

THE MINERAL INDUSTRY OF COSTA RICA

By David B. Doan

The production of minerals in Costa Rica contributed less than 1% to the Nation's gross domestic product. Mining was governed by Law 6797 of 1982. The Ministerio de Recursos Naturales, Energia y Minas was responsible for the control and development of Costa Rica's mineral resources through the Direccion de Geologia Minas y Hidrocarburos, the Minera Nacional, S.A. (MINASA), and the National Environmental Commission. MINASA coordinated mineral industry activities between Government agencies and the private sector.

The Government-owned Refinadora Costarricense de Petroleo, S.A. (RECOPE) controlled oil-refining operations, but operating companies were mostly privately owned. A 1994 law promoted exploration and production of hydrocarbons through negotiated contracts, good for 3 years plus three 1-year renewal options. Nonrenewable production contracts could last for 20 years before expiration.¹ An "Environmental Action Plan," newly promulgated by the Government, included fines for violations of its management policies.

Production of gold, with silver as a byproduct, was primarily in Abangares District of the Central Gold Belt of the Tilaran Cordillera in the northwest. The major gold producer was the Tres Hermanos underground mine, 110 kilometers (km) northwest of San Jose, operated by El Valiente Ascari A.S., a subsidiary of Ariel Resources Ltd. of Vancouver, Canada. Ariel also operated the San Martin underground mine and the Matapalo mill. The company reported that total gold reserves were approximately 800,000 ounces (24,883 kilograms)(kg). The El Recio deposit in the Abangares gold mining district, held by Greenstone Resources Ltd., of Canada, was sold to Ariel Resources for shares of Ariel and a net-profits interest of 10%, expandable to 30% after certain conditions were met.² Minera Rayrock Inc., of Canada, continued development of its Bellavista property, northwest of San Jose, and reported reserves of 1,960,000 ounces (60,964 kg) of gold. Placer Dome Inc., of Canada, explored in the far northwest near the Nicaraguan border.

Taiwan's Kao Chieh Group disclosed plans to proceed with development of a \$15-million manganese mine and mill in Guancaste Province.

Industrial mineral production included cement, clays, diatomite, lime, pumice, salt, sand and gravel, and crushed

stone. (*See table 1.*) Of 13 known diatomite deposits stretching from Liberia to Cartago, only the Loma Camastro deposit, northeast of Liberia, was being mined. About 20% of mined limestone was used to produce aggregate, dimension stone, and lime. Cementfabrik Holderbank AG, a Switzerland-based cement producer, was the largest shareholder (44%) in the INCSA, which had about 290 employees. Holderbank also had a 65% interest in the concrete producer Productos de Concreto S.A., San Jose, with 1,160 employees.³ Limestone was quarried primarily for the use in the manufacture of cement by Cementos del Pacifico S.A. and Industria Nacional de Cemento S.A. Fertilizers were produced by Fertilizantes de Centro America S.A., the largest producer in Central America. Salt was produced by the solar evaporation of brine, primarily around the Golfo de Nicoya.

Crude oil for domestic refining was imported from Mexico and Venezuela, under the San Jose Petroleum Accords, as well as from Colombia and Venezuela, but most petroleum products were imported from the Netherlands Antilles and the United States. RECOPE operated the country's oil refinery. Cement plants were owned by the Government and by private firms.

Canadian and U.S. companies were involved in a number of gold and silver exploration and mining operations. (*See table 2.*)

Foreign investors were encouraged to explore for gold deposits, modernize old mines, open new mines, and to explore for petroleum. The Government expected to continue its improvement of infrastructure and environmental management, as well as divestment of several major state companies.

¹World Oil (Houston, Texas): Aug. 1994, p. 36

²Ariel Resources Ltd. (Vancouver): News Releases and quarterly reports, Jun. 30 through August 30, 1995.

³Cementfabrik Holderbank (Celigny): 1992 Annual Report.

Major Sources of Information

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Major Publications

Latin American Mining Institute, Washington, DC: Mexico and Central America Investment and Mining Guide, annual.

TABLE 1
COSTA RICA: ESTIMATED PRODUCTION OF MINERAL COMMODITIES 1/ 2/

(Metric tons unless otherwise specified)

Commodity	1991	1992	1993	1994	1995
Cement	700,000	700,000	860,000 r/	940,000 r/	990,000
Clays, common	399,000	400,000	400,500	401,000	410,000
Diatomite	12,000	12,000	12,000	12,000	13,000
Gold	kilograms 550	550	600	358 3/	500
Iron and steel, semimanufactures	89,757 3/	85,000	86,000	87,000	89,000
Lime	8,655 3/	9,000	9,500	9,500	9,800
Petroleum refinery products	thousand 42-gallon barrels 2,500	3,000	4,000	4,000	4,400
Pumice	8,000	8,000	8,000	8,000	8,000
Salt, marine	50,000	50,000	45,000	45,000	47,000
Silver	kilograms 370	400	450	450	450
Stone, sand and gravel:					
Crushed rock and rough stone	thousand tons 944 3/	1,000	1,000	1,200	1,300
Limestone and calcareous materials	do. 1,300	1,300	1,500	1,700	2,000
Sand and gravel	do. 1,047 3/	1,100	1,200	1,400	1,500
Sandstone	650	650	700	800	850

r/ Revised.

1/ Estimated data are rounded to three significant digits.

2/ Table includes data available through May 1, 1996.

3/ Reported figure.

TABLE 2
COSTA RICA: STRUCTURE OF THE MINERAL INDUSTRY FOR 1995

(Thousand metric tons unless otherwise specified)

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity e/
Cement	Industria Nacional de Cemento, S.A. (INCSA) (Private, 100%)	Aguas Calientes, Cartago, Cartago Province	425
Do.	Cementos del Pacifico, S.A. (CEMPASA) (subsidiary of Corporacion Costarricense de Desarrollo, S.A., Government, 100%)	Near Colorado, Guanacaste Province.	400
Clay	CEMPASA	Tajo Finca, near Platanar, Guanacaste Province	100
Gold	kilograms El Valiente Ascari, S.A. (Ariel Resources, Ltd., Canada, 100%)	Tres Hermanos Mine, Las Juntas, Guanacaste Province	305
Do.	do. Minera Macona, Ltd. (Equinox Resources, Ltd., 100%)	Santa Clara Mine, Puntarenas Province	160
Limestone	INCSA	La Chilena Quarry, near Cartago, Cartago Province	550
Do.	CEMPASA	Cerro Peña Blanca Quarry, Guamacaste Province	300
Petroleum products	thousand 42-gallon barrels Refinadora Costarricense de Petróleo, S.A. (RECOPE)	Moin Refinery, Limón Province	5,760