

# Mine plan digs into forest

## Project would bring 80 jobs near Opal Creek

By Dan Postrel  
The Statesman Journal

A Utah company is proposing to dig a 1,000-foot-deep copper mine in the Willamette National Forest east of Salem, about 2½ miles from scenic Opal Creek.

The project would provide about 80 jobs for at least eight

years, producing about 137 million pounds of copper.

Mining practices

Page 2A

Officials with Plexus Resources Corp. of Salt Lake City said about 65 of the workers could be hired from the economically depressed timber towns of the North Santiam Canyon.

Ore would be extracted from tunnels, in contrast to open pit mining, in which topsoil is scraped away.

The operation would be the state's largest underground mine.

The proposal faces at least two years of environmental study by the U.S. Forest Service and state agencies.

The mine would be in the Cedar Creek valley, about 50 miles east of Salem.

It is flanked by undeveloped areas prized for their towering trees, scenic views and rushing water.

Over a ridge to the east is Opal Creek, whose old-growth trees have be-

come a national symbol of the fight over logging in the Northwest's national forests.

Cedar Creek, however, does not have the pristine quality of the neighboring valleys.

"It's the only part of that whole area that has been roaded and cut," said

George Atiyeh of Gates, the best-known opponent of proposals to log Opal Creek. "These guys really lucked out."

Plexus acquired long-term leases on mining claims in the area in 1989 from Cyprus Minerals Co. of Denver.

Allen Gordon, a Plexus vice presi-

dent, said about five truckloads of copper concentrate would leave the mine daily, probably destined for smelting overseas.

According to company plans, no old-growth trees would be affected and existing roads would be used for access.



Marci Kalsch, a geologist with Plexus Resources Corporation, checks samples for a proposed copper mine.

Gerry Lewin/Statesman Journal

# Plexus: Copper mine is earth-friendly

□ Mine at Opal Creek: Page 1A

By Dan Postrel

The Statesman Journal

Plexus Resources Corp.'s proposed copper mine in the Willamette National Forest bears little resemblance to Oregon gold mining plans that have triggered a huge environmental battle.

Several companies have expressed interest in extracting gold from large pit mines in the eastern part of the state.

Although mining executives say the process can be handled safely, environmentalists have sought to place strict controls on it. Some have said they would like to ban it.

According to interviews and documents that Plexus has submitted to the U.S. Forest Service, the copper and gold mining proposals differ in at least two key respects:

- The gold mining plans typically involve the use of cyanide to leach particles of gold from ore. The Plexus operation would use primarily mechanical means to extract copper from ore.

- Pit mining involves large amounts of land. The Plexus mine would be underground, and more than half of the mining wastes, called tailings, would be returned to the tunnels.

In all, the copper operation would cover about 32 acres of land. Milling and related operations would cover eight to 10 acres, and tailings not returned to the mines would be formed into a contoured layer over the rest.

"At this point, it does sound kind of earth-friendly, as mining goes," said Michael Donnelly of Salem, a vice president of the Oregon Natural Resources Council.

But he said his group needed more information before forming an opinion.

"We're going to look at it real closely," he said. "That's our water supply, not to mention the national forest."

The mine would be near Cedar Creek, a tributary of the North Santiam River's Little North Fork.

The North Santiam is Salem's drinking water source, and the city has taken increasing interest in recent years in activities in the river's drainage area.

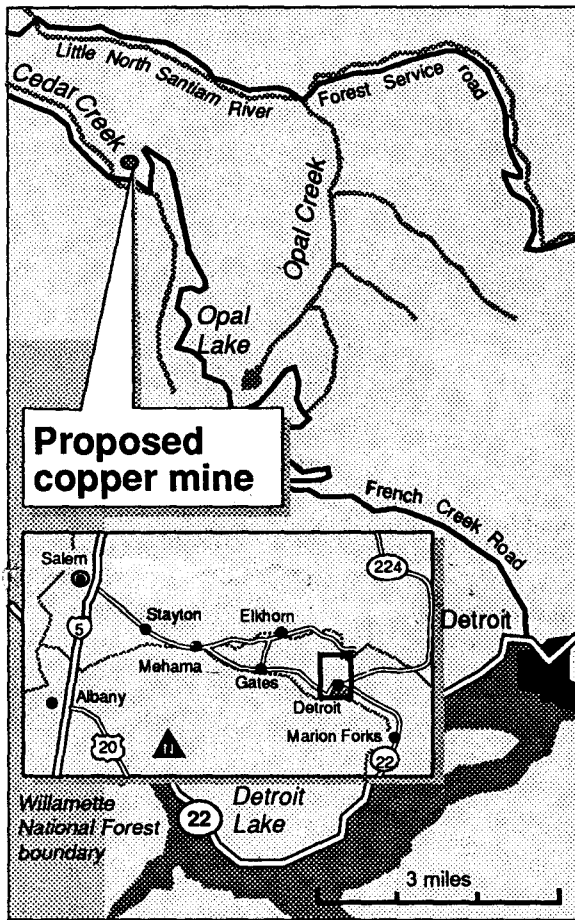
Dan Bradley, Salem's water superintendent, said officials didn't consider the project a threat to water quality.

Allen Gordon, a Plexus vice president, said his company intended to make the project a showcase for modern mining techniques.

Milling equipment would be placed in buildings to minimize noise and dust, he said, and the entire site would be returned to a near-natural state when the mining is done.

George Atiyeh of Gates, an advocate of preserving Opal Creek and the owner of a small mining operation, agreed that the project could be environmentally sound.

"I think it will be a good thing, as long as they do everything they say they are going to do," he said. "If they don't, we're going to come unglued."



## Mill City hopes for new mine

MILL CITY — People here welcome the prospect of a new copper mine and the jobs it could bring.

Officials with Plexus Resources Corp. have said their mine could provide about 65 jobs for heavy-equipment operators and other local workers.

"We're excited about the possibilities that exist," said Kevin Long, the president of the North Santiam Chamber of Commerce.

The area's economy depends on the timber industry, which faces declining U.S. Forest Service timber harvests, uneven demand for its products and other problems.

Long said he hoped that government restrictions would not prevent Plexus from going ahead with its \$13 million project.

"The best thing the Forest Service could do for this community would be to really focus on this project and give it a tremendous amount of attention," he said.

Long said he recognized that the mine was not a permanent solution to the area's economic problems.

The mine's life is expected to be about eight years, with two more years for construction and eventual reclamation.

But company officials have said they hoped to find other deposits in the area that could prolong the project.

The company has named the mine the Bornite Project, for a copper-bearing mineral.

# Costs of Downs adding

Latest case \$100,000 t

□ Downs gets her say

By Alan Gustafson

The Statesman Journal

Diane Downs' latest to be an expensive affair.

The Oregon Attorney seeking to defeat Downs trial, has spent about post-conviction case.

That makes it one of cases of its kind, legal

About 350 post-conviction Oregon at any one time two to three months.

"Obviously, if each case is breaking the bank man for the attorney day.

Downs' case became her original criminal churned out 2,000 pages

Given the vast volume notorious nature of Downs, surprising that the post-conviction legal wrangling, expert

"It's a celebrated case to give it their all," Le Steve Gorham, the Downs, concurred.

"We've been through her said.

The tab for Gorham on Downs' behalf contained Tuesday.

Getting Downs to while she's there — cost payers.

It cost \$3,000 for Corrections to transport prison to Salem.

Robey Eldridge, a fused to provide an bill Tuesday.

"To do that would "We're not going to here." By appearance state police are making ensure that Downs does not escape exploits.

In 1987, she scaled Women's Correction the most stunning escape.

Holed up in a hour remained at large for

# A flawed jewel of the forest

5018

■ Tailings and diesel left from years of mining have left soil in the Opal Creek valley contaminated and are holding up preservation plans.

