

## The Fabulous Coeur d'Alene Mining District — 1993 Update

Hard times have come to the Coeur d'Alene mining district since *GeoNote* 7 was published in 1986. Silver that sold then at \$5.00 to \$6.00 an ounce (a price range regarded low at the time) had dropped further by 1993 to under \$4.00 an ounce. The present price is below the production costs of the district's mines. Consequently, recent mining activity has been mostly layoffs, closures, and bankruptcies (see *GeoNote* 20).

The Bunker Ltd. Partnership formed the Bunker Hill Mining Company and reopened the giant Bunker Hill lead-zinc mine in 1988, only to go bankrupt in 1990. The mine may never reopen in its present configuration, although high-grade zinc ore is still underground. Also in 1988, Bunker Ltd. closed the Crescent mine, the first mine in the Silver Belt.

The Star mine (a zinc mine) near Burke was opened in 1990 by the Star Phoenix Mining Company. Unfortunately, the company met the same fate as Bunker Ltd. and declared Chapter 11 bankruptcy the following year.

Other mine closures in the district included the Coeur in 1991 and the Galena in 1992. Both mines were operated by Asarco. The Galena had been owned by Callahan Mining Corporation. Coeur d'Alene Mines merged with Callahan in 1991, and it now owns both the Coeur and the Galena.

The Sunshine mine, the most productive silver mine in the world with a historic total of over 325 million ounces, laid off two-thirds of its miners in 1991. The mine operated under Chapter 11 reorganization in 1992, despite discovering new high-grade ore and reducing mining costs to about \$5.00 an ounce.

Hecla Mining Company continues working the Lucky Friday mine. The company has cut costs through a new mining method called the Lucky Friday Underhand Longwall system. The Friday has also benefitted from fair metal prices for the lead and zinc

that are in the ore. The mine is operating at a loss but making enough to insure that it is cheaper to take the loss than to close the mine and reopen it later.

All work has stopped at the Caladay exploration project, a 5,000-foot-deep shaft just east of the Galena mine. The ConSil venture near Osburn halted in 1986. There is little exploration interest elsewhere in the district.

The only good mining news in the district was the discovery in 1991 of promising high-grade silver ore under the old Gold Hunter mine at the end of a long crosscut from the 4,050 level of the Lucky Friday. The find is still being evaluated.

The district will probably survive this protracted adverse market, but may not return to its heyday. Prices must greatly improve before the mines are even profitable again. One hopeful sign for the industry, as noted by the Silver Institute, is that world consumption has exceeded the supply of newly mined silver for the past three years. Still, a market surplus of over 280 million ounces remains stockpiled in COMEX warehouses. This excess continues to dampen investor enthusiasm for the metal.

Over 500 mining jobs were lost in the Silver Valley in 1992 alone. The towns of Kellogg, Wallace, and Osburn have tried to diversify their local economies into other enterprises besides mining. Tourism may be the most promising prospect for the immediate future. The area took a big step in this direction in 1990, when the longest gondola lift in the world was completed from Kellogg to the Silver Mountain ski resort at a cost of \$18 million. The scenic ride provides an impressive year-round attraction.

Today, several mines outside the district, including the Greens Creek in Alaska and the Rochester in Nevada, vie for top silver producer in the United States. As recently as 1990, however, the district's Sunshine mine had ranked first, with an annual yield of over 5.2 million ounces of silver.

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