

Gold in Idaho

Gold! — the thought of it has filled hearts and heads with dreams of fabulous wealth. Gold! — the word alone started a stampede to the West and to the territory of Idaho. Gold! — a vital element in the post-Civil War settlement of Idaho and the state's mining legacy. Gold! — rare, indeed, is this precious metal. If one could gather all of the gold ever mined in the world, it would fill the inside a cube only 55 feet on a side.

Our nation's founding fathers knew the importance of the yellow metal. Alexander Hamilton, the first Secretary of the Treasury, set the government's official price for gold at \$20.67 an ounce in 1792, and there the price stayed for the next 141 years (with a brief spike during the Civil War). Although important for international trade, gold was difficult to come by in the fledgling republic. Silver produced from the vast Spanish-controlled mines in Mexico and South America was the main metal of commerce. For the U.S., this changed dramatically in 1848 when gold was discovered by James Marshall at Sutter's Mill in California.

The great riches of the California discoveries touched off the nation's first major gold rush, which soon spread to the rest of the western country and Alaska. Gold fever brought more than 20,000 emigrants over the Oregon Trail in 1849 and tens of thousands by ship around Cape Horn or via the isthmus of Panama. The settlement of what would become the southern part of Idaho also began at this time.

With the California mines and new gold finds in Australia, gold became more plentiful worldwide. As much gold was produced in the third quarter of the nineteenth century as in the previous 350 years. Most of the world's governments went on a gold standard, although silver remained important in China, India, and the Middle East. Maximum gold production in the U.S. came soon after the initial discoveries. Most of this early mining was from surface placers utilizing hand methods. Hydraulic mining soon enabled greater production, and that was increased further by dredge mining in the early 1900s.

The discovery of gold in 1860 near present-day Pierce by Wilbur Bassett, a member of a prospecting

party led by Captain E.D. Pierce, reversed the migration of gold seekers from the west coast to the wild interior of what would become Idaho. Followed quickly by more important finds at Florence in 1861, Boise Basin in 1862, Silver City, Atlanta, and Rocky Bar in 1863, and Leesburg in 1866, virtually all of the major gold-producing areas in the state were discovered within a few short years. The Civil War was largely ignored in the scramble for gold. Towns like Lewiston and Boise sprang up to supply the miners, and the settlement of our state began in earnest.

The Great Depression in the 1930s saw a renewed interest in gold mining, although gold was nationalized in 1934 and private ownership of the metal was banned. The cause of this gold rush was widespread unemployment and a price jump in 1935 to \$35 an ounce. Improved recovery techniques (mainly flotation), developed in the late 1920s, and the broad application of cyanide for extracting microscopic-sized gold increased the lode production from underground, hard-rock mines. The use of large bucket-wheel dredges and dragline/washing plants at Warren, Boise Basin, and Elk City boosted the placer gold production from stream and river gravels dramatically in the 1930s and early 1940s. All of this development came to a halt at the beginning of World War II when the government, under War Production Board Act L-208, shut down most precious metal mines in the United States. The mines were closed to insure the availability of equipment and labor for mining the base metals urgently needed for the war effort. The act was rescinded on July 1, 1945. With the price then still pegged at \$35 an ounce but with sharply rising mining costs brought on by wartime inflation, little economic incentive remained to reopen gold mines anytime soon. The state's and the nation's gold production fell.

The Bretton Woods agreement in 1944 sought to assure order in the western world's economy for the period following the war. The U.S. dollar, the most stable currency at this time, became the international standard of exchange. The U.S. government guaranteed the convertibility of the dollar to gold.

Gold production in the U.S. during the last two years of WWII was 998,000 ounces in 1944 and 955,000 ounces in 1945. Annual production that had ranged from 2 million to 4 million ounces from 1895 to

1943 fell to 1-2 million ounces (or less) from 1946 to 1982.

After the war, gold production in Idaho mirrored the national trend. By 1951, gold and silver production in the state had shrunk 83 percent from the pre-war high. Placer production was reduced 92 percent from bucket-wheel dredging, 49 percent from dragline operations, and 69 percent from hydraulic mining. Lode production fell 15 percent. By 1963, total gold production for the state was only 5,477 ounces, and 82 percent of this amount was a by-product, mostly from the silver mines in the Coeur d'Alene district. That same year statewide placer production was 144 ounces, the lowest since 1944. Reports on placer gold by the U.S. Bureau of Mines for subsequent years listed 26 ounces in 1967 and 3 ounces in 1969.

The official international price of gold remained at \$35 an ounce until 1967. In 1971, the U.S. ended the dollar/gold link, abandoning the gold standard and the Bretton Woods agreement. Private ownership of gold was legalized. As a consequence, the price rose steadily to \$200 an ounce by the mid-1970s, dipping in 1978 to a low of \$100. It rose dramatically to an all-time high of \$850 an ounce in 1980. This huge increase was driven in part by the attempt of the Hunt brothers of Dallas, Texas, to corner the world's silver market. When their speculation failed, the price quickly dropped to below \$300 an ounce and stayed there until 1985 before rising to the \$350-\$400 range, where it has remained.

As in the 1930s gold rush, advances in mining technology coupled with the increased value for the metal spurred the gold rush of the 1980s. Cyanide heap-leaching was a revolutionary mining method developed by the U.S. Bureau of Mines in the late 1960s. This process enabled gold to be extracted from previously ignored, very low-grade ores. For example, a gold property with ore averaging a meager 0.05 ounce a ton (requiring 20 tons of ore to extract a single ounce of gold) could now be mined profitably. Most ore amenable to heap-leaching is mined from open-pits using large earth-moving equipment to extract the near-surface, low-grade material. Because of this technology, gold production in the U.S. rose a remarkable 750 percent from 1980-1989. Most of the increase was from new heap-leach gold mines in Nevada. By 1986, the

United States had moved from third in free world gold production to second, following South Africa. Today, South Africa mines about 40 percent of the world's gold.

This revived interest in gold in the 1980s led to more exploration and to new discoveries and mines in Idaho. Many of these were found where gold had been mined earlier, but where unprofitable low-grade ores had been left behind. Gold that was unrecoverable with old mining methods could now be extracted with the new heap-leach technology. Foremost among the new discoveries in Idaho was the Beartrack property found in 1987 near the post-Civil War mining town of Leesburg in Lemhi County. This single deposit contains almost as much gold as was mined in the Boise Basin, historically the largest gold-producing area in the state with about 3 million ounces. The number of exploration projects in Idaho grew from 38 in 1986 to over 100 in 1990. Most of these were for precious metals. Gold production increased from 2,755 ounces in 1976 to 103,463 ounces in 1988. The 1988 total was the most gold mined since 1941 (149,816 ounces), the record year for the metal in Idaho's history.

In 1990, gold production tapered off to 85,076 ounces. Still, six new gold mines were scheduled to begin operations in the next 2 years. The boom, however, was over. Just about every gold-producing district in the state had been reexamined for low-grade deposits. Furthermore, the price of gold had declined to a much less profitable \$340 an ounce in 1992 before increasing late in 1993. Mining companies shifted their attention to other countries, searching especially for more fertile ground in Mexico and South America. The backlog of new discoveries in Idaho needs higher gold prices before they can be developed. Idaho's golden legacy sleeps again, awaiting the next feverish cry of — Gold!

For the general locations of lode and placer mining activity in the state, see the Idaho Geological Survey's map, *Gold Occurrences in Idaho* by Gaston and Bonnichsen.