By Dan Postrel

The Statesman Journal

The Opal Creek valley, with its towering old-growth trees and rushing waters, is hailed as the gem of the Oregon Cascades.

But there's a flip side that is neither as public nor as pretty.

Decades of mining have contaminated soil with diesel fuel and left milling waste containing lead, cadmium and other metals.

The pollution has held up the Shiny Rock Mining Co.'s much-publicized plan to donate its mining claims to a non-profit environmental group.

A spokesman for The Nature Conservancy said his group remained interested in the property but was not negotiating to accept it.

"We need to receive it either in a clean condition or a liability-free condition," the group's David Allen said.

Another non-profit group, Friends of Opal Creek, also has shown interest in receiving the property after it is cleaned up.

The extent of the environmental problems came to light last year, when Shiny Rock and its parent company, the Honolulu-based Persis Corp., hired an environmental consultant to look over the property.

Paul de Ville, a vice president of both companies, declined to disclose the exact cost of the cleanup. But he said it would exceed \$1 million.

He said he hoped the work could be done this year, putting donation plans back on track.

In any case, he said, the property will remain open to hikers; about 7,000 visited last year.

"We're committed to a preservation mode," de Ville said.

Shiny Rock holds about 2,980 acres of mining claims, valued at more than \$12 million, in this part of the Willamette National Forest 50 miles east of Salem.

Among the most strategic are 95 acres at Jawbone Flats, a mining camp at the confluence of Opal and Battle Ax creeks.

The camp is in the heart of about 30,000 mostly roadless acres that environmentalists want kept off-limits to loggers. A bill sponsored by U.S. Rep.



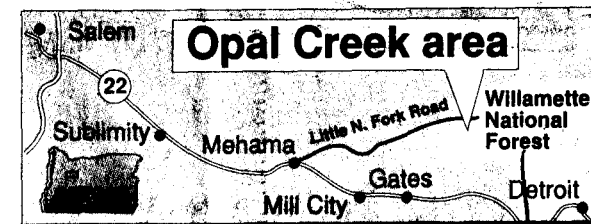
Gerry Lewin/Statesman Journal

George Atiyeh of the Shiny Rock Mining Co. says his company faces a costly cleanup near Jawbone Flats.

Mike Kopetski, D-Salem, would preserve most of that land.

Shiny Rock halted its small-scale mining operation last year and is allowing Friends of Opal Creek to conduct hiking tours at Jawbone Flats.

■ Company wants to end involvement;  
■ Forest Service has its own problems: Page 2A



# Company wants out of Jawbone Flats mining

□ The problems: Page 1A

By Dan Postrel

The Statesman Journal

The Persis Corp. wants out. For 20 years, the Honolulu-based company has run a small mining operation at Jawbone Flats, a batch of weathered buildings in the Willamette National Forest.

But Paul de Ville, a Persis vice president, said company officials now wanted to concentrate on the business they know best: newspapers.

Persis' flagship is the daily *Honolulu Advertiser*.

The family-owned company, which releases little financial information, also has papers in Washington and in Tennessee.

"The last five years have been growing years for us on the newspaper side," de Ville said.

"We frankly have gotten out of or translated many of our non-media investments into media investments."

Persis' original investment in local mining came in 1972, when the company formed the Shiny Rock Mining Co. after buying mining claims and equipment for \$101,000.

Shiny Rock's holdings were recently appraised at more than \$12 million.

In spite of that value, De Ville said, Shiny Rock has lost more money than it has made selling lead, zinc and other metals.

Shiny Rock President George Atiyeh said most profits were obliterated by a years-long battle with the government about the status of some of the company's mining claims.

Shiny Rock halted mining and milling of ore...

## How to get there

To reach Jawbone Flats and Opal Creek, drive east from Salem on Highway 22 to Mehama. Turn left onto Elkhorn Road, which also is Forest Service road 2209.

The road turns to gravel at the community of Elkhorn. Follow it about eight more miles, until you reach a locked gate. Park here. Jawbone Flats is a three-mile walk beyond the gate.

On weekends, volunteers with Friends of Opal Creek, a non-profit group, greet hikers at Jawbone Flats with information about the area.

For more information, call Friends of Opal Creek during Monday through Friday from 9 a.m. until 2 p.m. at 897-2921.

Now, he said, too many hikers tramp through Jawbone Flats to allow for practical mining.

"The mill is loud. It's dusty," he said. "We're a victim of our own success in promoting the aesthetics of this place."

Although revenue from mining is gone, Atiyeh said, Shiny Rock and Persis still face costs of about \$150,000 a year to maintain the area's roads, bridges and buildings.

"As long as they're still here, they're bleeding," Atiyeh said.

The companies also face costs estimated at more than \$1 million to clean up mining wastes. The company is awaiting state approval for the cleanup, which is necessary before Persis can make good on its public promise to donate its holdings to a non-profit group.

Giving away all or part of the land would stem Persis' cash losses and provide tax breaks.

## Problems and solutions for Jawbone Flats

EMCON Northwest, a consultant hired by the Shiny Rock Mining Co. last year, found two kinds of pollution on company property at Jawbone Flats. Here's a look at the problems and at EMCON's proposed solutions.\*



Gerry Lewin/Statesman Journal

### Contaminated mill tailings

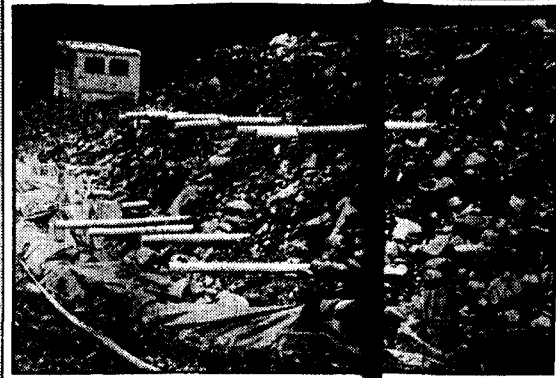
**PROBLEM:** Fine material called mill tailings, the waste from processing ore, contain concentrations of lead and cadmium, potentially toxic metals.

The waste was found in and under a mill building and in a nearby storage pond. EMCON concluded that none had reached Opal or Battle Ax creeks.

The consultant determined that the tailings should be isolated from the environment, even though they don't meet technical definitions of hazardous waste.

**PROPOSED SOLUTION:** Mix the waste with cement, ensuring that it can't migrate through water, and seal it in a concrete vault near Jawbone Flats. The vault, 62 feet long, 34 feet wide and 16 feet tall, would be buried under as much as eight feet of soil.

\* The Oregon Department of Environmental Quality is reviewing EMCON's plans. Department officials said that study should be complete in a month to six weeks. If the plans are approved, Shiny Rock could complete the work this year.



