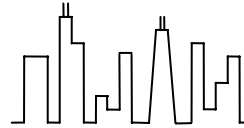


CHICAGO SECTION NEWSLETTER

September 2006



Newsletter of the Chicago Section of the Society for Mining, Metallurgy, and Exploration, Inc. - Founded Spring 1987 - www.chicagosme.org

MEETING: Thursday, September 28, 2006

Topic: *McCook Reservoir Tunnels and Ancillary Facilities*

Guest Speaker: **Bob Rautenberg, Project Manager, [Kenny Construction Co.](#)**

Time: 5:15 PM Social Hour
6:00 PM Dinner *Please - We need advance reservations - check the menu below.*

Meeting Location: ***Holiday Inn Glen Ellyn***
1250 Roosevelt Rd, Glen Ellyn, Illinois 60137

Directions: Northern and Northwest Suburbs: Take Route 53 south/I-290 east to the North-South Tollway (I-355) going south. Exit at Roosevelt Rd (Rt. 38) going east. The hotel is located on the left 1/2 mile.

Western Suburbs: Take East-West Tollway I-88 east to I-355 north, exit at Roosevelt Road (Rt. 38) going east. The hotel is located on the left 1/2 mile.

Downtown Chicago: Take I-290 west to East-West Tollway (I-88) west toward Aurora. Follow the I-88 signs and exit to Roosevelt Rd (Rt. 38) just before I-88 west. Hotel is 4.5 miles west on the right. If you get on I-88 west go to I-355 and follow directions for southern suburbs.

Southwest Suburbs: Take I-55 to I-355 north to beyond I-88 and exit on Roosevelt Rd going east. The hotel is located on the left 1/2 mile.

Southeast Suburbs: Take Tri-State Tollway (I-294) north to Roosevelt Rd (Rt. 38) west exit. Hotel is 4.5 miles west on the right.

Menu: Service will be restaurant style with a choice of two entrées:

- *Chicken Marsala Served with Garlic Mashed Potatoes*
- *Seared Filet of Salmon Served with Jasmine Rice*

All Entrees are served with a Garden Salad with Assorted Dressings, Appropriate Vegetable, Fresh Rolls and Butter, a Dessert Selection, and Coffee, Decaf and Hot Tea. A vegetarian plate is available on request.

Cost: \$30 for dinner/meeting for Members, \$35 for Non-Members
Science teachers or professors are considered guests of the Section and will get dinner free.
Student's dinners are \$5.

If you are coming, RSVP; PLEASE before Tuesday, September 26, 2006. Call or e-mail either

Agapito Associates, Inc. at 630-792-1520 or frank@agapito.com

From the Chairman:

Dear SME Chicago Members,

There has been a changing of the guard at the Chicago Chapter of the SME. Gordie Stevens, who has been Chairman for longer than he cares to remember, decided to step down to the position of Vice Chair. For my many and varied sins, I was assigned – volunteered, really – to take his place.

I held a meeting with the directors of the chapter in July and suggested several changes... all geared to increase attendance at our meetings.

The first issue was the frequency of meetings. For some time, we have been holding monthly meetings, with a gap in the middle of the year. We decided that maybe people just cannot budget that much time to a professional group and we will go on a two-month split from now on.

The second was the breakdown of attendance. We have always tried to persuade more producers to come to the meetings. One of the reasons for our location in the southern portion of the western suburbs was to make the meetings more accessible to the quarry folk. However, our meetings always seem to be dominated by consultants and professional people. We agreed that professional development was a worthwhile goal, and maybe marketing and business development was not a realistic part of the local meetings. We will position ourselves first and foremost as a professional group, and will always encourage producers to come to the meetings.

With this objective for the chapter meetings, we discussed whether a more central location would be more appropriate for the group -- hence our decision to relocate to Glen Ellyn this time around. Watch this space for future locations...

I have also asked for input from the directors on possible field trips to augment our dinner meetings. I think the recent trip to the new POWC Mine was widely viewed as an interesting opportunity.

Another thing we are looking into is positive accreditation for continuing professional education/development hours. Each time you attend a meeting we may be able to give you a certificate for an hour or so.

