

# Old Mines Reopen in a Revival of California's Gold Rush

Jesse McKinley, *New York Times*, 2-10-11

SUTTER CREEK, Calif. — Standing in a cramped, slanted and slippery crevice some 500 feet below the earth's surface, David Cochrane turned his eyes to a ribbon of marbled quartz — mainly gray, amber and white — and found the one hue he was actually looking for.

"Right there, see? It's small but it's very colorful," Mr. Cochrane said, pointing at a shiny speck no bigger than a seed. "It's got that nice yellow color."

It was gold, and if people like Mr. Cochrane have their way, gold will soon be big business again in California's Mother Lode, in the same area of the Sierras — and occasionally the same mines — where the old-time prospectors once used pick axes, ore carts and burros to chase their riches.

"People say the Mother Lode's mined out," said Mr. Cochrane, a vice president with Sutter Gold Mining Inc., based in Colorado. "But that's not the case."

Indeed, Sutter Gold is just one of several companies seeking to reignite a long-dormant industry in California, a state whose early history and growth were intimately intertwined with gold's discovery, excavation and exploitation.

Most of California's large mines closed after World War II as price controls made the business model unappealing. But with controls gone, and gold now selling at more than \$1,300 an ounce, the math makes sense again.

"The price is there," said James Hesketh, the president and chief executive of Atna Resources, which reopened the Briggs Mine on the western border of Death Valley National Park in 2009. "It's still a very well-endowed resource state."

Sutter Gold estimates that there could be \$800 million in ore under the 3.6 mile stretch it owns in the Mother Lode. And with most of about three dozen local, state, and federal permits already in hand, its new Lincoln Mine could be producing gold as early as next year.

But Sutter Gold will not be the first to get back in the game in California. In addition to the Briggs Mine, which last year produced some 25,000 ounces of gold — or about \$30 million worth — there is the Mesquite Mine, in Imperial County on the Mexican border, which reopened in 2008. In 2010, that mine outstripped company estimates to produce nearly 170,000 ounces of gold.

Both the Briggs and Mesquite projects are open-pit mines. But here in the Sierra foothills, where the discovery of nuggets in 1848 set off the world's first gold rush, miners are headed back underground. In addition to the Lincoln Mine, plans are afoot to reopen the Idaho-Maryland mine in Grass Valley, a family-friendly area 50 miles northeast of Sacramento.

That mine — now flooded — has not had hard hats in it since 1956, but a Canadian company is convinced that more than one million ounces of gold were left behind. "This was a world-class ore body," said David Watkinson, chief executive of the Emgold Mining Corporation, which owns the mine.

The Idaho-Maryland project is much further from being shovel-ready than the Lincoln Mine: pumping out more than 50 years of water will take time, after all, as does completing a variety of environmental impact reports and

permitting processes. And the prospect of a newly opened mine has also been met with opposition from some local activists, whose worries are rooted in both the legacy of the first Gold Rush — including contaminated and sediment-filled rivers and hillsides denuded by hydraulic drills — and by more modern quality-of-life concerns like traffic, noise and water rights.

“We’d be looking at reopening a mine in the middle of a city,” said Ralph Silberstein, the president of a grass-roots group called Citizens Looking At the Impacts of Mining in Grass Valley (or Claim-GV). “Which is not a good idea.”

Indeed, like many of the other towns in the Mother Lode, Grass Valley has long since moved its economy away from mining toward things like software and tourism. The Gold Rush itself peaked in 1852, according to the state’s Department of Conservation, when nearly four million ounces were discovered in California. By 1971, when the nation went off the gold standard, less than 2,000 ounces were produced in California.

But the rebound in price has led to a rebound in production. Domestic gold mine production in 2010 increased for the first time in a decade, according to the United States Geological Survey. Nevada is by far the largest gold-producing state, producing roughly four times that of all other states combined.

Most of Nevada’s mines are open pits, but early California prospectors used pans and their hands to find nuggets in freezing cold streams. Methods soon became more intrusive, however, with machinery and dynamite being used to dig into hard rock and lethal chemicals like mercury and cyanide used to help process the crushed ore.

And while today’s methods are safer, Izzy Martin, chief executive of the Sierra Fund, a nonprofit group devoted to preservation of the Sierra Nevada, says there are several challenges to mining old mines, including what previous companies might have left behind.

“There’s a lot of toxic materials in there,” Ms. Martin said. “And you have to clean it up.”

Such processes can be expensive, particularly in an environmentally attuned state like California. And the worry, Ms. Martin said, is that companies could abandon the work halfway. “And then we’ll be left with this gigantic eyesore,” she said.

For its part, Emgold says its mine will be “a forward-thinking, environmentally responsible business,” which will provide jobs and tax dollars for the local economy. Water from the mine will be treated before it is returned to local creeks, the company says, and some of the mine’s waste rock will even be used to make another product: tile.

And while the Gold Rush miners swarmed the region in a near-lawless crush, Mr. Watkinson says today’s deliberate pace of exploration, permitting and local approval — the Idaho-Maryland project has been in the works on and off for nearly two decades — has made the hunt for nuggets seem almost dull.

“The concept of a ‘gold rush’ is no longer applicable into today’s world,” Mr. Watkinson said. “All anyone can expect to see is resurgence, not a rush.”

That said, there is an undeniable romance surrounding the idea of gold in places like Sutter Creek, a picturesque town of 3,000 where there is a Eureka Street, a Gold Dust Trail and Oro Madre Way.

The Lincoln Mine itself sits just off Highway 49, a reference to the year — 1849 — when the first Gold Rush kicked into high gear. Pending a few more permits, Sutter Gold Mining hopes to break ground this year on its new mill — designed to look like an old mill, per an agreement with the town.

The actual mine will be built out from an existing tunnel that is currently used for tours, a popular attraction drawing some 50,000 visitors a year. But Mr. Cochrane says a mine could be even more lucrative; engineers, using calculations made with modern surveying equipment as well as historic mine records, believe there is nearly 700,000 ounces still in the ground.

On a recent tour, Mr. Cochrane showed off several veins of quartz, flecked with what he said could be either gold — or its deceptive cousin, iron pyrite. Once the mine is fully operational — probably by 2013 — he expects dozens of miners to be blasting into those veins.

“They’re our friends,” he said of the quartz veins. “Because that’s where the gold is.”