Gerry Lewin/Statesman Journal

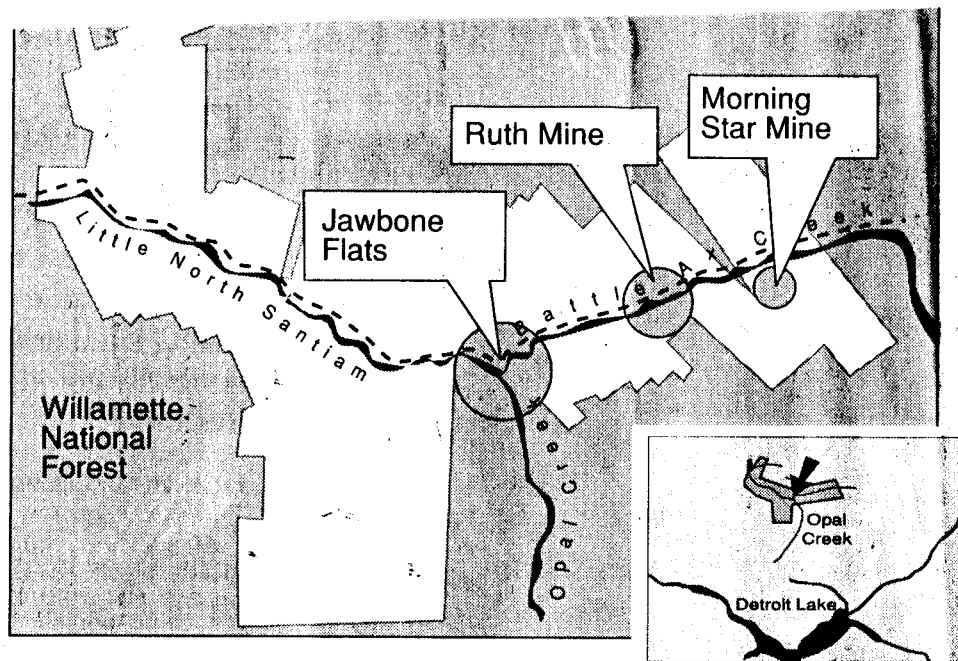
### Diesel-contaminated soil

**PROBLEM:** Diesel has contaminated soil at various storage and fueling areas, although EMCON concluded that none had reached streams.

Shiny Rock workers have poured about 1,000 cubic yards of the soil and equipped the pile with pipes, hoping to aerate the waste and break it down. But this method doesn't always work, depending on the make of the soil.

**PROPOSED SOLUTION:** Spread the soil on plastic sheeting and add nutrients to encourage naturally occurring bacteria to break down the diesel.

## Mining claims at



Some background about mining at Jawbone Flats and the Persis Corp.'s involvement:

- Prospector James Hewitt, former Gov. Vic Atiyeh's father-in-law, staked many mining claims in the area beginning in the 1930s.

- Hewitt died in 1970. The Advertiser Publishing Co., now Persis, formed the Shiny Rock Mining Co. in 1972 after paying \$101,000 for his estate.

- Atiyeh family members became Shiny Rock's top officials.

- During the 1980s, Shiny Rock spent more than \$500,000 in legal and other expenses to seek patents on 95 acres of mining claims in and near Jawbone Flats.

- Patenting converts claims to private property if the land is deemed to have sufficient mineral value.

- Shiny Rock's strategy drew criticism from residents of the North Santiam Canyon, who saw it as a land grab by people who wanted to keep loggers away from Opal Creek.

- George Atiyeh, the former governor's nephew, contended that the patents were necessary to combat U.S. Forest Service challenges of Shiny Rock's mining operation.

- The Forest Service argued through much of the 1970s and 1980s that Shiny Rock didn't do enough mining to justify the continued holding of mining claims.

- In 1990, the federal Interior Board of Land Appeals sided with Shiny Rock, and the patents eventually were issued.

- Combined with other patent claims in the area, Shiny Rock has about 155 acres of private property in the Willamette National Forest.

- Shiny Rock and Persis are free to donate this land unconditionally to a non-profit group.

- More than 2,800 other acres are unpatented claims. These could return to the government if the owner doesn't do at least \$100 of mining-related work each year.

...with the 1,000 or more hikers who visit the area yearly, Atiyeh said.

They've come largely at Atiyeh's invitation. He has worked hard to make Opal Creek a symbol of the fight to prevent logging of the Northwest's remaining timber.

...tax benefits.

"That could be," he said. "The law provides for that. But frankly, that's real back-burner stuff for us."

The priority, he said, is cleaning up the property, clearing the way for Persis' departure from Jawbone Flats.

## Forest Service has its own mine problem

By Dan Postrel

The Statesman Journal

The U.S. Forest Service has a mining-related pollution problem of its own, right next door to Jawbone Flats.

Officials have yet to figure out what to do with a heap of ore processing waste at an abandoned mill site along Battle Ax Creek.

The Amalgamated Mill was built in about 1930 and shut down in 1934, the victim of remoteness from smelters and the prevailing low price of zinc.

It later sustained damage by fire and by crushing winter snows.

What's left, engineers say, is a 3,500-cubic-yard mess of fine mill tailings contaminated with lead, cadmium and other potentially harmful metals.

A study done for the Forest Service last year found that some contamination had reached Battle Ax Creek.

Battle Ax joins Opal Creek to form the North Santiam River's Little North Fork.

The North Santiam is the source of drinking water for Salem, Stayton and other communities.

But last year's study con-

cluded that dilution prevented the contamination from posing an imminent or substantial health threat.

Last fall, a contractor moved the tailings uphill, away from the creek, and covered them with plastic sheeting.

But that is only a temporary solution: The sheeting's life expectancy is about two years.

Eurial Turner, a Willamette National Forest staffer, said the agency had spent about \$180,000 on studies and site work.

The final price is likely to be much bigger, although detailed cost estimates haven't been done.

Hauling the waste to a licensed disposal site could cost \$700,000 or more, according to one study.

Another possibility would be stabilizing the waste at the site, as the Shiny Rock Mining Co. has proposed at its nearby mill.

Forest Service officials hope to have a disposal plan in place by next year, Turner said.

He said officials were researching past ownership of the site to determine whether other parties might be held responsible for part or all of the cost.

# U.S. Forest Service prepares 5018 alternative copper mine ideas

by Neil Heilpern

*Of The Stayton Mail*

MILL CITY — Environmental studies on a proposed copper mine near Elkhorn have taken longer than expected and U.S. Forest Service officials at the Detroit Ranger Station have started to formulate alternatives to discuss with the public.

"We have rearranged schedules," District Ranger William F. Funk told *The Stayton Mail* last week, "but we are still shooting for a decision on the project before Spring of 1993 when Plexus Inc. hopes to start development."

Public hearings had been scheduled for the end of May. Funk's staff is now looking at alternatives which range from full implementation of the Salt Lake City firm's proposed Bornite Project to a no-action alternative, with other scaled down or different approaches that could be implemented.

Plexus officials recently dis-

closed independent testing that they say confirms "the nontoxic nature of the reagents used in the froth flotations system" planned for use at the site north of Detroit.

During recent tests, urged by the Environmental Protection Agency (EPA), algae cells, water fleas and fathead minnow larvae were exposed to varying concentrations of solutions encountered in the mining process of flotation. A press release from Plexus identified the three life forms as a complete food chain.

"We can use the same information in the development of the environmental impact statement," said Funk. "My understanding is they hired a laboratory to do that, an EPA approved lab, and are using procedures and protocols approved by EPA. It is not the company itself doing that."

The tests are part of the information required by the Oregon De-

partment of Environmental Quality (DEQ) to determine impact of aquatic life from exposure to milling by-products and reagents planned for use at the site.

Plexus said exposure to solution concentrations "far higher than planned operating levels had very little impact on survival rates."

The consulting firm Mariah Associates, Inc., of Laramie, Wyoming, is preparing the EIS.

When the USFS completes its list of alternatives, said Funk, Mariah will conduct the public hearings. At least one will be held in the canyon, officials indicated.

# OPINION

## Editorials

### Mine near Opal Creek

## Project may benefit area

The people who are proposing to create the state's largest underground mine near Opal Creek east of Salem have put their best foot forward.

If they do everything the way they describe it, Oregon might be able to live with a 1,000-foot-deep copper mine in the Cedar Creek Valley on the fringe of the scenic old-growth forests of Opal Creek.

We will wait and see, hoping that a two-year environmental study by the U.S. Forest Service and state agencies provides the guarantees of protection for our water supply and the area's environment — or proves that the Plexus Resources Corp. project is not feasible.

