

**JAMES D. RODINE Ph.D.**

Certified Engineering Geologist OR E160

294 Edgerton Lane • Wolf Creek, Oregon • 97497  
541 471-3524 • CELL: 541 660-2815 •  
sbm@budget.net

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Oregon State Representative Wally Hicks  
Dennis Dickson

Current State of Mining  
MEASURE: Practices in S. Oregon  
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SUBMITTED BY: Dennis Dickson

Thank you for the opportunity to present some thoughts regarding the mining opportunities and challenges currently within Oregon. Our state is known to have many valuable mineral deposits. However, Oregon is regarded by the mining community as being unfavorably inclined toward mining projects.

By way of introduction I am an Oregon Certified Engineering Geologist, and have been since 1978. My wife and I own, and operate part time, a small gravel operation that carries by-product gold, known as the Steam Beer Mine. The property was founded by a group in the 1870's, which included a brewer from Roseburg, OR (thus the mine name!). Much of my time is occupied by consulting within the field of engineering geology and mining geology.

By education I have studied civil engineering, mining engineering, general and engineering geology. My father was a building contractor. Working with him as a young man gave me lots of hands on experience, enabling me to earn a general and several specialty contractors' licenses (now retired). My college education was concluded upon conference of a PhD in engineering geology from Stanford University.

Most of my professional life has been spent either as a consultant, or as a business owner. I have visited many mines and mining operations, from South America to Alaska. Further, experience and education has qualified me to produce disclosure documents for the Toronto Stock Exchange (NI 43-101).

I have a great concern for the current erosion of personal rights with concurrent increases in governmental controls. The controls appear to be promoted under the veil of "public good". The cost of the "control" is paid for by the public, but the benefit is shared by a few. The rights of many citizens are trampled in order to benefit the few.

As an example of how difficult it is to get a project permit approved in Oregon let me tell you about a client in Douglas County. He experienced a rapid, fluid landslide, called a debris flow, in 2004. The debris flow originated from a steep hillside above his approved and operating rock quarry, taking out 600 feet of railroad line before covering about 8 acres of a neighboring farmer's field. A year after the event the federal Mine Safety and Health Administration ("MSHA") approved a plan to reopen the operation, as did DOGAMI (the division known as MLR or mined land reclamation within the Oregon Department of Geology). There was litigation between my client, the railroad, and the farmer. Arguments with DOGAMI led to a hearing before an administrative law judge. The litigation concluded and DOGAMI was authorized to modify the permit, within existing law. I have 2 file boxes of documents related to the geologic issues; at least half relating to DOGAMI. As of today, eight years later, my client does not have DOGAMI's permission to operate his quarry.

I have been to a meeting of the DOGAMI administrative board where a DOGAMI geologist related that he was recently at a mining convention where he was told that Oregon is an unfriendly place to do business.

In a recent edition of Mining Engineering, a publication for mining engineers, the opinion was that Oregon has the reputation least favorable to mining projects. And the publication reports worldwide!

I have been to professional conferences where the sentiments towards mining in Oregon were unfavorable.

Outside of sand and gravel operations, I do not personally know of one operating lode mine in Oregon. I recall a limestone quarry, used for production of cement, in Eastern Oregon. Also, a mineral sand project in Coos County is reportedly under construction. There are a number of small scale, or hobby, operations. The small scale operations function away from much of the regulatory net. However, they do have their own problems, such as public land closures and regulatory seasons.

Oregon has a wealth of natural resources. The state was founded after a gold rush in SW Oregon that came on the tail of the great California gold rush of 1849. It is no accident that there is a gold leaf covered, pioneer statue on top of Salem's capital building. Gold was the choice because of the untarnished symbolism of Oregon's pride and strength. Timber production has historically provided much of the state's employment in rural Western Oregon. Farming, ranching and fishing should also be recognized. Many other occupations provided support for the basic industries.

What has changed from the early days? There has been some reduction of resource, such as smaller salmon runs. There has been an increase in governmental regulation, in part to due increased awareness of past destruction excess (such as clear cutting along streams). The population has increased and metropolitan areas developed. A complex set of rules have evolved. So complex that someone new to a task is very likely to break some rules. This is a bad sign for today's society, unless you want society to take care of you and you are willing to put up with the developed system and accompanying depersonalization.

What can be done about mining? Can mining be encouraged in Oregon? Can the environmental concerns be concurrently addressed? Yes we could make some mining work in Oregon. The trick is to provide a way to make it happen in a reasonable amount of time without unreasonable restrictions.

One suggestion is to provide an ombudsman between DOGAMI and the project. Many departments within Oregon have an ombudsman. The lawyer for my Douglas County client told me that if a dispute comes up with DOGAMI the only recourse is to sue DOGAMI. The case will be assigned to an administrative law judge, a State employee. So the outcome is already tainted. If the outcome is not acceptable an appeal can be made to the DOGAMI Administrative Board. Another tainted outcome (the State protects its own). Then, if the decision is not acceptable, a civil court action is possible. The kicker is the time lost, and, the legislative limit on monetary damage awards of \$50,000. A reasonable third party, the ombudsman, may be able to resolve many problems and simplify the system. All should know and play by the rules.

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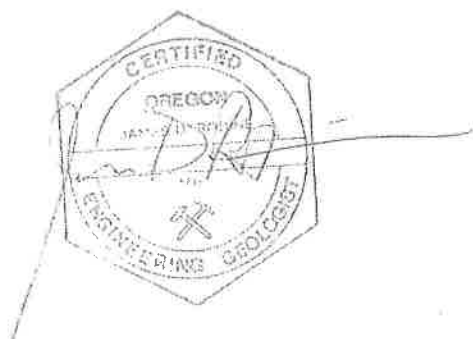
Another suggestion relates to having reasonable, understandable rules that both the mining applicant and regulators follow. Issues relating to the environment could be addressed early. Leave mining health and safety to MSHA. DOGAMI and MLR should focus on pertinent issues relating to reclamation.

In summary, the existing political climate and system surrounding development, approval, and execution of mining projects is negative and complex. Time is a killer of projects. An intransigent attitude and complex rules combines to kill enthusiasm for miners as well as regulators. Scale of mining project, whether a weekend dredger or an open pit gold mine, matters little.

I apologize in advance for short answers to complex issues.

Please rest assured of my cooperation in this and all matters of mutual concern.

Sincerely,



James D. Rodine, Ph.D. (Exp. 10-31-2012)