Mineral Resources, Economics and the Environment

Written for students and professionals, this revised textbook surveys the mineral industry from a geological, environmental, and economic perspective. Thoroughly updated, the text equips readers with the skills they need to contribute to the energy and mineral questions currently facing society, including issues regarding oil pipelines, nuclear power plants, water availability, resource tax policy, and new mining locations.

Key features

- A new chapter on metals used in the technology industry is included as well as separate chapters on mineral economics and environmental geochemistry.
- Topics of special interest are highlighted in boxes, technical terms are highlighted when first used, and references are included to allow students to delve more deeply into areas of interest.
- Carefully designed figures simplify difficult concepts and show the location of important deposits and trade patterns, emphasizing the true global nature of mineral resources.

Stephen E. Kesler is an Emeritus Professor in the Earth and Environmental Sciences department at the University of Michigan, and a leading expert in the field of mineral resources. He has taught economic geology for almost 50 years, and worked with numerous exploration, mining, and energy companies worldwide. His research interests include geology and geochemistry of ore deposits, and mineral exploration and economics.

Adam C. Simon is an Associate Professor in the Earth and Environmental Sciences department at the University of Michigan, specializing in economic geology, igneous petrology, and geochemistry. He combines field, laboratory, and experimental work to investigate the physical and chemical evolution of magmatic systems and the formation of ore deposits.
“Stephen Kesler and Adam Simon have done a remarkably good job at presenting a wealth of information about mineral resources along with a balanced view of their economic, environmental and political context that should be easy to understand by technical and non-technical readers alike. They have made particularly good use of text boxes to highlight relevant information and to draw attention to some rather provocative topics that deserve discussion and debate. I strongly recommend this book as a necessary reference to all who are serious about understanding the role of mineral resources in societies today.”

Dr. M. Stephen Enders, Colorado School of Mines

“I have been encouraging development of this revised edition for some time, as Mineral Resources, Economics and the Environment includes the ideal mix of topics for a course that I teach on global issues in Earth resources. In addition to the coverage of major energy, metallic, and industrial mineral commodities, the new chapter on technology elements is particularly timely. The new pedagogic insets are an excellent means to guide critical thinking on the complex interplay of societal mineral resources demand and its consequences. This revised edition should continue to be a leading textbook on Earth resources, as well as a useful reference for the non-specialist.”

Professor J. Richard Kyle, University of Texas at Austin

“This book will be an ideal text for senior undergraduates and postgraduate students. The information is up-to-date, informative and well-illustrated and will allow readers to make valued decisions on the relevance and importance of mineral resources and energy to our civilization. In addition, this book will be of great interest to the general public wanting to learn about mineral resources, economics and the environment.”

Professor Bruce Gemmell, University of Tasmania
Mineral Resources,
Economics and the Environment

Stephen E. Kesler
University of Michigan, Ann Arbor

Adam C. Simon
University of Michigan, Ann Arbor
To Elias, Kai, and Torsten – the next generation of mineral consumers