The main reason that we give it a wait-and-see grace period is that it would provide good jobs for workers in North Santiam Canyon timber communities that have been hard-hit by timber harvest restrictions.

Everyone has urged that new businesses move in to keep the canyon's economy going. Now we've got one that would employ 65 people.

The goal of environmentalists in challenging the rate of timber harvest on public lands has been to protect the value of forests in the total ecosystem of the area. That protection need not render all forests off-limits to all economic activity.

The Cedar Creek area, where the mine is proposed, already was in line for limited timber harvesting in a plan that would put Opal

**If they do everything the way they describe it, Oregon might be able to live with a 1,000-foot-deep copper mine in the Cedar Creek Valley on the fringe of the scenic old-growth forests of Opal Creek.**

Creek off limits. Others have urged that parts of the area be made into a state park — also an economic use. So mining should not be ruled out as incompatible with sound multiple use of the area.

The announcement of the mining plans comes as the legislature and Congress have been considering restrictions on mining, especially open-pit leach mining in Eastern Oregon. There appears to be nothing in the Plexus project to raise the same fears that pit and leach mining raise in Eastern Oregon. The Plexus mine would be tunnels instead of open pits, and much of the tailings would be returned to the tunnels rather than left in a heap.

More questions than answers have been raised so far about the mine's effects on the environment and on traffic near the popular Shady Cove campground and Elkhorn area. But the public should be willing to wait for assurances on a project that could help timber communities.

■ Bond Issue No. 1: This \$24.4 million bond issue would be on a ballot next spring. About \$19 million would be used for transportation projects. The rest would be used for riverfront development.

■ Bond Issue No. 2: This \$12 million bond issue would go to voters in 1992-93 to finance a conference center.

■ Bond Issue No. 3: This \$36.1 million bond issue would be on a ballot in 1994-95. Money would be used for street and bridge improvements and fire department expansion.

■ Bond Issue No. 4: The last \$33.8 million bond issue would go to voters in 1997-98. This money would finish safety and walkway improvements; build an auditorium; add a branch library system; improve the airport terminal; and provide a local government customer service center for citizens.

Public hearings are planned for November.

## Mill City greets plan for copper mine, jobs

By Dan Postrel  
The Statesman Journal

MILL CITY — Local residents gave a friendly reception Tuesday night to a minerals company's plan to develop a copper mine in the Willamette National Forest near here.

About 40 people attended the first of several meetings that Plexus Inc. is holding to gauge public reaction to its proposed Bornite Project, a 1,000-foot-deep underground mine.

"We just aren't drawing any fire," Chuck Bennett of Gates, the Utah company's public relations consultant, said.

The mine, which could open in 1993 if necessary permits are granted, would employ about 80 people, about 65 of whom would come from the local work force.

"They've got it pretty well thought out," Tom Fencl, co-owner of a small logging company, said. "It would be good for the community, because logging is going to take a step down."

The North Santiam Canyon's economy depends largely on national forest timber harvests. But those harvests are expected to shrink in coming years as forest policy shifts toward recreation, wildlife protection and other non-timber values.

Public hearings

Page 2A

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### Business

#### STOCKS

FALL — Wall Street markets fall amid lackluster interest and computer-driven trading after the Labor Day holiday.

DOW CLOSE  
3017.67



6D/Business

WOOD WORRIES — U.S. lawmakers fear trade fallout after Canada scraps an export tax on lumber.

6D/Business

### Food

SPECIAL CLAWS — Lobster is a delicacy worth shelling out some cash and effort. 1E/Food

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# Company seeks copper on Cedar Creek

By HUNTER JAMESON  
Albany Democrat-Herald

MILL CITY — If Plexus Inc. wins permission to dig a copper mine northeast of Mill City, there will be no open pit gouging the ground, no dust clouds, no acid runoff, and no canaries, according to chief geologist Greg Gosson.

Instead, modern mining techniques, favorable geology, and reclamation efforts will let Plexus' Bornite Project be an environmental showcase, company officials said.

Fourteen years after test drilling began, Plexus Inc., a subsidiary of Salt Lake City-based Plexus Resources Corp., is seeking permits to dig the mine. Gosson was interviewed at the Plexus office in Mill City last week.

Public informational meetings on the mine will start next week (please see related story).

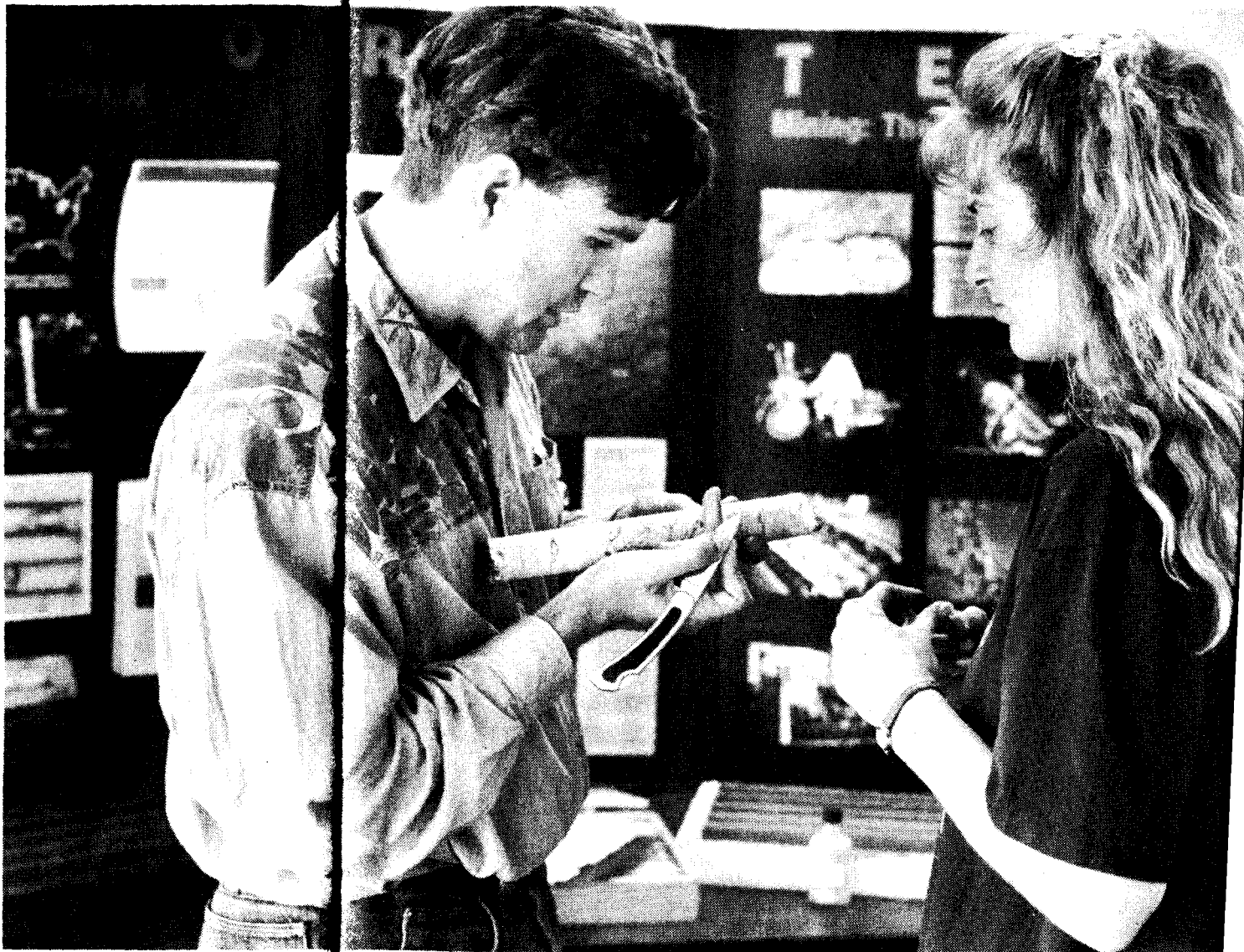
The planned underground mine is on Cedar Creek in a second-growth area of the Willamette National Forest 12 miles northeast of Mill City. It is about three air miles northwest of Opal Creek and four miles southwest of Shiny Rock Mining Co.'s Ruth Mine, the only mine still active in the area.

