

Operations and Closures of Butte Mining:

An Interview with Phil Garcia

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HIST 3236 Montana History

April 19, 2005

Tentative Outline/Questions for the Interview

- 1) Brief history of your life in Butte.
- 2) How did you get into the mining industry to begin with?
- 3) What involvement/roles have you, and do you, play in recent mining activity?
- 4) What companies have you worked for?
 - A) For how long?
 - B) Why did you leave?
 - C) What were your personal benefits for leaving?
 - D) What were your personal hardships for leaving?
- 5) Overall, what were the best experiences you have had in the mining industry?
- 6) Overall, what were the worst experiences you have had in the mining industry?
- 7) What life experiences have you learned through the mining industry?
- 8) What do you suspect the future of Butte mining has in store for you?
- 9) Thank you and good luck.

INTERVIEW OUTLINE

I. Introductions

II. The beginning of Phil Garcia's mining career.

- A) Family involvement
- B) Accident

III. Anaconda Company

- A) Laborer
- B) Laboratory
- C) Supervisor
- D) ARCO
- E) Shut down
- F) "Golden Handshake"

IV. Montana Resources

- A) Contracted Consultant
- B) Supervisor
- C) Profit
- D) External factors (electricity)
- E) Phase out
- F) Shut down

V. Three years of limbo

- A) Economic hardships
 - 1) No work
 - 2) Low paying work
 - 3) Spending retirement for insurance and basic needs
- B) Possibility of relocating
 - 1) Kansas
 - 2) Johnson Atoll
 - 3) Idaho

VI. Reopening of Montana Resources

- A) No guarantee
- B) Commodity prices
- C) Electricity contracts
- D) Sense of "somewhat" security

VII. Closing

- A) Roller coaster ride
- B) Keep a good attitude
- C) Thank you and good luck

Operations and Closures of Butte Mining:

An Interview with Phil Garcia

Lisa: My name is Lisa Miller and I am here interviewing Phil Garcia on April 16, 2005. We are at his house, location 518 North Emmett, in Butte, MT. Hi Phil.

Phil: Hi, how are you?

Lisa: Good, how are you doing?

Phil: Just Fine.

Lisa: What I would like to do today is talk to you about your involvement in some of the more recent mining activities. How exactly did you become involved in Butte mining?

Phil: Well, two ways. One, my family has been involved in mining. My father was a miner in the Butte mines. Secondly, I became involved in mining kind of accidentally, in a way, once I finished college. Do you want me to elaborate on this?

Lisa: Well, you say you became involved accidentally. What do you mean by that?

Phil: Well, for one, since Butte is a mining town there is great chance that you can be involved either directly or indirectly. I finished school at Montana State in 1969 and was in a curriculum that did not involve mining. I finished a degree in microbiology and was training in a clinical laboratory. I left that in the fall of 1969 and went out to Seattle later in December and ended up coming back in February 1970 because of an illness regarding my mother. We took care of that situation and I was heading back to Seattle in late February. I stopped to visit a friend. I planned to get up at six in the morning and drive all the way to Seattle, but slept in. His mother came up and said, "The Anaconda Company called and wants you to come and work for them." So, that

brought up some strange thoughts in my mind like, "How do they know I am in town?" and "Why would they have called?" But, I had actually put in an application months earlier before I had gone to Seattle and I had left that number. It is just kind of interesting that they should happen to call on the one day that I had been there.

Lisa: So, the day that they actually called was the morning that you were actually heading to Seattle?

Phil: I should have been half way to Seattle by the time they called, but I didn't get up. As it turned out, I went over and talked to them and they said, "Well gee, all we are looking for are general laborers but you have a degree. Why are you looking to go to work as a general laborer?" I said, "I'm not, I just came over to see what you had in mind." They said, "Well, we have a filed tech position that we could put you in and then possibly put you in the laboratory if you're interested." That is exactly what happened. As it turned out, they liked the work that I did and I didn't have any other future prospects, even if I went back to Seattle that fall. So, I stayed there for sixteen years.

Lisa: So, what year was it that you went there?