Steve Kesler

To Alicia, Abigail, James, Laura, and Ethan – for everything

Adam Simon
CONTENTS

Preface page xi

1 Introduction 1

1.1 Our mineral resource crisis 1

1.2 Factors controlling mineral availability 3

1.2.1 Geologic factors 3

1.2.2 Engineering factors 4

1.2.3 Environmental factors 5

1.2.4 Economic factors 6

1.3 Minerals and global economic patterns 7

1.4 The new era of world minerals 10

2 Origin of mineral deposits 11

2.1 Geologic framework of Earth and mineral deposits 11

2.2 Geologic characteristics of mineral deposits 14

2.3 Ore-forming processes 15

2.3.1 Surface and near-surface ore-forming processes 15

2.3.2 Subsurface ore-forming processes 21

2.3.3 Distribution of mineral deposits in time and space 27

Conclusions 28

3 Environmental geochemistry and mineral resources 29

3.1 Principles of environmental geochemistry 29

3.2 Geochal reservoirs – their nature and composition 31

3.2.1 Lithosphere 31

3.2.2 Hydrosphere 33

3.2.3 Atmosphere 34

3.2.4 Biosphere 35

3.3 Geochemical cycles and the dynamic nature of global reservoirs 37

3.3.1 Geochemical cycles 37

3.3.2 Natural contamination 38

3.3.3 Anthropogenic contamination 41

3.3.4 Acid pollution 42

3.3.5 Global change 44

3.4 Assessing and remedying the environmental impact of pollution 48

3.4.1 Sample selection and sample statistics 48

3.4.2 Analytical preparation and methods 49

3.4.3 Risk and dosage in environmental chemistry 50

3.4.4 Remediation 52

Conclusions 54

4 Mineral exploration and production 55

4.1 Mineral exploration methods 56

4.1.1 Prospecting and random exploration 56

4.1.2 Geological exploration 57

4.1.3 Geochal exploration 58

4.1.4 Geophysical exploration 60

4.1.5 Measuring the size and quality of deposits 63

4.1.6 Reserve estimation and feasibility analyses 65

4.1.7 Environmental effects of mineral exploration 66

4.2 Mineral extraction methods 67

4.2.1 Mining 67

4.2.2 Well systems and pumping 69

4.2.3 Environmental effects of mineral extraction 71

4.3 Processing of mineral resources 73

4.3.1 Processing of metal ores 73

4.3.2 Environmental aspects of metal ore processing 74

4.3.3 Processing of fossil fuels 77

4.3.4 Environmental aspects of fossil-fuel processing 77

Conclusions 78

5 Mineral law and land access 80

5.1 Types of land and mineral ownership 80
Contents

5.2 Land ownership and law in the United States 82
5.2.1 US federal land laws 83
5.2.2 State and local mineral laws in the United States 90
5.3 Mineral ownership and land laws in other countries 90
5.3.1 North America 90
5.3.2 South America 91
5.3.3 Europe 92
5.3.4 Australia and New Zealand 92
5.3.5 Other countries 92
5.4 Exploration versus exploitation concessions 93
5.5 Law of the sea 94
5.6 Land access and land policy 94
5.6.1 Land withdrawals and wilderness areas 94
5.6.2 Land classification 97
Conclusions 100

6 Mineral economics 101
6.1 History and structure of the mineral industry 101
6.1.1 Historical perspective 101
6.1.2 Nationalization and expropriation 102
6.1.3 Privatization and resource nationalism 104
6.1.4 Tomorrow’s business structure 105
6.2 Profits in the mineral industry 105
6.2.1 Differing views of mineral profits 105
6.2.2 Accounting methods and mineral profits 107
6.3 Mineral taxation and mineral profits 110
6.3.1 Income taxes, depletion allowances, and windfall profit taxes 110
6.3.2 Ad valorem taxes – severance taxes, royalties, and carbon taxes 112
6.3.3 Tariffs and export–import quotas 115
6.4 Mineral commodity prices 116
6.4.1 Supply–demand disequilibrium and coping mechanisms 117
6.4.2 Price controls and cartels 117
6.5 Distribution of profits 119
6.5.1 Return on investment 119
6.5.2 Valuation of deposits 119
Conclusions 121

7 Energy mineral resources 122
7.1 Fossil fuels 122
7.1.1 Coal 122
7.1.2 Crude oil and natural gas 135
7.1.3 Heavy oil and tar sands 153
7.1.4 Tight (unconventional) oil and gas 154
7.1.5 Oil shale 155
7.2 Non-fossil mineral energy resources 157
7.2.1 Nuclear energy 157
7.2.2 Geothermal energy 168
7.3 The future of energy minerals 172

8 Iron, steel, and the ferroalloy metals 175
8.1 Iron and steel 175
8.1.1 Iron deposits 175
8.1.2 Iron mining and processing 179
8.1.3 Iron ore reserves, transportation, and trade 180
8.1.4 Steel production 181
8.1.5 Steel markets and trade 182
8.1.6 Alloy steels 184
8.2 Manganese 185
8.2.1 Manganese deposits and production 185
8.2.2 Environmental aspects of manganese production and consumption 186
8.2.3 Manganese trade and reserves 186
8.2.4 Manganese nodules 187
8.3 Nickel 188
8.3.1 Geology and distribution of nickel deposits 189
8.3.2 Nickel production, use, and related environmental concerns 191
8.3.3 Nickel trade, reserves, and resources 192
8.4 Chromium 193
8.4.1 Geology and distribution of chromium deposits 193
8.4.2 Chromium production and environmental issues 195
8.4.3 Chromium trade, reserves, and resources 196
8.5 Silicon 197
8.6 Cobalt 197
8.6.1 Cobalt deposits 198
8.6.2 Cobalt production and environmental issues 198
8.6.3 Cobalt trade and resources 199
8.7 Molybdenum 200
8.7.1 Molybdenum deposits 200
8.7.2 Molybdenum production and environmental issues 200
8.8 Vanadium 201
8.8.1 Vanadium deposits and production 201
8.8.2 Vanadium markets and trade 202
8.9 Tungsten 202
8.9.1 Tungsten deposits and production 203
8.9.2 Tungsten resources, markets, and trade 204
8.10 Niobium (columbium) and coltan 204
8.11 The future of ferrous metals 205
9 Light and base metals