Plexus aims to start construction in spring 1993. During the eight- to 10-year life of the mine, 32 acres on the surface will be disturbed in order to make way for a mill, other buildings, settling ponds and tailings piles.

Reclamation will begin during mining. After the mine closes, all buildings will be removed and the site fully replanted.

Half the tailings (the rock remnants after the copper is extracted) will be spread on the site and topsoil placed over them before replanting. At the Bornite Project, tailings will be a gray calcite, mica and quartz sand that looks like beach sand.

The mineral deposit at the proposed



Greg Gosson, chief geologist, discusses a core sample from the Bornite Project with geologist Mar

enclosed buildings to minimize noise. People should be able to talk in normal voices outside, Gosson said. Trucks with a water solution will keep dust

dithiophosphate, a phosphate collector, will be added to the water in the tank with the ore. Air will bubble up through the water. Copper clings to the collector

will be used in any process at the mine. Water draining from the tailings will meet federal drinking water standards, Gosson said

cost of \$1 million. Half the tailings mine, and that means as ecological sens

business owned by Paul Heins. Heins continues that business and opened Albany Travel, a retail agency, in the autumn. Fish grew up in Albany and graduated from Albany Union High School in 1960. She and her husband, Mike, have five grown children.

## Retires from Penney

Pat Bartlett of Lebanon retired Friday from the J.C. Penney Co. store in Heritage Mall in Albany after service approaching two decades with the company. Bartlett, 62, has been in the shoe department in Albany ever since she began working for J.C. Penney in its former downtown store in 1978. Before moving to the mid-valley that year, she worked for J.C. Penney for six years in Garden Grove, Calif. She said she and her husband, Bob, plan to do more traveling after her retirement.

## Albany man honored

General Foods USA, which is based in White Plains, N.Y., has honored Sam K. Sollers of Albany, a salesman in the company's Portland district, for excellent performance. Sollers is one of 58 employees chosen from 20,000 in the country this year for membership in General Foods' President's Club.

## Papa Aldo's award

The Papa Aldo's Take & Bake pizza franchise in Albany, 1717 Hill S.E., owned by Mark and Beth Hamlin of Corvallis, won the Operational Excellence award from Papa Aldo's Inc. at the company's annual conference in Portland in August. Customer service, employee training and operational standards were criteria for the award, Beth Hamlin said. Manager is Kris Thompson of Albany. Portland-based Papa Aldo's has approximately 80 outlets in Oregon, Washington and Idaho. Except for a company training store, all are owned by franchisees.

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the mine. All processing at the site will be in

them in detergent. At the mine, a small amount of

# Meetings on mine to provide details

MILL CITY — Plexus Inc. this week will start two rounds of public meetings on its proposed copper mine northeast of Mill City.

An open house will begin at 5:30 p.m. Tuesday at the Plexus office in the former U.S. National Bank building on Wall Street in Mill City. Company officials will be on hand, and hot dogs and soft drinks will be served.

An informational meeting, including a slide show, video tape and talk, will start at 7:30 p.m. Tuesday at Santiam High School. Company, state and federal officials will attend.

Informational meetings also will be held at 7:30 p.m. Wednesday at the Elkhorn Fire Substation and at 7:30 p.m. Thursday at the Salem Library Auditorium.

Plexus officials said they were holding the meetings this week to give residents information to consider before the U.S. Forest Service holds "scoping" meetings later this month.

The scoping meetings will let the public voice any concerns about the proposed mine, according to Mike Hernandez of the Detroit Ranger District of the Willamette National Forest, mine project coordinator.

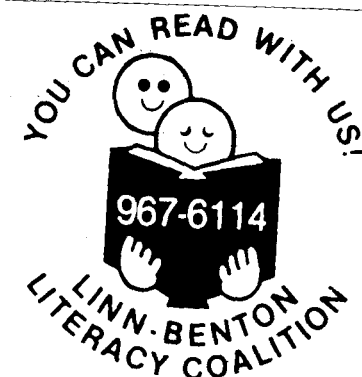
The Forest Service is requiring an environmental impact study of the mine's effects on the area, and the scoping meetings are part of the process. Other

meetings will be held as the project progresses.

The Forest Service expects to award a contract for the one-year impact study shortly, Hernandez said last week. Plexus will pay the cost, and the Forest Service will oversee the work.

The scoping meetings, each at 7:30 p.m., will be at Santiam High School in Mill City on Tuesday, Aug. 17; Stayton Community Center, Wednesday, Aug. 18; and the Salem City Library, Thursday, Aug. 19.

People who cannot attend the scoping meetings and want to send written comments or who want to be put on a mailing list for updates on the mine project may write Mike Hernandez, Detroit Ranger District, HC 73 Box 320, Mill City, 97360.



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# Valuable copper may be hidden in scenic valley of North Fork

By DAN POSTREL  
Statesman-Journal Reporter

There's more to the valley of the Santiam River's Little North Fork than tall trees and good swimming holes.

There are red-tailed hawks, flying squirrels, bark beetles and bracken ferns. There are cabins, campgrounds and picturesque old mining tunnels.

And, just maybe, beneath the streams and old-growth forests, there's hundreds of millions of dollars worth of high-grade copper.

If that's true — and Denver-based Amoco Minerals Co. plans to find out — the payoff could be handsome. Handsome for Amoco, a wholly-owned subsidiary of Standard Oil of Indiana, and handsome for two other companies: Shiny Rock Mining Corp. and its considerably larger owner, Persis Corp. of Honolulu.

ANOTHER beneficiary, according to Shiny Rock's president, would be the

local economy, now heavily dependent on the highly cyclical timber industry.

But conservationists, who want to preserve the North Fork's wilderness character, fear the intensified development that could accompany mining and construction of an ore concentrating mill.

About 40 miles east of Salem in the Cascade range, the North Fork drainage is one of a dwindling number of forest areas largely untouched by modern timber cultivation practices. The conservationists want it to remain that way.

Salem-area wilderness organizations are already fighting a U.S. Forest Service proposal for logging in the valley of Opal Creek, one of the Little North Fork's headwater streams.

**WILLAMETTE NATIONAL** Forest officials are expected to approve soon after Jan. 1 an Amoco plan to build a small road in order to haul a drilling rig to a site on a Shiny Rock hillside mining claim. When the snow melts next sum-

mer, Amoco expects to begin test drilling there and at three other locations, all on Shiny Rock holdings.

Amoco believes it has reason to be optimistic. The company says it has already found geologic signs that copper deposits underlie its mining claims elsewhere in the Little North Fork drainage.

The Little North Fork, dotted with popular swimming holes, comes into being at a place called Jawbone Flat, where Opal Creek joins Battle Ax Creek. The stream flows generally southwestward, joining the North Santiam River near Mehama.

The North Fork area has long been known to contain valuable lodes and is still regarded as one of the most promising prospects in the state for some metals — including copper.

Sporadically since the late 1800s, miners and prospectors have tramped

along the North Fork and its steep side canyons, digging tunnels to extract ore bearing gold, silver, copper, lead and zinc. One mining operation in the North Fork valley in the 1930s is said to have involved about 150 men.

AN EMERGING figure in North Fork mining in those years was J. P. Hewitt. One of his daughters, Dolores, is Gov. Vic Atiyeh's wife.