Doug Hambley has agreed to take over the responsibilities of newsletter editor. I think we all owe Rick Ackermann a tremendous debt for the effort he has given us in that role for the last several years. Several of us know from personal experience just how tough a job that can be. Rick will be working with Anne Leslie on GEM committee outreach to the educational community. Frank Kendorski continues to provide his usual stable of interesting speakers, starting this month with a civil engineering contractor's work at a local quarry. Rudy Stein has agreed to take over the SME Chapter's web site. Sarah Schlichtholz has done a fantastic job of keeping us connected after she established our web site in the dim distant past.

Thank you all for your involvement. I hope we can continue to provide value to the mining industry professionals in the Chicago area.

Please let me know if there is anything we can do to make our group more relevant to you all. Call my cell phone with comments: 630-750-0652.

Regards

H. John Head

From the Program Chairman

At This Meeting:

McCook Reservoir Tunnels and Ancillary Facilities

Bob Rautenberg, Project Manager, **Kenny Construction Co.**

A Brief Synopsis:

The talk will cover the construction of the McCook CUP Tunnel Project, the McCook Conveyance Tunnel and the Vulcan Materials Trench & Starter Pit Contracts and how the three contracts will mesh together to form the McCook Reservoir.

The Last Meeting

Terry Tilley, a Project Manager for Dynatec Mining Corporation, discussed *Specialty Tunneling Methods under Low Cover Conditions*. The presentation described the design approach, the methods of ground support and excavation selected, and the planning, scheduling and materials selection process for a tunneling project where the minimal surface disturbance was allowed and the ground cover was less than 10 feet.

The design approach basically was to insure that the temporary support methods were adequate for the excavation and shoring stage of the project. The final concrete liner was designed as well by using conventional structural design methods with the goal of constructing a tunnel that will last 100 years. The methods of support were spiling and variations of spiling in order to provide advance ground support. Mr. Tilley discussed the applicability of the methods and evaluated the actual performance of the excavation and shoring methods.

By the Editor

Looking for Speakers for This Year:

The Chicago SME is in the process of scheduling speakers for this year. If you have a subject you are interested in hearing

presented, know of someone you would like to have speak to our group, or would like to give a talk yourself, please contact our program chair, **Frank Kendorski** at 630-792-1520 or you can E-mail him at frank@agapito.com.

Staff Vacancy

Agapito Associates, Inc. (AAI), Lombard Office is seeking mining engineers, civil engineers, or geologists to fill newly-created vacancy. Work involves new mine planning and development, geologic studies, remedial mine ground control, forensic investigations, and subsidence engineering. Travel and underground work required. AAI offers competitive salary and benefits and is employee-owned. All inquiries will be held in the strictest confidence. Contact Frank Kendorski at 630-792-1520 or frank@agapito.com. www.agapito.com.

Contributed by Frank Kendorski

UPCOMING MEETINGS & EVENTS

For your schedules

IAAP/IEPA Clean Construction Demolition Debris Training Seminar

Tuesday Oct 3rd at the Springfield Crowne Plaza

The Illinois Aggregate Producers Association and the Illinois EPA will conduct a training seminar designed to help you comply with the State's clean construction or demolition debris (CCDD) fill regulatory program. Companies currently operating or contemplating opening a site will benefit from the topics covered in this seminar. Enrollment is limited to the first 100 people who register. Rooms have been blocked out at the hotel for the night of Oct 2nd. Conference fee is \$100. Contact IAAP director John Henrikson at 217-241-1639 for registration forms or any questions.

Contributed by IAAP

NEWS TO USE

Four Leading ExxonMobil Distributors Consolidate to Form PetroLiance LLC

Four of the nation's largest ExxonMobil distributors have announced plans to consolidate operations and form a new company, PetroLiance LLC. The four companies are **Boncosky Oil Company of Chicago**; Commercial Ullman Lubricants Company of Ohio; Lubricant Technologies LLC, which is active in North and South Carolina, and Georgia; and Young Oil Company of South Florida.

By combining the resources of the four companies, PetroLiance will be, by far, the largest ExxonMobil distributorship in each of the markets in which it operates, said Kevin McCarter, speaking on behalf of the new organization. McCarter will serve as chief executive officer.

