

# Kinzua's closure marks the end of an era

By Merlyn Robinson

It's the end of an era as Kinzua Resources in Heppner closes its doors. Kinzua has been a major industry for a natural resource-dependent area. The loss of jobs and the economic impact is a devastating blow for South Morrow County.

For nearly a century, the name Kinzua has been linked with the history of this Eastern Oregon area. The wood products industry has played a dominant role in the livelihoods of several generations.

The Kinzua Tree Farm was founded in 1909 by E.D. Wetmore of Pennsylvania. It's said that he rode horseback through Eastern Oregon to purchase 50,000 forested acres from homesteaders. These lands were then leased back to ranchers for grazing purposes.

The original mill town of Kinzua, about 16 miles from Fossil in Wheeler County, was founded about 1917. This company-owned town grew to include a general store, school, post office, church and 125 homes. In 1927 work began on 24 miles of railroad to connect Kinzua with the railroad at Condon as a way to ship lumber and box factory products.

According to reports, Kinzua was one of the few sawmills that did not shut down during the Great Depression of the 1930s.

The Heppner Kinzua site was originally the Heppner Pine Mill, founded by Orville J. Smith. In 1935 H.O. Wray built a small sawmill on land purchased from Frank Parker on Willow Creek below Heppner. That mill was consumed by fire. Smith then purchased that property where he built a sawmill that made box shooks and pine crating materials. In 1959 Kinzua purchased the Heppner Pine Mill.

The Heppner sawmill site became larger after adjoining land was purchased from the Wightman Brothers, who formerly had a dairy at that location. During the 1930s and 40s Kinzua increased its forest holdings to include 100,000 acres. In the late 50s, the Kinzua operation was purchased by a group of Pacific Northwest lumbermen. Beginning in 1954 new barkers, better lumber handling methods and new planers added to the efficiency of this sawmill.

In 1967 Alan Nistad became manager for Kinzua Corporation, succeeding former manager A.B. Coleman. Kinzua increased their holdings by purchasing 52,000 acres from the Lloyd Hudspeth estate in 1968. By 1970 plans were made to build a veneer plant to make plywood from trees not suitable for lumber. When Kinzua added 93 more employees in 1973 the Heppner area experienced a housing shortage.

With the plywood plant going full blast, Kinzua purchased 2.12 acres near Pioneer Memorial Hospital to build single and multi-family residences for employees. Kinzua's 59-acre mill site was rezoned as industrial property. In the mid-70s, with the economy booming, there were public tours of Kinzua. Valued at \$19 million, Kinzua was being assessed around \$290,500 in yearly property taxes. However, it was also recorded that pine beetle infestations were already taking a toll on Ponderosa Pine trees in the forest.

In 1977 Kinzua spent \$4.5 million to modernize the Heppner sawmill. The following year, Kinzua closed the sawmill and facilities at the original Kinzua site. Workers and families were uprooted. Some workers chose to move to the Heppner area so they could continue to work for Kinzua.

When the volatile market for plywood dropped sharply, Kinzua shut down the veneer plant in 1970. This put 150 people out of work and left empty the large buildings that were used in this operation.

By 1980 a waste wood-fired electric and steam generating plant to generate electricity and kiln dry green lumber was proposed. At the same time, there was another downsizing of workers when manager Harry Kennison announced that there wasn't enough big timber available to keep two work shifts going. So 20 employees were laid off. As the size and availability of large logs declined, Kinzua decided to add

a \$2 million small log processing mill.

Kennison claimed that Kinzua was a forerunner in the automation and modernization of sawmills. Kennison took over as manager following the retirement of Alan Nistead who had spent 14 years at the helm of Kinzua operations. By 1981 a remodeled large log sawmill and a new stud mill came on line and created jobs for 40 more workers. An abundance of white fir was used to make 30 million board feet of 2x4s per year, with 80 million board feet of processed lumber per year all told.

By 1985 Kinzua had added a chipping plant and a co-generation plant. The co-gen plant, costing \$14 million, produced 70 million kilowatts of electricity per year. The power was sold to Portland General Electric. Again in 1988 Kinzua spent \$3 million to modernize the sawmill using the latest computer technology. Kinzua also bought out the limited partnership in the co-gen plant.

"I've seen the best of times in the lumber industry," said Kennison when he retired in 1988 after 13 years as Kinzua manager and 42 years in the wood products industry. Frank Pearson, who then became manager, said he agreed with Kennison that the industry faced challenging times.