A federal law passed in 1872 opened nearly all public lands to mineral exploration, allowing prospectors to stake mining claims at the sites of potential mineral deposits.

Beginning in the 1930s, Hewitt and his relatives did so with zeal. During the following decades they staked scores of claims along the North Fork's upper reaches.

These claims, entitling Shiny Rock to whatever mineral resources underlie them, now occupy large parts of three mile-square sections in the Willamette National Forest and smaller parts of adjacent sections.

ON ABOUT A half-dozen claims, Hewitt and company conducted detailed mineral surveys and obtained "patents" from the federal government.

The U.S. Bureau of Land Management may grant a patent if persuaded a claim contains sufficient deposits to produce a profit for the holder.

Unlike other claims, a patent claim becomes the holder's personal property. The owner can restrict access and has rights to surface resources — including timber — as well as mineral resources.

When Hewitt died in 1970, Vic Atiyeh became executor of the estate. The estate included Shiny Rock Mining Corp., according to the governor's press aide, Denny Miles.

In 1972, the diversified Honolulu-based Persis Corp. bought Shiny Rock, patent claims and all.

PERSIS CORP. also owns real estate investment property on the East Coast, according to David Twigg-Smith, a vice president of Persis and secretary of Shiny Rock. In addition, Persis holds the Honolulu Advertiser, an 81,000-circulation daily newspaper.

Through a company Persis holds jointly with Gannett Pacific Corp., the business, production, advertising and circulation functions of the Advertiser are combined with those of the Honolulu Star-Bulletin. The Star-Bulletin, like the Salem Statesman-Journal, is owned by the Gannett Co. Inc., Rochester N.Y.

Shiny Rock's current president is George Atiyeh, a nephew of the governor and a North Fork valley resident.

The mining company's holdings lie beyond a locked metal gate that bars the road along the Little North Fork about six miles upstream from the community of Elkhorn. The gate blocks vehicular travel, but Shiny Rock grants access to hikers.

BEYOND THE GATE, a bumpy road snakes through the trees along the North Fork, occasionally passing old tunnel entrances and aging mining and milling equipment.

About three miles past the gate lies Jawbone Flat, where two caretakers live year-round, snowbound in winter. In the company of two friendly dogs, the caretakers oversee Shiny Rock's operations — working the claims sufficiently, they say, to retain the company's right to hold them.

There's a well-furnished lodge at Jawbone Flat, along with a few other buildings and a small mill, used sporadically to process lead and zinc ore from a nearby mine. Scattered between Jawbone Flat and the metal gate are the spots where Amoco Minerals Corp. plans to set up its drilling rigs next summer.

Shiny Rock and Amoco are working on a deal. If Amoco decides to mine on Shiny Rock claims, it will pay royalties to the smaller firm.

Amoco geologist Bill Burton said his firm's test drilling on Shiny Rock land is intended to supplement information from Amoco's own claims on Cedar Creek, a North Fork tributary. Amoco has explored the Cedar Creek area for about six years, Burton said, but has kept mum about its findings.

"Let me put it this way," he said. "We have not announced a discovery. To date it's encouraging, but that's all it is. Believe me, if we found something, we'd announce it."

**JUST WHAT WOULD** a mining operation look like in the Little North Fork? That depends on the data yielded by further exploration.

But, said Burton, "We don't expect to find a big open pit copper mine like they do in Arizona. What we're hoping for is a small high-grade mine that would have minimal environmental impact."

What about money?

"It's going to be a big cash flow coming off it for the people in this area," said George Atiyeh.

How big? Big enough, perhaps, to justify

a multimillion-dollar investment, according to Atiyeh.

"I'd envision probably \$200 million going into the ground before anything comes out," he said, though he added: "You're looking at five, 10 years down the road before anything really comes out."

**WHAT ABOUT** environmental effects?

"I've lived with the place all my life. I love the place more than anybody. I personally think you can do it and not rape it."

According to Atiyeh, a mill to process copper ore would most probably be located in the valley of Cedar Creek. The slopes of that North Fork tributary have already been ravaged by expansive clearcut logging on private land.

Such a mill, he said, could comply with air and water pollution regulations.

Atiyeh said most of the mine workings could be located underground or in Cedar Creek valley, rather than on slopes facing the Little North Fork.

Preserving the Little North Fork — and telling the public of its scenic attributes — has become a prime purpose of the Salem-based Central Cascades Conservation Council. The group's dream has been creation of a federal wilderness preserve — The Hidden Wilderness — in the North Fork drainage.

**A BILL SPONSORED** last year by U.S. Sen. Mark Hatfield to provide for a smaller wilderness preserve passed the Senate. The House, however, seems unlikely to act on the Hatfield bill during the current session.



Statesman-Journal photo by Don Black

These signs, and a nearby locked gate, mark Little North Fork mining claims long held by Shiny Rock Mining Corp. It is on Shiny Rock claims

that Amoco Minerals Co. hopes to find copper. Shiny Rock could receive substantial royalties if Amoco makes a discovery and begins mining.

*Statesman Journal  
Salem, Ore  
December 8, 1980  
COMMODITY SECTION: (NONFERROUS)  
STATE ARTICLE FROM: (OREGON)*

# Shiny Rock offers new cleanup plan for milling waste

■ The company's latest proposal has tentative approval from the state.

By Dan Postrel  
The Statesman Journal

S/S 9/24/92

The Shiny Rock Mining Co. has scrapped a proposal to bury milling waste in an underground vault in the Opal Creek area.

The company's new plan, which the Oregon Department of Environmental Quality has tentatively approved, involves mixing the sand-like material with cement and compressing it into bricks.

Jennifer Sutter, a department project manager, said the agency's final decision on the work would come after Sept. 30.

Shiny Rock President George Atiyeh said the new plan had the benefits of removing the waste from the site and of converting it into a potentially usable product.

Pilot tests indicate that the brick-making process so effectively immobilizes lead and cadmium in the waste that the blocks could be used for construction, he said.

If later test results are unfavorable, however, the bricks would be disposed of at a landfill.

Atiyeh said his company had learned of the brick-making process after making its initial pro-

## How to get involved

■ The Oregon Department of Environmental Quality plans an Oct. 5 public meeting about Shiny Rock's cleanup proposal. The meeting is scheduled for 7 p.m. at the Elkhorn Fire Station, 32788 North Fork Road, Lyons.

■ Documents describing Shiny Rock's cleanup plans are available for public inspection at the Stayton Public Library, 515 N. First St.

■ Written comments or questions should be sent by Sept. 30 to Jennifer Sutter at the Oregon Department of Environmental Quality, 811 S.W. Sixth Ave., Portland, 97204.

posal to mix the mill waste with cement and place it in a concrete vault.

The buried vault would have been 62 feet long, 34 feet wide and 16 feet tall.

In addition to the mill waste, Shiny Rock must clean up diesel-contaminated soil from several storage and fueling areas at Jawbone Flats.

The full cleanup, estimated to cost about \$1 million, is expected to be completed this year.

