

A Tale of Two Mines

Why some projects fail and others succeed

BY JIM "CAP" CAPLAN

A little over 50 years ago, two valuable ore bodies were defined in Southeast Alaska. One was of zinc, silver, and gold on Admiralty Island west of Juneau. The other was molybdenum, a mineral important in steel making, found at Quartz Hill south of Ketchikan.

The Admiralty Island deposit was developed in the 1980s as the Greens Creek Mine. Located in a highly-sensitive area near and within National Monument Wilderness, it's a place where anyone conscious of environmental activism, both then and now, would have scoffed at the idea developers could get approval to mine there. Yet, to date, Greens Creek Mine is the fifth largest producer of silver in the world, has yielded over 500,000 ounces of gold, and is likely to operate well into the next decade.

The Quartz Hill deposit is a different story. It contains 10 percent of the world's known molybdenum reserves, about 1.5 billion tons, and is worth billions of dollars. The area falls within, but is exempt from the Misty Fiords National Monument land use restrictions. Nevertheless, Quartz Hill never got beyond the exploration and patent phase.

So while the Greens Creek Mine was developed and brought wealth to its owners and long-term economic value to Juneau and nearby communities, Quartz Hill never saw the light of day. Why did one develop and not the other? Many believe that the main reason was due to the difference in mineral market values and costs of production. But I believe that the biggest difference was in how the developers engaged the local communities.

The original developer of Greens Creek, Noranda, Inc. (now Xstrata), came to Juneau in the early 1980s and, in meetings with all affected interests, conveyed that, "Whatever you care about, we care about...we will do everything you deem necessary to develop Greens Creek Mine." Then the project team engaged with local people, political leaders,



The Greens Creek Mine in Juneau has brought long-term economic value to the community.

and environmental groups to mitigate significant social and environmental impacts. In response to local concerns, Admiralty Island's famous brown bears are now protected by bear-proofed facilities, no-hunting rules and garbage removal. Streams are protected by the careful tailings-pile location and rigorous water-quality monitoring. And in a great departure from the Mining Law of 1872, Noranda agreed to revenue-share with American taxpayers. Today, workers live in Juneau and take a ferry to work.

This community-based approach worked so well that, in the 1990s, when the convoluted ore body mined at Greens Creek had to be followed into designated wilderness for production to continue, Congress passed legislation to allow it.

In contrast, Quartz Hill's ambitious developers, U.S. Borax, took a "force-feed" approach. They exercised their political and economic muscles at the state and federal level to elevate the mine's importance and visibility. They divided communities by pressuring local interests and community leaders for support, and they relied on formal environmental analysis and speculative litigation success to clear the way for development. This resulted in a wall of public resistance that caused otherwise indifferent owners to invest elsewhere - where environmental and community activists would let them mine with less scrutiny.

A tale of two mines. Greens Creek succeeded because managers humbly discovered the community way to riches. Quartz Hill failed because managers tried to bully their way into production. ☘



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