Phil: That was in February of 1970 that I started with Anaconda in the smelter operations in Anaconda, MT.

Lisa: And you ended up staying for sixteen years?

Phil: I ended up staying for sixteen years.

Lisa: Did you ever make it back to Seattle to get your things?

Phil: Well, at that time, everything I owned fit in the trunk of my mother's car, which I was using. So, I didn't have to go back and get anything. I was pretty mobile at the time.

Lisa: I am sure you went back to visit anyway.

Phil: I did go back to visit. The reason I went to Seattle was because my brother moved there. I had contact in another place. I did, I went back to Seattle many times.

Lisa: You say that you were at the Anaconda Company for sixteen years. What happened after the sixteen years?

Phil: Well, sixteen years later, that would be 1986. Well, in 1983 they actually announced the closure of the mining operation. Another company, ARCO, had bought it in about 1977, with the hope of making some money. They found out that the money does not turn over as quickly in mining as it does in oil. As a consequence, they decided they would phase out the operation. Even though it was never said, we all fairly well knew the operation would be shut down. Not only that, the mining in the main Berkley was getting unprofitable. It was just a matter of time. By 1983, they had phased it down from the time they had bought it with 3000 employees down to about 750 employees that dealt just directly with Butte operations. At that point in time, on January 6, I believe, that they announced that they would close the mine upon June 30 of that year. Everybody had six months to prepare for the shut down. This was quite an impact on people of all ages. There were people working there from their 20's to their 50's. This gave them time to prepare and gave them a lot of training classes to prepare people for whatever impact it would have on their life at that time and prepare for other careers and other life changes. Most of the people left. They kept a core of about 40-50 people at that time. Just due to the nature of the work I did, which was laboratory work, part of the laboratory work I did was environmental monitoring. Because we did that monitoring it was a perfect opportunity to do base line studies for a period of time, which we did for almost three years after the shut down from 1983-1986 on air quality and water quality during the shut down phase. Because that way we could compare these studies to the data we had collected all the time that we had operated. I continued there

until December 21, 1985. We had a 90 day paid job search and the "Golden Handshake." This meant we got paid two weeks paid for every year of service we had, it may have been three weeks. It ended up being 54 total weeks that I had ended up getting paid, so I had a full year, plus the 90 day job search, plus 18 months of insurance. We were treated well once we left. They gave us the opportunity to look at other options and they just didn't kick us out the door and send us down the street. Which, was not the case with a lot of people. I talked to a lot of salesmen that came in to talk to me and I described the "Golden Handshake." They said, "You know, if my company decided they did not want me tomorrow that would be it. Period." So, we had it pretty well.

Lisa: Yes, it sounds like it. So, did you take that whole year off then?

Phil: Well, my plan, at that point in time (I was 39 years old), I felt I had some time to think about what I was going to do next in my life. I planned to actually travel a bit, being the last time a I had a break where I had some free time was from the time I finished school to the time I went to work for Anaconda. Little knowing that we have few of these breaks in our lifetime. So, I was going to take advantage of the time and travel for a time and look around and see what I and where I wanted to be and what I wanted to do. So, I planned on hoping not to work for 12-18 months. But, they found me within 6 months. They, meaning a company that bought the operation and planned to open it up again under the title of Montana Resources. So, my retirement lasted only really six months. In June of 1986, as a consultant, I contracted to set up the laboratory for Montana Resources because all of the functions that they planned to do were exactly what I did for Anaconda. So I was the most likely person to set it up for them. I say they found me because I didn't contact them and I really wasn't looking to go back because I had other plans in mind for my own life. But exactly that, because I didn't have concrete plans I

thought, "Well, I can do this while I'm here." I had bought a house that I had for 10 years, and I thought, "Maybe it will be best if I stay in this area," and "Here is a job that I could use." I took the contractor job for six months because I still intended to travel on at the end of the year. Not only that, but there was no guarantee that it would even actually operate and then thinking that it might take a year to get it going and, "Who knows." Actually the conditions for opening were not good, the price of copper was not high, it was marginal for operating. A lot of factors made it an iffy scenario. I decide that I would just take the contract and that way I could leave at the end of that time. As it turned out, they were up and running at the end of 90 days and doing fairly well. They still had a few minor problems, but by the end of the year it was working very well and I decided to stay. It was kind of nice. On December 27, three days or four days before the contract was over, I asked the vice president of operations if I could change my mind. At this time, I was interviewing other people to replace myself.