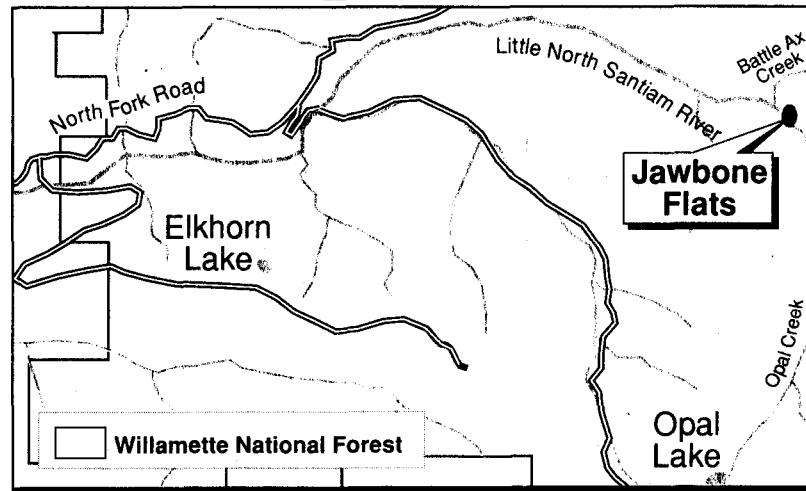
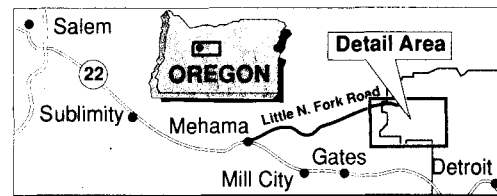
■ Shiny Rock negotiations: Page 3C



Statesman Journal file photo

George Atiyeh, the president of Shiny Rock, is optimistic about the cleanup plan.

## Opal Creek Area



Elton Cooley/Statesman Journal

## Background

The waste in the Opal Creek area is left over from decades of small-scale mining and milling at Jawbone Flats, where Opal and Battle Ax creeks join to form the Little North Santiam River.

The largely roadless, timbered area, popular with hikers, is about 50 miles east of Salem in the Willamette National Forest.

Shiny Rock stopped mining in 1991 and is cleaning up the Jawbone Flats property before donating it to the Friends of Opal Creek, a non-profit preservation group.

Shiny Rock has about 155 acres of private property and more than 2,800 acres of mining claims in the Opal Creek area.

APR 30 1989

Allen's P.C.B. Est. 1888

## Mining claims muddy Opal Creek Park controversy

By Alan Gustafson  
The Statesman Journal

5018  
At the state Capitol, George Atiyeh has implored legislators to preserve the majestic stands of old-growth timber that flank Opal Creek by making the area a state park.

In the courts, Atiyeh — the nephew of former Gov. Vic Atiyeh — is fighting a different Opal Creek battle. He is trying to gain ownership of some hefty chunks of land that abut the proposed park.

### □ Court ties up claims

Page 5A

Atiyeh, the president of Shiny Rock Mining Co., is seeking on behalf of the Oregon firm — and its parent company in Hawaii — patents on four mining claims and three mill sites near Opal Creek, according to court documents.

His efforts have raised questions

about motives. And they have fueled speculation about the role of the Honolulu-based Persis Corp., which conceivably could gain control of land at the entrance of the proposed park.

The protracted patent case — Atiyeh filed for patents in 1981 — is pending before the federal Interior Board of Land Appeals in Arlington, Va., which is expected to consider the

Turn to Patents, Page 5A.



George Atiyeh  
Seeks mining patents

## Patents/Mining muddies Opal Creek Park issue

Continued from Page 1A.  
case late this year or in early 1990.

If Atiyeh wins, Shiny Rock Mining Co. would gain ownership of about 100 acres of public land in the Opal Creek area, about 50 miles east of Salem. A federal law passed in 1872 dictates that once a patent is approved, the applicant pays the government a small fee — \$2.50 to \$5 an acre — and takes title to the land.

The U.S. Forest Service, which oversees the land, staunchly opposes Atiyeh's bid for patents. Agency employees contend that it would amount to a fraudulent giveaway of public land.

"Because we feel that there's no valid mining claim there; we'd be doing the public a disservice to give the land away," Dana Horton, a lands and minerals for-ester in the Detroit district of the Willamette National Forest, said.

Atiyeh countered by defending the mining operation as legitimate and profitable. "That's how we make our living," he said. "It's not a giant scam."

### Judge generally favors mining claims

A federal judge in 1987 issued a ruling generally favoring the awarding of patents to Shiny Rock. Administrative Law Judge Michael Morehouse concluded that the potential for developing a profitable mining operation was sufficient to justify the awarding of patents on six of the seven claims. His rulings triggered appeals, which are pending, by both sides.

Atiyeh, 40, who lives in a mobile home at the airport in the tiny Santiam Canyon community of Gates, denied that his ongoing bids for land ownership and park preservation posed a conflict of interest.

But other residents of the small, timber-reliant communities along Highway 22 are fighting his effort to establish a park in the prime timberland near Opal Creek. And some of them attacked his motives in seeking patents on land that abuts the proposed park.

"It's George Atiyeh's playground, his own Shangri-La," Mill City Mayor Charlie Tate said. "The only people who would benefit from this are George Atiyeh and whoever the principals are — the people in Hawaii."

Shiny Rock's parent company is the Persis Corp., with reported annual revenues of \$50 million.

Persis officials formed Shiny Rock in 1972, after

Shiny Rock's mining camp, which now has several rustic cabins, a modern lodge and other buildings.

"What a great place to build," Tate said. "I can't prove that is the intent, but there's always a chance for ulterior motives.

"I see nothing wrong with George Atiyeh fighting for the land, but he shouldn't win. It's a selfish interest."

### Atiyeh says he won't restrict access

Atiyeh, who long has clashed with Forest Service officials for control of the road that provides the main access to the mining camp, said he had no intention of restricting public access.

"I just don't want logging trucks to have access," he said.

Atiyeh scoffed at the notion that the patents would provide the perfect opportunity for construction of a resort. He said forest zoning and other land-use restrictions would bar major development.

As for his motives, Atiyeh said he is driven by pragmatism, not selfishness.

"Sure, there's a part of me that bristles at the fact that I'm going to have to share this place with the rest of the world," he said. "I resisted it for a long time. But I recognized that the only way to save the place was to involve the public, to have thousands of people visit Opal Creek."

Largely through Atiyeh's efforts, the stands of old-growth timber along Opal Creek have become a key symbol to environmental groups who are working to preserve Oregon's ancient forests.

Working with environmentalists, Atiyeh helped craft proposed legislation that became Senate Bill 500. It called for creating the 31,000-acre Opal Creek Ancient Forest State Park.

Atiyeh and other park proponents maintained that the area contains the largest contiguous expanse of old-growth trees in Western Oregon. Without protection, they said, most of the towering trees — some as old as 800 years — would fall to loggers' chainsaws.

Bitterly opposed by the timber industry, the prospects for legislative approval of the park proposal are doubtful. A state Senate committee recently voted 4-3 against sending the proposal to the full Senate.

However, supporters are continuing to press for passage of a duplicate bill that is pending in the House. And they have vowed to take the issue directly to Oregon's voters through the initiative process if



Bruce Thorson/Statesman Journal

George Atiyeh jokes with one of his Shiny Rock employees at Jawbone Flats.

## Court ties up Shiny Rock claims

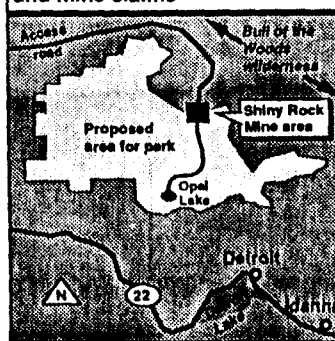
By Alan Gustafson  
The Statesman Journal

Shiny Rock Mining Co.'s bid for patents on land in the Opal Creek area hinges on whether its mining claims can support an economically viable mining operation.

After weighing a barrage of contradictory mineral assessments and economic reports, a federal judge in Salt Lake City generally sided with Shiny Rock.

In September 1987, Administrative Law Judge Michael Morehouse ruled that the company should be awarded patents on three mining claims — called Morning Star, Ruth No. 1 and Ruth No. 2 — as well as three mill sites. He concluded that lead and zinc deposits in those claims gave Shiny Rock "a reasonable prospect of success in developing a valuable mine."

