50,000 cost of the study.

The rest of the study cost would be financed by a \$31,875 grant requested from the state and with county funds.

If the feasibility study for one or more of these suggested uses proves favorable, the results would be made available to companies interested in actual conversion of the facilities, which would finance all or most of the cost.

No estimates were given in the preliminary proposal on how many jobs could be created by the various alternative uses. However, unofficial estimates presented at a Regional Economic Strategies public hearing several weeks ago in Myrtle Creek were that 25 or more workers would be required and, with support services, an additional 50 jobs might be created.

Hanna Nickel at one time employed more than 600 and had about 220 employees before the operation was shut down.

SOURCE: UMPQUA (OR) FREE PRESS

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STATE ARTICLE CONCERNS: OREGON

# It's the year of the 'Twin Towers'

By WILLIAM R. BARNARD  
AP Sports Writer

## NBA preview

Twin Tower front lines, a National Basketball Association phenomenon at Houston last season, now are under construction in New York, Boston and Washington.

The pairing of 7-foot-4 Ralph Sampson and 7-foot rookie Akeem Olajuwon worked so well for the Rockets that they won 19 more games last season than the previous year.

That experiment was one of the highlights of a 1984-85 season that included the Los Angeles Lakers' beating the Celtics for the first time in the championship series and the electrifying performance of rookie Michael Jordan of Chicago.

More teams will present their own towering lineups when the 1985-86 NBA season opens Friday night. For

year, added frontline depth in rookies Terry Catledge, 6-8, and Greg Stokes, 6-10.

"There seems to be an emphasis on size and strength this year, and I feel our big people are as good as most front lines, but we will also strive to be fresh, quick and opportunistic," Guokas said.

Washington, New Jersey and New York complete what Brown, the Knicks' coach, calls "possibly the toughest division in sports, not just basketball."

The Bullets traded Rick Mahorn to Detroit for Dan Roundfield and sent longtime forward Greg Ballard to Golden State. Roundfield probably will start with holdovers Ruland, Cliff Robinson, Jeff Malone and Gus Williams.

The Nets hope to get full seasons from injury plagued Darrvl Daw-

339 games lost to injury last year, have a host of young players who could develop with Ewing. Darrell Walker and rookie Gerald Wilkins, brother of Atlanta's Dominique, are the brightest hopes besides Ewing, and the team should benefit from more enthusiasm from New York's fandom.

In the Central Division, Milwaukee won for the fifth straight season and the Bucks return their solid nucleus of Sidney Moncrief, Terry Cummings and Paul Pressey. Randy Breuer, 7-2, impressed Coach Don Nelson in summer workouts and could see more action, with 6-11 center Alton Lister moving to forward in another Twin Towers possibility.

Detroit was a disappointment last year until the Pistons gave Boston a six-game battle in the playoffs. Isiah Thomas, Bill Laimbeer and Kelly Tripucka are the stars, with John Long and Vinnie Johnson the outside sharpshooters.

Chicago, with Jordan and Orlando Woolridge, and Cleveland, rebounding from a 2-19 start, both returned to the playoffs last year. They should outdistance Indiana, despite

the Pacers' addition of rookie Wayman Tisdale, and Atlanta in the standings.

The Lakers, who acquired veteran forward Maurice Lucas to join returning stars Earvin "Magic" Johnson, Kareem Abdul-Jabbar, James Worthy, Byron Scott and Michael Cooper, walked away with the Pacific Division title by 20 games over Portland.

The Trail Blazers, who were 20-28 in the first half and then won 22 of their last 34 games, believe center Sam Bowie and swingman Clyde Drexler will improve enough to close much of that huge gap.

Phoenix is having contract problems with All-Star Larry Nance, while Golden State, Seattle and the Clippers are looking to rookies Chris Mullin, Xavier McDaniel and Benoit Benjamin, respectively, for improvement. The Warriors also return center Joe Barry Carroll, who spent a year playing in Europe.

The Central Division should be closely contested, with Denver, Houston, Utah and Dallas the top contenders.