9.1 Light metals

9.1.1 Aluminum 206

9.1.2 Magnesium 214

9.1.3 Titanium 216

9.2 Base metals

9.2.1 Copper 218

9.2.2 Lead and zinc 224

9.2.3 Tin 228

9.3 The future of light and base metals 232

10 Technology elements

10.1 Antimony 234

10.2 Arsenic 237

10.3 Beryllium 239

10.4 Bismuth 239

10.5 Cadmium 240

10.6 Cesium 240

10.7 Gallium 243

10.8 Germanium 243

10.9 Indium 243

10.10 Lithium 244

10.10.1 Geology of lithium deposits 245

10.10.2 Lithium production and reserves 246

10.11 Mercury

10.11.1 Geology of mercury deposits and mercury reserves 248

10.11.2 Mercury production, uses, and related environmental concerns 248

10.12 Rare earths, scandium, and yttrium 250

10.12.1 Geology and deposits of rare-earth elements 251

10.12.2 Rare-earth production, reserves, and trade 252

10.13 Rhenium 253

10.14 Selenium 253

10.15 Tantalum 254

10.16 Tellurium 254

10.17 Thallium 255

10.18 Zirconium and hafnium 255

10.19 The future (and present) of technology elements 256

11 Precious metals and gems

11.1 Gold 257

11.1.1 Geology of gold deposits 258

11.1.2 Gold mining and Witwatersrand deep mining 264

11.1.3 Environmental issues in gold production 267

11.1.4 Gold production and reserves 269

11.1.5 Gold trade and related monetary issues 270

11.2 Silver

11.2.1 Geology of silver deposits 272

11.2.2 Silver production, markets, trade, and reserves 273

11.3 Platinum-group elements

11.3.1 Geology of platinum deposits 276

11.3.2 Production of platinum-group elements 277

11.3.3 Platinum-group element markets, trade, and reserves 278

11.4 Gems

11.4.1 Diamonds 279

11.4.2 Colored gems 285

11.5 The future of precious metals and gems 286

12 Agricultural and chemical minerals

12.1 Chemical minerals

12.1.1 Limestone, dolomite, and lime 288

12.1.2 Salt 292

12.1.3 Sulfur 296

12.2 Agricultural minerals

12.2.1 Potash 299

12.2.2 Phosphate 301

12.2.3 Nitrogen compounds and nitrate 304

12.3 Other agricultural and chemical minerals

12.3.1 Fluorite 306

12.3.2 Iodine 309

12.3.3 Sodium sulfate 310

12.3.4 Bromine 311

12.4 The future of chemical and agricultural minerals 312

13 Construction and industrial minerals

13.1 Construction minerals

13.1.1 Cement 314

13.1.2 Construction aggregate – crushed stone and sand and gravel 317

13.1.3 Lightweight aggregate and slag 319

13.1.4 Dimension stone 320

13.1.5 Gypsum 321

13.1.6 Clays 322

13.2 Glass raw materials 323

13.2.1 Industrial sand and gravel 323

13.2.2 Soda ash 325
Contents

13.2.3 Boron 325
13.2.4 Feldspar and related mineral commodities 326
13.2.5 Strontium 326

13.3 Fillers, filters, and pigments 327
13.3.1 Kaolinite and bentonite clay 328
13.3.2 Asbestos 331
13.3.3 Mineral pigments – iron oxides 333
13.3.4 Barite 334
13.3.5 Diatomite 335
13.3.6 Zeolites 336
13.3.7 Mica 337
13.3.8 Talc and pyrophyllite 338

13.4 Abrasive, lubricant, and refractory minerals 338
13.4.1 Industrial and synthetic diamond 338
13.4.2 Other natural abrasives 340
13.4.3 Graphite 340
13.4.4 Kyanite and related minerals 341

