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Around The Nation

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Colorado Gold Mine Bucks Closing Trend

By **EDITOR**

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4:24

Transcript

RENEE MONTAGNE, HOST:

And let's stay in Colorado to hear about another business traditional to the West - gold mining. After peaking a couple of years ago, the price of gold has fallen dramatically, which has forced many gold mines to close. Bucking that trend is the largest mine in Colorado - and it's expanding aggressively, taking the long view. From Colorado Public Radio, Ben Markus reports.

(SOUNDBITE OF BULLDOZER)

BEN MARKUS, BY LINE: It's raining, but a couple bulldozers seem unfazed, busy crafting an immense wall across a valley high in the Rocky Mountains.

(SOUNDBITE OF A BULLDOZER)

MARKUS: It looks like a dam for a reservoir. Only instead of water, it will hold a virtual mountain of dirt filled with miniscule amounts of gold.

Ray DuBois, general manager for the Cresson Mine, surveys his expansion project from inside the quiet, dry cab of his truck.

RAY DUBOIS: This is not your great-grandfather's gold mine. However, we are mining through your great grandfather's gold mine.

MARKUS: This was one of the world's great gold deposits - a hundred years ago. But all the big nuggets were taken by miners with pickaxes. Now the leftover rock is blasted apart, trucked into valleys like this one and sprayed with sodium cyanide.

DUBOIS: Yeah, it actually dissolves the gold from the rock. And then the gold goes into solution and it just percolates down through the rock.

MARKUS: Currently, the mine extracts 200,000 ounces of gold every year. When gold prices were on the upswing three years ago, Dubois and his bosses at the gold mine company, AngloGold Ashanti, decided to expand the project. But DuBois hasn't stopped construction now that gold prices have dropped.

DUBOIS: No, but that could happen and it has happened with other operations. But fortunately we have a very good work force here that's very cost conscience and very dedicated to keeping this mine open.

MARKUS: DuBois says labor and diesel costs are still low enough, and gold prices high enough, to keep going.

Campbell Harvey, a finance professor at Duke University, says it's the higher cost mines - the ones that made sense when gold was closer to its peak price - those are the ones that had to shut down.

CAMPBELL HARVEY: If your cost of extraction is really high and the gold prices are going south, you're going to be the first one to shut down.

MARKUS: Professor Harvey argues that gold prices are still abnormally high. That demand from China and India could also be softening. And that, he says, could halt more projects, like Colorado's Cresson Mine.

That'd be bad news to Michael Wallace, city councilman for the small historic mining town of nearby Victor.

MICHAEL WALLACE: Cripple Creek has gambling. You know, Aspen and Vail have ski resorts. Victor has the mine. I mean they are a huge part of identity.

MARKUS: The Cresson mine is one of the largest employers in the district and a huge economic driver. At the peak of construction more 1,000 workers will be on site, which is already putting pressure on the town.

WALLACE: Well, we just don't have a place to put them. What it'll do, of course, is drive up the rent costs and drive up the housing costs.

MARKUS: Councilman Wallace says most people in the district welcome the mine's expansion. Others are more conflicted, like Steve Johnson. When he retired to nearby Cripple Creek in 2005, he didn't realize he'd be close enough to see the mine's expansion from his front porch.

STEVE JOHNSON: I recognize that they own the land and they can pretty much do whatever they want with it.

MARKUS: But he admits this project is good for the local economy. He can already hear construction noise off in the distance.

JOHNSON: Right now I'm trying to remain philosophical about it.

MARKUS: That brings us back to Ray DuBois overlooking the Cresson Mine expansion. Like other gold miners, his company's share prices dropped more than 70 percent in less than two years. DuBois has been forced to cut costs, even instituting a no idling policy for trucks and bulldozers.

DUBOIS: And there's nothing like falling commodity prices, especially the commodity that you sell, that you produce, to look deep at yourself and see how you can improve things.

MARKUS: And every little bit helps as gold prices have taken their biggest plunge in years.

For NPR News, I'm Ben Markus in Denver.

(SOUNDBITE OF MUSIC)

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