The Nuggets surprised by winning the division title last season as new-

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# Riddle nickel company to close — slipping market prices cited

RIDDLE (AP) — Hanna Nickel Smelting Co. will be shut down indefinitely next Friday primarily because of slumping nickel prices, parent company M.A. Hanna Co. announced Saturday.

Hanna spokeswoman Mary Jackson said the shutdown will affect about 180 to 190 people who have been rehired gradually since the nickel plant first shut down two years ago.

She said nickel prices have dropped more than 20 percent since last summer when Hanna Nickel began construction of a new "wet-screening system" that the company expected to return the operation to profitability.

In July, nickel prices on the London Metal Exchange averaged only \$1.77 per pound, with little hope for significant improvement in the future, Jackson said.



# THE NORTHWEST

## Hanna Nickel to shut Riddle operation permanently

RIDDLE (AP) — After more than 30 years of operation, the Hanna Nickel Smelting Co. will close permanently, Hanna's parent company announced Wednesday.

The closure was approved Wednesday by the board of directors of M.A. Hanna Co. of Cleveland, Ohio. The nickel smelting operation had been shut down since August due to weak nickel prices.

M.A. Hanna said writing off its wholly owned nickel mining and smelting operation and other nickel investments would result in a 1986 fourth-quarter charge of about \$59.2 million.

The closure was one of several restructuring steps taken to position the corporation for "a new era of sustained growth and profitability," president Carl E. Nickels Jr. said.

About 200 workers were laid off when the nickel

operation was closed in August.

"The closure of Hanna Nickel is a painful disappointment for everyone — employees, suppliers, public officials and corporate management — who tried so hard and sacrificed so much in recent years to restore the operation's health," Nickels said in a letter to employees.

Since a shutdown five years ago, steps had been taken to make Hanna Nickel more efficient, but prices for nickel, used as a hardening agent in steel production, ultimately made those efforts futile.

The company pointed to falling prices in April 1982 when Hanna first shut down the mine and laid off about 500 workers. The company rehired about 260 people when it resumed production in November 1983 after cutting power and labor costs.

Hanna secured a low-price electric rate from the Bonneville Power Administration to run its smelters nights and weekends, a move the company estimated would save the only integrated nickel operation in the United States about \$5.5 million a year.

Reductions in the labor force, a wage cut of \$1.23 per hour and limited production reduced the payroll from \$18 million before the 1982 shutdown to \$6 million after the mine reopened.

After negotiating a new five-year labor contract and securing continued low electric rates, Hanna shut down in June 1985 to install a new \$13 million ore-screening system the company hoped would return the operation to profitability.

Operations resumed in October 1985, but production

was spotty as the company worked on a new ore-screening process. Last year, with nickel prices continuing to slide, Hanna announced it would cease operations indefinitely.

Since then, nickel prices have fluctuated, dropping from about \$1.80 a pound in 1984 to

"It became more and more evident that 1986 drew to a close, with nickel prices only about \$1.60 per pound and without any improvement, that Hanna's 32-year-old Hanna Nickel was drawing to a close.

"Unfortunately, the odds were stacked against a depleted ore body at the mine, a surge of overseas competition from the U.S. steel industry all conspired against