Loud protests were heard about clear cuts, environmental impact and logging practices in watershed areas. In 1989 the proposed harvest on Forest Service land was downsized from 154 million board feet to 125 million board feet. By 1990 the insect damage from Douglas Fir Bark Beetles and Spruce Bud Worms had decimated a large amount of Blue Mountain timber. Kinzua funded an expensive airplane spraying program to deter these insects. But restrictions against spraying near streams left pockets of infestation including neighboring Forest Service land.

Meanwhile Kinzua doubled its efforts to plant grass and tree seedlings. In 1991 160,000 little pine trees were planted in areas conducive to pine tree growth. Logging practices were upgraded to minimize land damage and to selectively cut trees. In the early 90s it was reported that Kinzua's yearly operating cost was about \$700,000 with a workforce of 170 employees.

The co-generation plant was shut down in 1994 due to reduced availability of wood-waste fuel, it was reported. And the shaky future of the lumber industry perhaps led to the sale of Kinzua to Pioneer Resources L.L.C., a Eugene-based group of investors, in Feb. 1994.

That take-over closed the mill and 125 employees were laid off. With no assurance that the mill would re-open, a large group of protesters drove to Eugene to picket in front of the offices of the new owners. But the sawmill did re-open in May, 1994. And when the mill started up again, there were 125 workers running one and one-half shifts. According to reports, the new owners sold large tracts of timber holdings. One parcel of land on Buckaroo Flats sold to Louisiana Pacific for \$2,147,600.

The unfortunate permanent closure of this sawmill creates a lamentable circumstance. However a legacy, in part, has been Kinzua's generosity through the years. Kinzua has donated towards community projects with money, labor and equipment. To enhance recreation they donated land for the Bull Prairie Reservoir campground, land to enhance the Anson Wright Park and established a golf course near Fossil. When the previous owners of Kinzua sold to Pioneer Resources, they donated \$250,000 to South Morrow County that was used to enhance or finance community projects. (Note: This article was based on newspaper reports published in the Heppner Gazette Times.)

(Editor's note: Mike Evans, land manager for Pioneer Resources, L.L.C., in Veneta, told the Gazette-Times Thursday, March 4, that the Kinzua mill at Pilot Rock had not been sold. However, Evans replied that he could not comment on rumors that Pioneer

Resources was negotiating a sale of the Pilot Rock mill. "There are always people interested in the mill," said Evans.

After the sale of the Kinzua plant in Heppner, Pioneer Resources management said that they planned to add on another shift at the Pilot Rock mill, which would require an additional 38 workers. They said that Kinzua workers in Heppner would get first chance at those jobs, however, no second shift had been added by presstime March 9. "(The Pilot Rock Mill) had started the process to put on a third shift," said Evans. "The procedure has been delayed, but not eliminated."

"One-hundred-thirty-six workers lost their jobs when Kinzua closed, approximately 70 of those from the south Morrow County area. The mill closed early due to the tragic death of Juan Tellechea at the Heppner mill on February 25. Shutdown was originally scheduled for March 16.)

## Auction set Sunday, March 14

It's only a few more days until the St. Patrick's Day Celebration. The St. Patrick's auction committee reminds everyone of the auction on Sunday, March 14, at the Morrow County Fair and Rodeo grounds.

Viewing of auction items will begin at 11 a.m., accompanied by the folk music of the group, Mountain Aire.

The auction itself will begin at 1 p.m. Admission will be \$1 or a "Pot O' Gold" button. Also during the viewing and auction a lamb barbecue and other refreshments will be available.

More and more auction items have been donated, including two Swedish massages, a hand-crocheted baby ensemble, two tickets to the Trailblazers game against the Grizzlies in April, four tickets to a Winterhawks game, a collector's edition Irish porcelain doll, two horse shoeings, a Black Hills Gold ladies' ring, two French-glass punch bowl sets, four sets of wine glasses, a color TV set, and even two hours of singing entertainment by Tim Cundell. Kyle Robinson of the Kirk and Robinson Ranch is donating one third of the proceeds from the sale of a yearling bull to the auction.

Several sale formats will be presented at the auction, including a silent auction, a "country store", and a raffle, in addition to the main auction event which should provide "a lot of fun for all," said auction chairperson Delanne Ferguson.

Donated items will be accepted until Friday, March 12, so there are still a couple of days left to contribute. Money raised at the auction helps support the St. Pat's Celebration.

Donors may call the Brosnans at 676-5886 to make arrangements for item pickup. Donations may also be left at the

"Twice Upon a Time" Bookstore in Heppner.

## PMH seeks yard sale donations

Pioneer Memorial Nursing Home Auxiliary is holding their annual yard sale in June and is accepting donations now. Anyone wishing to contribute may notify any member of the auxiliary, or call Tonya Jones at 676-5128 or 676-2823. The proceeds from the yard sale will be used to upgrade the shower room and the beauty shop.