### Proposed Opal Creek State Park and mine claims



B. Nicholas/Statesman Journal

In documents filed with the case, Forest Service lawyer Arno Reifenberg accused Shiny Rock of shady business dealings. Among his accusations were the following two charges:

the patent case.

As for the 1984 minerals sale, Atiyeh testified that Shiny Rock sold 38 tons of lead and zinc concentrate to Pacific Commercial, an import-export firm based in Portland. He said Pacific Commercial paid Shiny Rock \$13,694.96 for the minerals.

When the deal was made, however, Pacific Commercial was a subsidiary of the Persis Corp., the parent company of Shiny Rock.

Rick Schaefer, then the president of Pacific Commercial, is the godson of Persis president Thurston Twigg-Smith. He also was a fraternity brother of George Atiyeh when they attended the University of Oregon in the late '60s.

In recent interviews, Atiyeh and Schaefer, who now works for Westgulf Export Lumber Co. in Portland, characterized the 1984 transaction as proper.

"That concentrate was bought

Hewitt.

Starting in the 1930s, Hewitt staked scores of mining claims in Oregon's Central Cascades. When he died in 1970, his son-in-law, Vic Atiyeh — then a state senator and later governor from 1979 until 1987 — served as executor of the estate. He negotiated the sale of Hewitt's mining claims and equipment to the Advertiser Publishing Co., now the Persis Corp.

Paul DeVille, the vice president and chief financial officer of the Persis Corp., said the mining claims were viewed as a way to diversify the company's holdings. "The potential seemed to be unlimited," he said.

After the mining claims were purchased by the Hawaiian company, Shiny Rock Mining Co. was formed and members of the Atiyeh family became its top officials.

Tom Atiyeh, Vic's son, was Shiny Rock's first president; George its vice president. Tom left Shiny Rock in 1976 and now is president of Atiyeh Ltd., a Portland based import-export firm, which has been involved in at least one business transaction with Shiny Rock.

George Atiyeh, now Shiny Rock's president, said his efforts to patent the mining claims and establish the adjacent Opal Creek area as a protected preserve were actions initiated by himself, not directives from the Persis Corp.

### Persis officials say they support plan

In Honolulu, DeVille said the park proposal was supported by Persis officials, but they are not taking an active role in seeking its approval.

"The Persis board has been made aware of all of the proceedings through George," he said. "George is our link. He's the guy on the scene."

DeVille said the bid for patents was proposed by Atiyeh and approved by Persis' directors. Board members viewed patents as necessary to solidify the company's foothold in the Opal Creek area and justify further investment in Shiny Rock, he said.

Since 1972, Persis has pumped more than \$2 million into the mining venture, DeVille said.

"For many years, we've seen our investment mount. We've poured money into the ground," he said. "We're concerned about future investment without strong title to the claims."

DeVille downplayed the notion that the park and patent proposals put Persis in the awkward position of backing preservation of the Opal Creek area while it seeks to acquire adjacent land for its own purposes.

"If everything was black and white, living would be a whole lot easier," he said. "We happen to fall on both sides of the fence. We're saying there is something worth saving while we attempt to operate a business."

"We believe in preservation. We also are in business to make a profit."

To Tate and many other residents of the Santiam Canyon, whose economic survival depends on logging, that stance smacks of a double standard. They think that their livelihood is under attack by preservationists.

"Here we are fighting over every stick of timber," Tate said. "We can't even log anymore."

As Tate sees it, the park and patent proposals are aimed at blocking logging and controlling access to the Opal Creek area. He also suspects that patents could provide an opening for further development at

### Atiyeh, Forest Service fight in court

In the courts, the battle for control of land at the entrance to the proposed park has pitted Atiyeh against the Forest Service in another bitter fight.

In court documents and interviews, government lawyers and foresters charged that Atiyeh has engaged in a sham mineral sale, exaggerated the extent of the company's mining activities and made incomplete financial disclosures — all as part of a strategy to bolster his case for patents.

In turn, Atiyeh and his lawyer, Craig Haase of Reno, Nev., have accused the Forest Service of spying on Shiny Rock and harassing Atiyeh by challenging his mining claims. They contend that the agency has waged a vendetta against Atiyeh because of his aggressive attempts to preserve the Opal Creek area.

Atiyeh and other conservationists fought unsuccessfully to get Opal Creek included in both the 1974 and 1984 wilderness bills and in both the federal and state scenic rivers systems, which were approved last year.

In gathering evidence for the patent case, Detroit district employees have for many years conducted surveillance on Shiny Rock's activities, Atiyeh said. He believes that the random visits, during which Forest Service employees took hundreds of photographs, constitute harassment.

Dave Alexander, the ranger of the Detroit district, confirmed that he had assigned Forest Service employees to monitor Shiny Rock's activities. He characterized the program as low-key and said that it was in keeping with the agency's duty to keep a close watch on public forestland.

Alexander said he started the monitoring program shortly after he became the district's ranger in 1981. Shiny Rock filed for patents on the mining claims during that same year, and Alexander said he wanted to check out Atiyeh's contention that the company was running a profitable mining operation.

Photographs taken by Forest Service employees, coupled with their eyewitness observations, indicated that Shiny Rock was not conducting a valid mining operation, Alexander said.

### Forest Service says camp isn't for mining

"Early on, we found out that the primary use of the site was for social events," he said.

Recreation and social events markedly dropped off in subsequent years, Alexander said, and Shiny Rock seemed to focus more attention on making a pretense of mining.

"They began to make a show of running their mill now and then," he said, referring to the company's small plant for processing ore into lead and zinc concentrate.

But Alexander said that overall mining activity remained minimal: "It was still our observation that this was not a mining operation."

Although Alexander characterized Shiny Rock's mining operation as a facade, he refused to say what he saw as the company's real reason for seeking to gain patents and ownership of the land near Opal Creek.

Atiyeh angrily disputed Alexander's assessment of Shiny Rock's mining operation.

"They sneak around and take their pictures, but you know what they've got?" he asked. "Tons of pictures of mining."

On the remaining mining claim, called Santiam No. 1, Morehouse ruled that the prospects for developing a profitable copper mine were insufficient to warrant a patent. Among other reasons, he concluded that the copper reserves were too small.

Morehouse's rulings triggered appeals by both sides: Shiny Rock contested his rejection of a patent on the Santiam No. 1 claim, which cuts across the access road leading to the company's mining camp; the Forest Service sought to overturn his other decisions.

The patent dispute, which has generated a pile of legal paperwork, is pending before the federal Interior Board of Land Appeals. (The panel is expected to consider the case late this year or in early 1990.

■ The company engaged in a sham mineral sale with a sister company in 1984.

■ A Shiny Rock employee faked a financial document that was submitted as evidence in the patent proceedings.

George Atiyeh, the president of Shiny Rock, acknowledged during hearings on the patent case that an unidentified Shiny Rock employee had prepared the false document, which outlined favorable rates for the company's lead and zinc concentrates. He said the document was prepared without his consent, and when he found out what had happened, he fired the person.

Morehouse forbade Reifenberg from asking Atiyeh to identify the worker and found that the matter was not of significant relevance to

Schaefer said.

But Schaefer couldn't say whether any of the lead and zinc concentrate that he purchased from Shiny Rock actually was resold. He said that Pacific Commercial now is defunct and that another broker had taken over handling of the concentrate.

Reifenberg called the 1984 sale a total sham, arranged to provide a convenient market for Shiny Rock. He cited the corporate ties between Shiny Rock and Pacific Commercial, as well as testimony indicating that the transaction involved a "transfer on the books" rather than an exchange of money.

Morehouse termed the transaction questionable but concluded that it was not a sufficient reason to deny patents.