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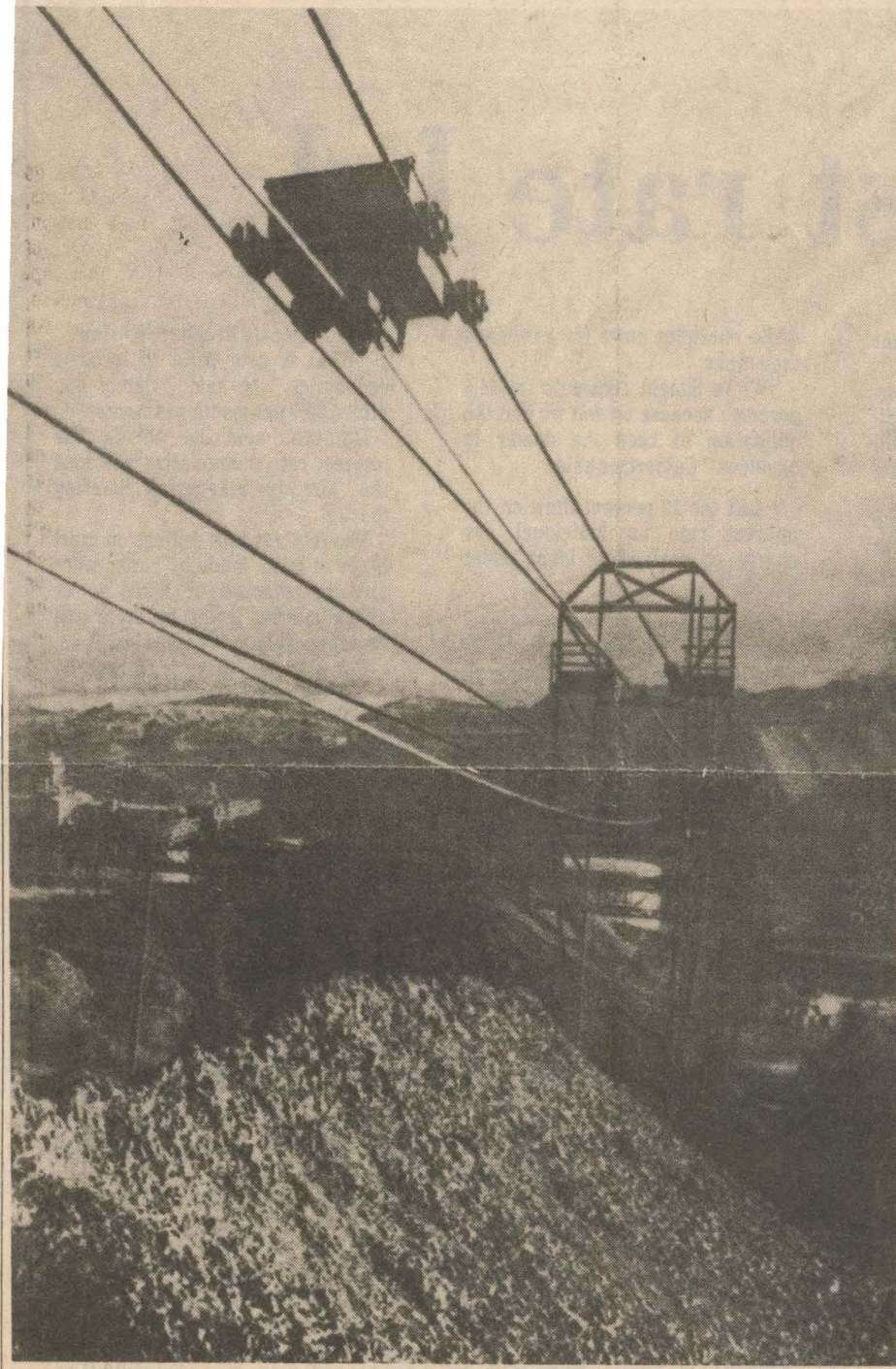
Since then, nickel prices have only gotten worse, dropping from about \$1.80 a pound to \$1.60.

"It became more and more evident to management as 1986 drew to a close, with nickel prices languishing at only about \$1.60 per pound and with slim prospects for improvement, that Hanna's 32-year involvement with Hanna Nickel was drawing to a close," Nickels said.

"Unfortunately, the odds were stacked against us, as a depleted ore body at the mine, a global oversupply of nickel, a surge of overseas competition and a shrinking U.S. steel industry all conspired against us," he said.

# U.S. defense figured in

5018



Tram car with ore heads down from Nickel Mountain

UPI photo

PORTLAND (UPI) — Twenty-eight years ago during the Korean War, the U.S. Defense Department concluded that America had a strategic vulnerability — nickel.

The country lacked a single domestic source of the material — essential for the production of stainless steel — a key ingredient in hundreds of military products.

In reaction to that discovery, the defense department launched a nationwide effort to find a nickel reserve large enough to help ease the country's dependency on Canadian and New Caledonian nickel suppliers.

