Kennecott Announces Layoffs After Landslide

PAUL FOY, Associated Press

SALT LAKE CITY (AP) — A Utah mining company announced Thursday it plans to lay off some of its 2,100 workers because of a landslide that filled the bottom of a copper mining pit in the mountains west of Salt Lake City with millions of tons of rock and dirt.

Kennecott Utah Copper Corp. said the number of layoffs remains undetermined but they would take place during May, possibly followed by other cost reductions "in the coming months." Kennecott has halved its production goal for 2013 at Bingham Canyon mine.

"It is always difficult when jobs are lost because of the direct impact it has on individuals and families," Kennecott said in a statement late Thursday. "Our workforce is an important consideration in every decision that we make."

The United Steelworkers will open talks with company officials Friday on ways to minimize layoffs, said Wayne Holland, a union representative for more than 400 drivers, rock drillers and machinists, and others at a smelter and refinery. Holland said he will push for the company offer early retirement incentives for workers in their 50s and older.

"There isn't a scenario" for Kennecott to recover quickly from the slide, Holland said, yet "I can't imagine" the company would walk away from the disaster for good.

"This is still one of the most lucrative copper properties in the world," said Holland, who noted it also yields some gold, silver and other precious metals "as a nice bonus" and has generated as much as $1 billion in revenue a year.

Kennecott asked workers to take vacation or unpaid leave after the April 10 landslide. Many declined because of the fear of being furloughed indefinitely, Brandon Dew, business agent for Operating Engineers Local 3, said last week. The union represents about 200 shovel operators and bulldozer drivers at the mine.

Kennecott said it couldn't offer any details beyond Thursday's statement.

"While still in the early stages of recovering from the impacts of the slide, Kennecott is looking ahead at plans for how to adapt to a 50 percent decrease in production this year," the company said.

"While we still don't have all of the answers, we have reached a point where additional measures are necessary to reduce operating costs. Additional changes to reduce our operating costs may be required as operating plans are finalized in the coming months," it said.

A week ago, Kennecott opened the mining pit to view for the first time since the landslide, which geologists say moved enough material to nearly fill up the Panama Canal.

Rock and dirt without ore value washed over the terraced steps of the mining pit that's nearly a mile deep. The slide left the tip of one giant electric-powered shovel poking out of the dirt and a collection of mangled haul trucks. Kennecott has said the slide buried three shovels and 14 trucks, many out of view.

It will take months for the major U.S. copper mine to recover, even though Kennecott has said it anticipated the landslide. It ran farther than expected, unleashing what the U.S. Geological Survey has calculated as 128 million cubic yards of rock and dirt. That's two-thirds of the material removed for the Panama Canal.

Market analysts said the worst-case scenario has Kennecott losing sales of up to 165 million tons of refined copper in 2013.

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