"Given the scale of this consolidation, and the resources driving it, we believe this is a breakthrough alliance. It is a strong signal of an emerging industry trend that will continue to build real momentum," said McCarter. "This new partnership is united by a vision of enhanced customer service, innovative business strategies and robust growth."

He also noted the new company would have annual sales of nearly \$300 million, which means the new company will immediately be a major force in the industry.

"These four founding companies will form four rock solid anchor positions," explained Michael Solitt, who will be PetroLiance's acquisitions manager. "From here, we plan to build bridges to other parts of the national distribution system over the next few years, and will be inviting other quality companies to join us as our alliance grows."

Solitt added that PetroLiance plans to play a leading role in shaping the continuing consolidation of the petroleum industry. He pointed out that since the late 1960s; the number of individual companies distributing petroleum products in the United States has shrunk by two-thirds,

while the average sales volume of each distributor increased five-fold.

"Clearly, the consolidation trend will be continuing, so our companies agreed to form PetroLiance in an effort to help shape this trend in a way that is beneficial for everyone concerned," he said. "Our vision was not to consolidate for the sake of getting bigger. Our vision was to consolidate to get even better - better for our customers, our suppliers and our employees."

Scott Lane, who will serve as chief marketing and technology officer of PetroLiance, noted that all four founding companies had won numerous awards from ExxonMobil for superior customer service and growth over the years, including the coveted Circle of Excellence Award. That emphasis will drive the new organization as well, he said.

"For most of its history, our industry has been fundamentally product-driven," he explained. "We had a product to sell, and our job was to find customers who could use that product, sell it to them, and then deliver it.

"At PetroLiance we intend to turn that model around. We will use our combined marketing expertise to determine what our customers really need in terms of both products and services, and then find a way to develop and deliver those in the most cost-effective manner. We plan to invest significantly in customer research - finding out exactly what our customers expect.

PetroLiance will continue to offer ExxonMobil products exclusive of any other supplier brand. In addition, the company will also offer high-quality lubricants under the Medallion Plus® brand, along with a growing array of ancillary product and services.

"The launch of PetroLiance means our customers will now have a strategic partner that is committed to providing the products and services they need to minimize their total cost of ownership while improving their own performance and productivity," said Lane. "We will be able to combine the service and attention of a local company, with the strength and depth of resources only a national company can provide."

He said the company plans to devote considerable attention to further developing and deploying new technologies, such as remote telemetry, automated scheduling, electronic invoicing, Web-based marketing and other applications.

"Each of our individual companies had worked hard in these areas," he said. "But as PetroLiance, we'll be able to leverage our resources and leap forward even more dramatically."

Headquartered in Elgin, Ill., Boncosky Oil Company distributes industrial petroleum products, automotive and commercial lubricants, fuels, distillates, and other related products throughout Northern Illinois and surrounding areas. Commercial Ullman Lubricants Company, headquartered in Cleveland, serves customers throughout Ohio and western Pennsylvania, offering heavy-duty lubricants and a full line of metalworking fluids such as coolants, cleaners, drawing compounds and rust inhibitors. Lubricant Technologies LLC, based in Cary, N.C., distributes industrial petroleum products, automotive and commercial lubricants, marine lubricants, commercial fuels, distillates and other related products throughout North Carolina, South Carolina, eastern Georgia and Northern Florida. Young Oil Company, headquartered in Pompano Beach, Fla., serves automotive, commercial and industrial customers throughout South Florida and the Caribbean.

For more information on PetroLiance, call (800) 628-7231, or visit the company's Web site at www.petroliance.com.