13.5 The future of construction and industrial minerals 341

14 Global mineral reserves and resources 342
14.1 Reserve and resource estimation methods 342
14.1.1 Geological estimates 342
14.1.2 Statistical estimates 343
14.1.3 Combined estimates 345
14.2 Factors that affect the adequacy of world reserves 346
14.2.1 Stockpiles 346
14.2.2 Recycling 347
14.3 World reserves and the challenge for the future 351

Appendix 1 355
Appendix 2 358
Appendix 3 363
Glossary 366
References 381
Index 419

The color plates appear between pages 212 and 213.
PREFACE

As we move into the twenty-first century, mineral supplies have become a truly global concern. For most of human history, developed countries have consumed far more than their per capita share of world mineral production. Everyone talked about the day when the rest of the world might want its share of the pie, but it was largely an abstract notion. Now, they are at the door. In fact, China has become the world’s largest consumer of mineral resources, and India is not far behind. This momentous change poses two threats. First, there is the possibility that we will run out of the minerals even sooner than we thought. Second, there is the increased pollution caused by their extraction and consumption, which has already destroyed the environment in some areas.

These threats have generated a wide range of opinions about mineral resources and the environment. At one end of the spectrum are those who advocate a dramatic reduction in new mineral production with recycling and conservation providing for the future. At the other end are those who feel that vigorous exploration will always find new minerals and that they can be produced safely with minimal attention to the environment. Both camps are on perilous ground. Many mineral commodities, such as oil and fertilizers, cannot be recycled and the growing demand from developing countries will consume any minerals that are conserved by developed countries. To make matters worse, numerous studies have shown that Earth’s storehouse of mineral deposits is indeed finite and that substitutes for important mineral commodities are scarce. Finally, we cannot ignore the environmental catastrophes that have been caused by past mineral production or the impending problems likely to be caused by increasing global mineral consumption.

Unless we are willing to make a dramatic reduction in our standard of living, however, we must find a way to produce and consume the enormous volumes of minerals that we need without significant degradation of the environment. In other words, we must find a middle ground in these arguments, and this means compromise. Unfortunately, compromise is impossible if the parties involved do not understand the problem. That is where this book comes in. It provides an introduction to the geologic, engineering, economic, and environmental factors that govern the production and consumption of mineral resources. This sort of comprehensive information is required if we are to understand all sides of an argument and, hopefully, find a solution.

The book is intended largely for use as a college text, although it can also be used as a primer for anyone with an interest in mineral resources. Mineral professionals who seek a broader view of their field will also find it useful. Because this audience has such a wide range of backgrounds, an effort has been made to make the book a self-contained document, in which all terms and concepts are explained. A basic high school education is all that is needed to read this book. Introductory material on geology, chemistry, engineering, economics, and accounting have been included, along with a glossary of terms, which appear in bold in the text on first mention. Appendices with information on elements, minerals, rocks, mineral commodities, units of weight and measure (including useful conversion factors), and mineral reserves and resources, have also been included, as have references to recent literature. In keeping with their wide use throughout the world, metric (SI) units are used as much as possible in this book, including the term tonne for metric ton, although the (US) short ton, or more simply ton, and (British) long ton are used in some cases where data were reported in these units. Other units, such as flasks and troy ounces, are also employed where dictated by convention.

This book deals with controversial subjects and we have expressed opinions about some of them. We have tried to do this on a case-by-case basis, without following any specific agenda or point of view. It is encouraging in that respect that the book has been cited as too “industry oriented” by some and too “environmentally oriented” by others. Hopefully, each camp will find much that is familiar and friendly, but also much that challenges assumptions and encourages factual debate intended to solve problems and produce a consensus. We will all find many areas in which more data are needed before final decisions can be reached.
Although this book has two authors, it is the product of many minds. We are very grateful to the numerous geologists, mining and petroleum engineers, metallurgists, mineral economists, and other professionals who have allowed access to their projects or operations over the years, and to the many environmentalists who have discussed their research and concerns with us. We are equally grateful to the many students, particularly those in GS/ES380 at the University of Michigan, who have been a constant source of new information and challenging questions. We are grateful to Dale Austin and Marc Gellote for invaluable assistance with the figures, to Hannah Sherman for help with the references, and to Zoë Lewin for especially careful review of the entire manuscript.