The auxiliary held a "no bake" sale in February. The money made from the sale is being used to purchase magazine racks that will be placed in the dining room and solarium.

The auxiliary meets on the first Wednesday of the month. They welcome new members. Anyone interested in becoming a member may contact Tonya Jones at the above phone numbers.

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David Kang won \$15,000!

Shelley Loring won \$1,506!

Robert Ries won \$2,501!

Richard Hathaway of Pendleton won

# \$5,514!

playing

# MEGABUCKS

Saving the best for last was exactly what Richard Hathaway of Pendleton did when playing Megabucks. Richard purchased 10 sets of numbers, with the final set matching five out of six numbers to make him a winner. Richard used the "Quick Pick" method to select his numbers, and the "Kicker" option to give him a \$5,514 prize, four times the prize amount for matching five of six numbers.

Did you know that Megabucks players have won more than \$385 million in prizes? It could be you!

## HERE ARE OTHER RECENT WINNERS IN YOUR AREA

NAME	CITY	GAME	AMOUNT
Clarence Anderson	Umatilla	Sports Action	\$716
Sam Brooks	Hermiston	Megabucks	\$1,389
Homer Duvall	Boardman	Keno	\$5,003
Dan Brown	Hermiston	Keno	\$804
Karl Heg	Irrigon	King's Fortune	\$1,000
Melody Reynoldson	Boardman	Megabucks	\$686
John Swanson Jr.	Irrigon	Megabucks	\$1,854
Linda Asbridge	Pendleton	Double Blackjack II	\$1,000
Veynard Chase	Milton-Freewater	Megabucks	\$3,738
Barbara Coiner	Heppner	Megabucks	\$934
Cynthia Clark	Pendleton	High Stakes	\$2,000
Roy Clark	Milton-Freewater	Megabucks	\$2,574
Sidney Cook	Hermiston	Cool Cash	\$1,000
Daniel Courtney	Pendleton	Megabucks	\$783
Leah Martin	Milton-Freewater	Keno	\$800
Timothy Doherty	Milton-Freewater	Oregon Road Trip	\$1,000
James Blake	Heppner	Megabucks	\$646
Christine Eckstein	Pendleton	Keno	\$1,500
Arthur Falk	Pilot Rock	Megabucks	\$873
Diana Mallett	Hermiston	Keno	\$808
John McCue	Weston	Keno	\$800
Stanley Franks	Pendleton	Megabucks	\$693
E.A. Fuchs	Hermiston	Megabucks	\$843
Donald Campbell	Milton-Freewater	Cool Cash	\$1,000
Sariena Garrett	Pendleton	Megabucks	\$686
Joan Guenther	Umatilla	Keno	\$1,515
Craig Hascall	Pilot Rock	Megabucks	\$747
Scott Haggberg	Pendleton	Sports Action	\$2,134
Karen Strong	Hermiston	Keno	\$812
Charles Case	Pendleton	Megabucks	\$3,089
Deborah Helfrecht	Pendleton	Megabucks	\$2,228
Aaron Jensen	Umatilla	Oregon Road Trip	\$1,000
Elmer Jones	Hermiston	Megabucks	\$632
Genevieve Demaris	Milton-Freewater	Megabucks	\$3,844
Leland Jones	Pendleton	Sports Action	\$603
Tony Locke	Milton-Freewater	Pair A Dice	\$1,000
James Lytton	Pendleton	Keno	\$1,501
Linda Muth	Umatilla	Keno	\$802
Dorothy Maier	Hermiston	Megabucks	\$2,162
Priscilla Moses	Standfield	Keno	\$800
Mark Poulson	Pendleton	Crossword	\$1,000
Laverne McCleerey	Hermiston	Keno	\$1,500
Elizabeth Miles	Hermiston	Megabucks	\$4,409
Sharon Monk	Hermiston	Megabucks	\$3,280
Georgianne Smith	Hermiston	Keno	\$800
Rhonda Pommerening	Milton-Freewater	Megabucks	\$1,972
Susie Reddick	Hermiston	Blackout Bingo	\$10,000
Myra Rideout	Adams	Lucky Times Ten II	\$1,000
Arthur Shodahl	Milton-Freewater	Megabucks	\$2,422
Karen Strong	Hermiston	Keno	\$2,860
Myrtle Tomczek	Milton-Freewater	Megabucks	\$2,455
Joyce Wait	Pendleton	Megabucks	\$1,972
Cora Woolley	Hermiston	Megabucks	\$2,126



Something Good Just Might Happen