Lisa: So, you were interviewing other people to replace yourself?

Phil: I was interviewing other people to replace myself because I was planning to leave on December 31. I said, "I've decided I'd like to stay. Would it be possible for me to stay and continue on to function as your laboratory supervisor?" He said, "Well, yes, of course, that would be great." They really did want me there. I had a real good rapport with this man. I worked for him with Anaconda quite a number of times. He knew my work and we had a good working relationship. We ended the interview process, but there was one catch in the whole process. In February of the next year (in 1987), I had a trip planned to New Zealand and Australia for six weeks. He said, "We'll wait, That's fine. You work up until the time you need and let us know when you get back and we'll continue on." They were very gracious. That was a good feeling because I knew they wanted me and it worked out well because I didn't have to give up my trip.

It was the best of both worlds for me.

Lisa: So how long did you work for Montana Resources after you came back from New Zealand?

Phil: From then, all the way from when I contracted all the way up I ended up working until 2001. In June 2000 they actually shut the operation down again. This was not due to a phasing out because of any internal problems, but we were hit with a external factor, which was something that no one expected and you can't predict . That was the price of electricity, because it was deregulated, went to new heights as far as costs. Earlier in the year, we had options for a contract, but we were waiting for a better contract. That was typical, and expected, that we would be able to beat the prices that we were going to get. An odd thing happened, by April and May it did not look like the prices were going to come down and that we were not going to get a better contract. As a consequence, we became increasingly concerned as to what kind of contract we were going to get because it didn't look like the prices were going to come back down. That is exactly what happened. By the end of June when we needed a contract for electricity, the prices were so exorbitant that we would have lost about three million dollars a month if we continued operating, so we shut down the place immediately.

Lisa: And that was in June of 2000?

Phil: That was in June of 2000.

Lisa: And then you say you actually worked until 2001. Why was that?

Phil: At that point in time, this brings a new meaning to the terms "sudden" and "unexpected." Terms that people did not want to hear with regard to their job as it relates to closure. Since this was not anticipated we were just stopped in our tracks of normal operation. We waited. We gave everybody notice and said we'd let them know because hopefully we would get a contract soon.

Well, the prices never did go down until the next year. In fact even then they did not go down for almost a full year. We did some preliminary work later that fall. Some preliminary stripping to ready the mine for operation because we fully intended to open up again in November before the winter because we had not shut down or winterized the operation anticipating that we would start up. It was deemed that the operation would not open up, but they would retain twenty to twenty-five key people that were needed to start the place back up at any time. So they kept us on staff from June 30 until April of the next year. At a meeting in March they decided that they would not open the operation indefinitely. So, in April they let another ten to twelve people go. I think they took the staff down to eight people. Those were just people necessary to take care of work that was ongoing at the time.

Lisa: And were you one of those eight people, or is that when you were let go?

Phil: No, that is when I was let go.

Lisa: So, what kind of hardships did that cause you and your family?

Phil: At that point in time, you have to realize that I am 53-years-old and now I am starting over again. Again, this is one of those breaks in service where you have some time. Of course, there was no "Golden Handshake" at this point in time. We were given some compensation, but the hardships were that we didn't have a year of pay, 90 days paid job search, we didn't have insurance for 18 months. The economic factors were totally different. We did get a small compensation for pay, there was no paid job search, there was no insurance package for eighteen months. We had to pay our own insurance, which ended up being very costly at \$500 per month. It ended up costing having to access funds. Our 401K becomes available, accessible, at that time if you roll it over to the right account. You can put it in a roll over IRA. You can access it and pay some of the things you need and also you can go look for other work

Lisa: So here you are at 53-years-old and having to use your retirement to pay your medical insurance?