Contributed by Steve Tivy

New MSHA Rules

On Friday, September 8, 2006, MSHA published a proposed rule in the *Federal Register* to amend its civil penalty regulations. This proposed rule increases penalty amounts and implements new requirements of the Mine Improvement and New Emergency Response (MINER) Act of 2006. The proposal will also revise procedures for proposing civil monetary penalties to improve the efficiency and effectiveness of the civil

penalty process. The text of the new rule can be found at the following link:

<http://www.msha.gov/REGS/FEDREG/PROPOSED/2006PROP/06-7512.PDF>

Contributed by Rick Ackermann

Miners in Short Supply Scarcity of Skilled Labor is Beginning to Affect Production

By Lynn Moore

The Gazette

Published: Tuesday, September 12, 2006

As competition for skilled workers in the mining sector has sharpened along with metal prices, Cambior Inc.'s Sleeping Giant gold mine was among the first to feel its cutting edge. By the summer of 2005, more than 100 of its miners had departed, leaving the mine, known locally as Geant Dormant, with an employee turnover rate of 52 per cent and plummeting production. In the first three months of 2005, gold production averaged 4,760 ounces per month but by July, it had dropped to 2,516 ounces. "We were almost at the point of closing the mine," said Marcel Collard, the mine's Human Resources Manager.

The labor pinch was felt across Quebec as contractors, government offices and even profitable mines searched for skilled, experienced or, at least, trained workers. "Every single one of our members is complaining about labor problems," Jean-Pierre Thomassin, president of the Quebec Mineral Exploration Association, said last week. The problem is destined to grow, according to a 2005 report by the Mining Industry Training and Adjustment Council. The report determined that the industry could face a shortage of 81,000 workers in the next decade.

Struggling to replace the 40 per cent of its workforce scheduled to retire in the next decade, the sector is turning to a generation that often sees mining as dangerously cyclical, environmentally questionable and less than welcoming to women or aboriginals.

Sleeping Giant's key labor challenges revolve around the geological and geographical. Located about 80 kilometres north of Amos, Québec, the mine site is best described as the middle of nowhere. Its miners travel to Amos, where company buses ferry them to the mine, a trip of at least two hours a day. The mine's geology

doesn't lend itself to automated processes; skilled physical labor is required. While many miners were happy to travel for that kind of work during lean times, which changed as mines closer to urban centers in Quebec and Ontario issued hiring calls. Rather than chase experienced miners, Sleeping Giant decided to create them. A memo asked staff then to relay the news to family and friends. It yielded more than 150 responses, "from farmers to the guy at the Canadian Tire," Collard said.

For applicants, all males 18 to 25, there was the prospect of at least 700 hours training, a salary of \$23 an hour plus the prospect of production and safety bonuses of up to \$30 an hour, Collard said. Not wanting to train miners for their competitors, the mine sought and won union approval for a measure whereby a portion of the trainee's salary would be held until the second and third anniversary of their hiring.

As no applicant had mining experience, the company had to probe "temperament and attitudes," to determine whether he had the makings of a miner, Collard said. A mine tour also disclosed their comfort level underground. Trainees are evaluated by three instructors weekly, and those "who aren't really cut out to be miners" are dropped. The program includes formal instruction and covers prerequisites set by Quebec. Classroom instruction is followed by one-the-job training, a coaching and mentoring program and close monitoring in the mine.

Regional

Phelps Dodge Shuts Down Bid for INCO

By Adam Gaub, Assistant Editor

Eastern Arizona Courier

Phelps Dodge decided Tuesday to end its bid for Canadian nickel-mining corporation Inco, opening the door for a Brazilian-based mining corporation to purchase the company. Phelps Dodge received \$125 million from Inco for terminating the Combination Agreement signed by the two companies and could obtain a further \$350 million if a change-of-control agreement was completed. The two companies entered into an agreement earlier this summer with Falconbridge in what was planned to be a merger between the three mining companies. Phelps Dodge withdrew its bid for Falconbridge last month after hostile bids from Swiss mining company Xstrata halted the PD acquisition.

Phelps Dodge was challenged in its offer for Inco by Companhia Valo de Rio Dolce SA, which offered to purchase the company for \$17 billion in cash, luring Inco shareholders away from PD's cash and stock offer. Phelps Dodge chairman and CEO J. Steven Whisler said while the acquisition of Inco had many benefits for the company, the cost of acquisition with the competing bid was too high. "Inco, with its world-class assets, would have been an attractive transaction for our shareholders at the price we agreed," Whisler said in a press release. "However, the synergies available in a two-way combination with Inco were much smaller than those available in the three-way combination (with Falconbridge). After CVRD made its all-cash, \$86-per-share offer, we elected not to participate further."

