

San Juan County copper mine shuts down, leaving behind unpaid workers, environmental fears

No cases of the coronavirus had been confirmed in San Juan County as of Tuesday, but the outbreak has already claimed its first economic casualty in southeast Utah.

Lisbon Valley Mining Company (LVMC), which operates Utah's second largest copper mine 35 miles southeast of Moab, shut down abruptly last week. Roughly 65 employees were furloughed on March 18 and paychecks due two days later were not deposited.

In a statement obtained by The Salt Lake Tribune, the company said "global economic turmoil" led to the collapse of a loan the company was scheduled to close March 13, and attempts to find an emergency bridge loan were unsuccessful. As a result, management said it did not have enough funds on hand to pay workers.

"We are diligently working to liquidate assets as quickly as possible and fund our payroll," company executives said.

The mine includes nearly 1,000 acres of heap leach pads where acidified solution is distributed over crushed rock to remove copper deposits, and it requires near-constant maintenance to comply with environmental regulations.

The mining company's director George Shaw sent a letter to the Utah Division of Oil, Gas and Mining (DOG M) on Friday, requesting "immediate assistance."

He said a number of employees had continued working in a volunteer capacity since the furloughs on March 18 to keep operations from breaking down. But, he added, the workers were "exhausted after several days of little or no sleep and are devastated by the abrupt steps that the Company has required over the past several days."

Shaw also said that freezing temperatures had broken several pipes carrying acidified solution and called the situation "very fragile."

In response, DOGM Director John Baza signed an emergency order on Friday requiring LVMC to begin containment and reclamation efforts "to the extent necessary to immediately prevent any imminent threat of environmental harm."

The order characterized conditions at the mine as "vulnerable" and said they "may quickly deteriorate," adding, "DOGM understands that failure of the pumps at the leach pad and ponds would result in a release of sulfuric acid into the environment after only 37 hours."

According to [documents filed to DOGM's website](#), the mining company has a \$6.1 million bond held with the surety company [Sompo International](#) as is required under state law to ensure funds are available for reclamation if a mining company defaults on its permit.

"If Sompo fails to take immediate action to ensure the environmental harms are mitigated," the order continued, "DOGM will undertake emergency actions to forfeit the full amount of the surety bond."

Inspectors from the state agency were sent to the mine site on Monday, and a DOGM spokesperson said the inspectors outlined the steps needed for environmental protections.

"Division management has asked that any and all work must be only shutdown [or] reclamation related and nothing for production," the spokesperson said, adding a plan to safely decommission the facility was being developed with a contractor.

Contractors are currently working without pay and said they would keep going as long as possible. They emphasized to the inspectors, however, it would be "hard to keep up their environmental protection measures if they can't pay for supplies, fuel and wages." The state has not ruled out the possibility of stepping in as a stopgap measure until contractors are able to be funded through the bond.

A reclamation plan filed with DOGM in February states it could take up to 10 months to neutralize acid in the heap leach pads, followed by up to 16 months of draining and evaporating the facility's ponds. According to company estimates, the process will use 664 million gallons of water over four years, which will be drained out and actively evaporated.

LVMC has long struggled financially, and it failed to pay property taxes to San Juan County between 2015 and 2019. In October, Shaw [requested the San Juan County Commission agree to a 36-month payment plan for the more than \\$1.1 million the company owes in back taxes.](#)

The county agreed to waive \$250,000 in penalties despite having to raise taxes in December to shore up its own general fund. The payment plan was scheduled to run through 2022.

During the October meeting, Commissioner Bruce Adams asked what would happen if the company had trouble making its monthly tax payments.

"We'll be back in here," Shaw replied, referring to the county commission chambers and adding the company would be in serious financial trouble if

that happened. The company did not respond to a request for comment.

Before shutting down last week, the company was [seeking to expand its operations and to run a pilot program of in-situ mining](#), which involves pumping an acidified solution directly into the water table and dissolving copper from the rock underground.

"We're putting in ... millions and millions of dollars to prove up a technology that eliminates the need for open-pit mining ... and [that] could benefit the overall industry on a global scale," Alysen Tarrant, LVMC's environmental manager, said at an informational meeting in Monticello in December.

DOGM's emergency order remains in effect through the next regular meeting of its board, currently scheduled April 22. The board's March meeting was canceled due to coronavirus concerns.

Zak Podmore is a [Report for America](#) corps member and writes about conflict and change in San Juan County for The Salt Lake Tribune. Your donation to match our RFA grant helps keep him writing stories like this one; please consider making a tax-deductible gift of any amount today by clicking [here](#).