Phil: Having to use it to pay medial insurance, paying basic costs and then offsetting those costs with other income. Any other income available at the time was not comparable to what we were getting at the time.

Lisa: So the financial uncertainty must have been scary.

Phil: It was. It is. It is kind of interesting now looking back. There was a period of over three years between the time that the place opened up again. I didn't work, and I worked for a couple of other places for basic wages, minimum wages. I look back now and think, "Did that really happen?" "Did I dream this?" It was kind of like a blip of time. But I look back now and think, "I'm sure glad it is over." You can reflect back easier than think about what is going on at the time. It is never nice to be uncertain about your income, where you're going, what you're going to do, and how you're going to take care of things. But during that three years everything was taken care of on a minimal basis. We didn't do anything extravagant, but we got by and took care of our needs at the time. But it did cost. My story is not untypical. You talk to so many people that have gone through both of these shutdowns and there are so many stories it is unreal. There are lots of families that the husband would take a job in other towns and other states, be gone for six months to a year at a time. Families would be split up in many different ways. People did whatever they could because they're skills would take them wherever they could use them.

Lisa: Was there a time when you considered going out of town or out of state?

Phil: During that last shut down, I thought about. In fact, I did take an interview in Kansas, which is a lot different than Montana. I also looked at an opportunity to take a job in Johnson Atoll in the pacific, which is an island about two miles long and two miles wide. You know, I

looked at the option of moving to larger cities. When you look at that, you are looking at higher costs of living, housing , you name it. Nothing was real attractive to change from where I was. I was not unwilling to change and go someplace else. In fact, we looked forward to Kansas or anyplace else that I looked at. I looked at a place in Idaho. I looked at a lot of different options. None of them really worked out. That was typical, but some people actually went to better opportunities, better jobs. It just depended on the person.

Lisa: I know that you are currently working for Montana Resources. How did you end up back there again?

Phil: During that interim I worked for two other places. When they announced that they were going to open the mine up again in 2003, I kind of thought that I might not go back to the mining industry again because the company that I was working for was fairly stable. It was decent work, a good company, good benefits. Not great pay, at least compared to what I was receiving before, but it was decent, basic, and close by. I only had to drive seven miles.

Lisa: What company was that?

Phil: ASMI.

Lisa: OK

Phil: So, I thought about it and then after a while I thought, "Well, it probably would be best to go back to the job that I had." Again, going back here was no guarantee that it would continue on. It was a really difficult, somewhat difficult, choice because on one hand I had a job that seemed fairly stable. Although I don't know if job security is real in any situation. But, it seemed, at least, I had it, and the company would continue on for a period of time. Then to go to a start up of a company that I had before, the work was familiar; it wouldn't be any problem starting up again. Finding some of the people and bringing them back would be difficult. I only brought back

half of my people. The pay going back to my normal base pay would be a good plus. But, there was no guarantee again that it would continue on because again the conditions were just marginal for operating again. The commodity prices were good and expected to go up a bit and that would make us continue to go on. One thing about Montana Resources, if it isn't profitable, it doesn't run. Period. Nobody bails it out. You either make it or you don't make it. And so, it was a pretty good risk coming back. But, as it's turned out, this is one of the externals that was good for us. The commodity prices have gone up. And so we are able to pay our people and we have profit sharing and it's been better than expected. Well, we didn't have it right away in 2003. We opened in August of 2003 and struggled through to get through the end of the year and into the spring and then by after the first quarter of the year we had a small profit sharing check. Then we got some more later on in the year. 2004 ended up being a decent year and this year again will be a decent year and maybe even next year will be a decent year as far as profit and being able to get enough money flow into the operation to get new equipment and position us for the long term because there is a fourteen to twenty-four year mine life, which we are two years into it. There is mining that will continue for a time. The commodity prices making our profit good will allow us to buy equipment to position us for the long term.

Lisa: So, do you have a sense of security now?