The result, in July 1954, was the Hanna Nickel Smelting Co. mine in the southern Oregon Coast Range near Riddle, then — and still today — the only nickel mine in the United States.

"The federal government wasn't even sure in 1954 the mine would be feasible, but it was," said Marvin Johnson, company technical superintendent.

In the 1950s, the government received a portion of Hanna's annual production to stockpile nickel supplies, but ever since then, he said, Hanna's been on its own.

And that has meant an annual production of 20 million pounds of nickel and employment of 600 persons at its operation atop 3,546-foot Nickel Mountain four miles west of Riddle.

The mountain received its name 100 years ago when South Umpqua Valley pioneers discovered its greenish-tinged nickel laterite deposits.

Many of them, as well as dozens of Chinese immigrants, subsequently mined the mountain in the late 19th Century, but no major company took the gamble until Hanna turned the pine-and-madrone-carpeted peak into an anthill of testing, mining and smelting.

Although Hanna is the only commercial mine in the United States, it may not be the last — not even in southern Oregon.

The U.S. Bureau of Mines has targeted about 6,200 acres in adjacent Josephine and Curry counties as having

significant deposits of valuable, low-grade, nickel-cobalt laterite.

One company, Baretta Mining Co. LTD., of Calgary, Alberta is test drilling for sulfide and cobalt deposits near O'Brien, a speck of a community in the Siskiyou Mountains near the Oregon-California border.

Len Ramp, director of the state Geology and Mineral Industries office in Grants Pass, said another firm, CalNickel Corp., Gasquet, Calif., also has "been talking" about starting up a mine in Del Norte County just south of the Oregon-California border.

Johnson said the nickel mined at Riddle is a superior

# Riddle mine

grade and found in a "virtually indefinite" supply.

Not that the ore grade at the Hanna mine is ideal, said Hanna mining engineer Mike Psiropoulous. "This is the lowest grade deposit that's being mined any place in the free world," he said.

The ore averages about 1 percent nickel, while deposits in Canada and New Caledonia usually average in the two to three percent range, Psiropoulous said.

Because of that low grade, Johnson said, Hanna has to be more efficient than other companies working richer deposits in other parts of the world.

"Different people have dif-

ferent conceptions of what a mine looks like," Psiropoulous said, "and ours is a very unique. We mine very selectively, and we won't run all over the place on the mountain."

Bulldozers dump about four million tons of ore — 80,000 truckloads annually — into a screening plant feed hopper. The screening separates the ore according to size, with the smaller rocks going directly to the smelting plant, and the larger rocks to a mechanical crusher, he said.

The ore is transported from the top of the mountain to the smelting plant by a 8,000-foot tramway, the longest in the state, which covers a 2,000-

foot vertical drop in only 13 minutes, he said.

At the smelting plant, Psiropoulous explained, the ore is heated to approximately 3,000 degrees Fahrenheit and poured in ladles where the nickel extraction occurs. The final product is a 25-pound ferronickel ingot, (half nickel, half iron) which is sold to steel manufacturers nationwide.

And company officials have no doubts they'll always have a market for their fine, rare product.

"As long as America needs stainless steel," Johnson said, confidently, "they'll be a market for Hanna's nickel."

# Nation's only nickel mine will be open for many years

5018  
PORTLAND, Ore. (UPI) — Twenty-eight years ago during the Korean War, the U.S. Defense Department concluded that America had a strategic vulnerability.

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And that has meant an annual production of 20 million pounds of nickel and employment of 600 persons at its operation on top 3,546-foot Nickel Mountain (ac-

tual name) four miles west of Riddle.

The mountain received its name one hundred years ago when South Umpqua Valley pioneers discovered its greenish-tinged nickel laterite deposits. Many of them, as well as dozens of Chinese immigrants, subsequently mined the mountain in the late 19th

century, but no major company took the gamble until Hanna turned the pine- and madrone-carpeted peak into an anthill of testing, mining and smelting.

Although Hanna is the only commercial mine in the United States, it may not be the last — not even in Southern Oregon.

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