Phelps Dodge will focus on several projects within its own company, including the developments at the Safford mine and mining projects in Peru and the Democratic Republic of the Congo. "A lot of exciting things are going forward," Ken Vaughn, a Phelps Dodge spokesperson, said. "We hope to begin construction in Africa by the end of the year." The African Tenke Funurume is a \$650-million mine, bigger than the \$550-million mine at Safford; and in combination with the expansion of the Cerro Verde mine in Peru; Phelps Dodge hopes to add 300,000 tons of copper production to its annual output.

Contributed by Rick Ackermann

The IDNR Reclamation Awards Program

The purpose of the program is to recognize outstanding achievements in reclamation and increase public awareness of the mining industry's efforts to protect the environment. Applications for the IDNR Reclamation Award Program are available at the Office of Mines and Mineral's web page at

<http://www.dnr.state.il.us/mines/lrd/forms/LRDAWARD.pdf>

More information or hard copies of the forms can be obtained from Linda Hiltabrand of the IDNR at 815-481-2201. Two completed application packages are due on or before October 2nd 2006.

Contributed by Linda Hiltabrand, IDNR

Vulcan Materials McCook Open House

Vulcan's McCook quarry held its bi-annual open house on September 9th hosting 6,000 guests as they toured the plant area, climbed on some of the mining equipment and ate at the food tent. The event offered several science, geology and engineering-related educational activities for families, led by company geologists and specialists. There were bus tours of the 100 year old pit, a giant loader to climb on and the kids could join in a fossil hunt at the free event. There was also a Children's Workshop to give kids a chance to learn about rocks and geology.



Guests taking a look at the loader.

Vulcan's McCook quarry works hard at community relations and has a web site dedicated to serving the local community. It is an excellent example of a quality outreach to the local community. Check out the web site and some of the links at <http://vmcmccook.com/>.

IDNR Changes E-Mail Address Format

The State has changed the format of the IDNR email addresses. The old ones will work for about a year, but you might want to change your listings now. The format below will allow you to reach any employee.

firstname.lastname@illinois.gov

For example to e-mail Linda Hiltabrand of the IDNR in Peru the new address is:

linda.hiltabrand@illinois.gov

The office address for Peru is now:

IDNR-Office of Mines & Minerals
1825 Baker Lane, Suite A
Peru, IL 61354
815/223-9422; cell: 815/481-2201

Information Provided by Linda Hiltabrand

2005-2006 Chicago Section SME Officers

Chairman	H. John Head Continental Placer, Inc. Wheaton, IL 630-407-0800 x 103 Fax 630-407-0799 jhead@continentalplacer.com	Program Chairman	Frank Kendorski Agapito Associates, Inc. Lombard, IL 630-792-1520 Fax 630-792-1580 frank@agapito.com
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Membership	vacant	GEM Coordinator	Anne Leslie Raimonde Drilling, Inc. Chicago, IL

SME Chicago Section Membership Dues Form - NOTE: You do not need to be a national member to join the local section. To become a member of SME at the national level, please join at www.smenet.org or get an application from Gordie Stevens.

NAME: _____

AFFILIATION: _____

ADDRESS: _____

E-MAIL: _____ @ _____

DAYTIME TEL. NUMBER: _____

SPONSOR'S NAME: _____

STUDENT _____ **RETIRED** _____

Make Check for \$20.00 (\$10.00 for Student or Retired) out to "Chicago Section – SME" and mail to: Brad Renwick, Treasurer, Chicago Section of SME, Civil & Environmental Consultants., 3041 Woodcreek Drive. Suite 210, Downers Grove, IL 60515

NEXT MEETING
Thursday, September 28, 2006

McCook Reservoir Tunnels and Ancillary Facilities

Bob Rautenburg,
Kenny Construction Company

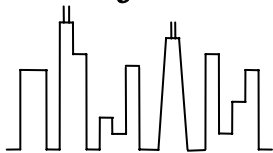
At the
Glen Ellyn Holiday Inn

Located at
12550 Roosevelt Road, Glen Ellyn, IL.

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