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## Gold Prospector Sees Chance for Big Strike in Toxic-Waste Dump

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BUCKSKIN, Nev. - Dave Pruett has prospected for gold for 46 years in mines from Arizona to the Amazon. He thinks he has finally found his big fortune in a pile of toxic waste in this desert ghost town.

Pruett's hope lies in nearly 200,000 tons of rubble sitting in man-made containment ponds outside a defunct mine. The rubble is laced with cyanide that Nevada regulators say threatens water supplies. But Pruett believes the pile, which is the waste, or tailings, left over from a previous mine, contains as much as 30,000 ounces of gold. Woven in with crushed rock and other material in a sort of rubble stew, that gold was considered not worth extracting.

But with gold prices having soared, the precious metal in the pile is suddenly worth around \$20 million, Pruett figures. He has begun hauling truckloads of the waste to a larger mine that has facilities to extract the gold. "Maybe, just maybe, this will be the big one," Pruett says.

The run-up in gold prices over the past few years - the futures price stood at \$627.60 a troy ounce Thursday - has ignited a mining frenzy in Nevada, the biggest gold-producing state. It has led some mining companies to reopen mines with low-grade reserves that previously weren't profitable to extract. A 26-year high for the U.S. gold price was reached last month, well over \$700.

In Nevada, most of the remaining gold lies deep underground, and the state's \$3.7 billion-a-year gold-mining industry is dominated by big corporations with the technology and machinery to dig it out. But here and there are a few small-stake prospectors - independent fortune seekers like Pruett who are a throwback to the gold rushes of yore. "He's a dying breed," says Royce Hackworth, owner of a drilling company in Elko, Nev.

The 68-year-old Pruett is racing against the chance gold prices may crash again. He rarely takes a day off as he shuttles between his pile, about 80 miles southeast of Reno, and a larger mine 350 miles away that extracts the gold. On a recent day, Wayne Monyihan and Wayne Monyihan Jr. - a father-and-son team who call themselves the Sagebrush Express - were each set to haul 20 tons of his ground-up waste rock on their 18-wheel tractor-trailers.

Digging in his toxic pit, Pruett uses a Caterpillar 966 bulldozer to push the black, clay-like waste into a heap. Pruett uses a Mitsubishi Excavator to scoop giant buckets of the material onto a dump truck, which then loads the waste onto the big-rig trucks. He then either hauls loads himself or pays the Monyihans to drive it to the bigger mine operator, where the waste rock goes into a mill. The gold is extracted after the rubble that contains it is burned for fuel to help run the mine.

The bigger mine pays Pruett a percentage of the value of the gold that is extracted from the waste. Minus costs and payments to a financial backer, Mountain West Resources Inc., of Vancouver, British Columbia, Pruett hopes to net about \$5 million from his pile of waste. So far, he and Mountain West - they split the proceeds equally - have netted a check for \$7,939.33 and are expecting another for about \$35,000.

A descendant of Mormon settlers, Pruett grew up on a Nevada sheep and cattle ranch. "Mining is a big adventure compared to herding sheep," he says.

As a young man, he bought a small gold mine for \$10,000 and sold it for \$40,000, he says. He later bought stakes in mines across Nevada, Arizona and California, most containing gold but others containing lead, zinc, silver and copper.

By the mid-1990s, according to a Chapter 11 bankruptcy filing in 1995, he had about \$15 million in assets, including ranchland and equipment like rock crushers and Peterbilt trucks. Hoping to make more, he wandered the world, including the Amazon jungles of Brazil and Peru, looking for gold and other metals. He says he came away empty-handed.

He took his biggest gamble in 1994, he says, when he bought the toxic-waste pile he now hopes to make a fortune on. The waste pile, from a mine in California, was trucked to this spot - next to the remains of a mine and boom town that opened in 1906 - by a Canadian company in the 1980s. Nevada regulators say the company found California laws inhospitable to its plans to extract the gold. The cyanide in the waste came from a gold-leaching process considered more controversial in populous California than in remote Nevada. Cyanide leaches gold out of rock after the substance is poured over a pile of rubble.

With gold prices stagnant in the 1990s, the company turned the mine over to Pruett, who agreed, as his part of the deal, to assume its cleanup liabilities. In 1995, Pruett says, he began shipping the ore to a mine near Elko. But gold prices soon crashed, making it uneconomical to move the waste. Nevada regulators threatened to fine Pruett unless he kept cleaning up the mine and paying for water monitoring. To pay bills, he sold most of his land, including his grandfather's 1906 ranch home. On Dec. 31, 1995, he filed for Chapter 11 bankruptcy protection. "I was stuck," says Pruett, who is unmarried and lives with a longtime girlfriend.

A glimmer of hope came when gold prices began ticking up four years ago. He found a mine near Elko that could process his rubble, and he began hauling it himself in late 2004, racing up and down Interstate 80 in a Peterbilt truck. "I spent 60 days on the truck straight," he recalls. But Nevada regulators soon stopped him, saying he was unloading the waste improperly on the ground without any padding underneath to prevent contamination of ground water.

He made ends meet selling salvaged equipment. "He's always got good intentions," says Doug Driesner, mining services director of the Nevada Commission on Mineral Resources.

Pruett's luck may have turned this time. The surge in gold prices made his toxic pile here more valuable than ever. Last month, he started trucking it out again, to a mine owned by Canada's Queenstake Resources Ltd.

Even if he finally gets his gold fortune, it probably won't entice him into retirement. "It's kind of like a disease, this prospecting thing," Pruett says. "I don't know if I can quit."

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