Phil: Well, there is always that external issue. "Sudden and unexpected" still stays in the back of your mind because you never know what can hit you and blindside you from the outside. We have guaranteed contracts for electricity for two years out and you can be sure we will always have that. But, that only covers one of the bases. Who knows, when commodity prices goes up that means commodity prices for the stuff we buy goes up. A lot of our costs are going up too. It's OK now because we're in a good profitable period. But when it gets down to when

commodity prices go down to base to where it's just enough to get us by, who knows what might happen then. I feel a little more secure now, but I guess anybody that works in this area of industry always rides alert.

Lisa: Do you think there is ever a chance of another "Golden Handshake?"

Phil: No. Not with this company. Those days are gone for most companies.

Lisa: What period of time do you think was the best period of time in the mining industry?

Phil: There have been some, well, most of it to be honest. It has been a good industry for me for the most part, even though it is not where I intended to go in the first place. In the beginning just starting out it was new and interesting. I learned a lot. I did have the background working in the type of laboratory that they had and I also had the opportunity to go back to school in the 70's and get more schooling in that area (in the area of chemistry) and they paid for that. That was a good period of time because I was in my home town making decent money and living around people I liked to live with, live around and be around. That was a good time. In the late 70's I was made supervisor of the laboratory. In the late 70's and into the 80's that was a good time because I learned something new again. Supervision, people principles, things like that. Then of course, the shutdown was not a good time. But, when Montana Resources started up again it was an opportunity to set up a whole new laboratory again. I did set up a laboratory for Anaconda. We moved from one laboratory to another so I had a chance to work in the design of that. Which actually, in the Anaconda days with the smelter, I was involved in the redesign of part of the laboratory there. So, I had the chance to use talents. I like to build things. So when someone gives me the drawings and they are blank and they say, "Here, just do it. You design it," that is good for me, so all during that time I got a chance to do things like that. When Montana Resources started up in 1986, I got a chance to redesign an old metallurgic laboratory and turn it

in to an analytical laboratory. So, that was a good time. Being able to pick the people I wanted to be with from Anaconda; the key people that I needed in three different areas that we had in the laboratory; the best of the best to set up the laboratory. That was probably one of the best times, from 1986 on into 1995 because I was working with people that I hand picked and building the laboratory myself. Well essentially; I got to design most of it and work with the contractors. It was not just myself, I took input from all other people in what they thought was best for what we needed. It was a composite, it wasn't just me, I more facilitated all the ideas. Then plus, the profit became good in 1988-89 all the way through 1995 so the pay was good. It was a good period of time as far as working in the mining industry, you know, my work history with the operations. And then we had some lean years from 1995-2000 and of course we shut down. We went through a roller coaster for three years and now we're back again. Like I said, you look back and say, "Did that really happen? Did all of this really happen?"

Lisa: Well, you mentioned the last three years being a roller coaster. But actually, when I look back and listen to you talk about this, you quite by accident, in 1970, ended up in the mining industry and it sounds like it has been a roller coaster, actually, ever since for the last thirty-five years.

Phil: Well, in a way. It is kind of a roller coaster, but a lot depends on your attitude towards life and work and what you are doing. I can't say that I had the best of attitudes at the beginning. But you have an attitude that, "I'm going to learn and grow and change," and you stay flexible and tolerant of what is going to happen and keep an open mind of "Well, where is this going to lead next," or "What kind of an opportunity does this present for me?" You can take the opposite view and say, "Woe is me," or "Why me?" when everything happens to you, but life happens, stuff happens. The real question is, "How do you react when stuff happens." You know my story

here, I have kept track of other people, my classmates in particular, certain people I have always kept in touch with since school, and people I have met, and asked them questions similar to what you are asking me now on their journey: how it has effected them, what changes they have gone through. And life happened to them too. Stuff happened, they had to change jobs and couldn't go back to the same place. They had opportunities to learn and grow and change. Just depending on the person, some of them gained, and some of them didn't gain. How you react determines a lot, your mental mind set, your attitude, where you are now. For me, I guess I have learned to develop an attitude of "Let's see what happens," and "Where does this take me," and "What can I learn or gain from this whole situation?" There is no sense thinking the negative half. It doesn't go anywhere.

Lisa: Well, thank you very much, Phil, for your time. I am interested to see what the future has for you in the mining industry.

Phil: You are very welcome.