

MINING ACTIVITIES

FIRST DIVISION - The December 31st edition of the Northern Miner reports the following concerning Brewis Red Lake Mines, a Canadian company: "More recently the company has acquired a lead-silver-zinc prospect nine miles east of Wrangell, Alaska, north of the Unuk River properties of Granduc Mines. Previous work on this group, which included underground exploration, is reported to have some half million tons of ore. The property is close to tidewater and tentative plans call for the driving of a 2000-foot tunnel. Work would not start before this spring, of course".

SECOND DIVISION - A new mining corporation filed with the Territorial Auditor. Its name is Golden Nugget Mines, and it states its purpose to "mine the ancient river bed below the present bed of Daniels Creek of Seward Peninsula in Alaska".

THIRD DIVISION - According to the Anchorage Times, the newly-formed Seldovia Chrome Company will start shipments of chromite to the GSA Grants Pass purchase depot this month. Considering the fact that this is midwinter, and the deposit was found to be minable only last fall, this is an extremely rapid development that has been made under numerous difficulties. President and prime mover of the organization is Bill Lyons. The chromite deposit is in the Red Mountain area, Kenai Peninsula, and the ore will be transported to Seldovia by tractor for water shipment.

EXPANDING NICKEL PROGRAM

General Services Administration is putting up \$43,000,000 to expand the capacity of the Government-owned Nicaro nickel plant by 75%. Its present annual capacity is 28 million pounds. Also being set up by GSA is a \$1,000,000 nickel research fund from which grants will be made for private work done on new methods of processing nickel ore. Freeport Sulfur Co. is developing a sulfuric acid leaching process, and Bethlehem Steel has a nitric acid process under tests. The present Nicaro process is ammonia leaching. It is stated that this new program is laying the foundation for extending nickel production for an indefinite period rather than contracting for definite quantities during certain time limits.

PROGRESS

As a follow-up on the sulfur-mining obstacle mentioned last month, some progress in eliminating the obstacle can now be reported. In correspondence received from Assistant Secretary Orme of the Department of the Interior and Lowell Fickett, Regional Administrator of the Bureau of Land Management at Anchorage, the Department of the Interior has contacted the proper military authorities, making inquiries of them as to the possible availability of land in the Aleutian Islands now held under military withdrawals and known to contain deposits of sulfur.

NOTES ON THE VALDEZ CREEK DISTRICT

The progress of the road construction from Paxson to Cantwell is being closely watched by prospectors and mining men. This road will open up the well-mineralized Valdez Creek district which consists of the upper Susitna River drainage.

The discovery of gold in Valdez Creek in 1903 by the Monahan party was followed by a minor gold rush into the district, and the village of Denali was built near the mouth of the creek. The total gold production of the district to the end of 1936 was \$720,000, all of which came from the placers on Valdez Creek and its tributaries. Although there has been no production from gold lodes, several prospects have been found that indicate the presence of minable lode deposits.

The U. S. Geological Survey has published five bulletins that describe the geology of the Valdez Creek District; they are: Bulletin 498, Headwater Regions of the Gulkana and Susitna Rivers by Fred H. Moffit; Bulletin 608, The Broad Pass Region, Alaska by Fred H. Moffit; Bulletin 849-H, The Valdez Creek Mining District, Alaska by Clyde P. Ross; Bulletin 897-B, The Valdez Creek Mining District, Alaska, in 1936 by Ralph Tuck; and Bulletin 907, Geology of the Alaska Railroad Region by Stephen R. Capps.

The Monahan party made the first trip into Valdez Creek by going over the Valdez Glacier in the winter with dog teams. The glacier route was used for access again in 1904. In the fall of 1904, a trail was established from Denali to Gakona; it served as the transportation route for the district until the Alaska Railroad was built. Since the construction of the railroad, the freight has gone into the district over the trail from Cantwell on tractor-drawn or horse-drawn sleds. Freighting has been done during the winters, when the Susitna River could be crossed on the ice. The Paxson-Cantwell Road will cross the Susitna River about nine miles south of Denali. It will provide a new access route to the whole southern flank of the Alaska Range between the railroad and the Richardson Highway. There has been mineralization in the mountains north of the proposed route, but in most of the mountainous area there has not been sufficient prospecting to indicate the extent of the mineralization.

A good example of interesting information on the district is the following from U.S. Geological Survey Bulletin 608, written in 1915:

"Copper-bearing minerals have been found in the lava flows between Butte and Wachana creeks and Susitna River and are reported from localities on the upper part of Chulitna River. A rather large vein of chalcopyrite was found several years ago south of the eastward bend in Butte Creek. This locality was not visited by the Survey party, but a specimen of the ore furnished by Mr. Peter Monahan, of Valdez Creek, shows olivine basalt carrying disseminated chalcopyrite. No effort has been made to exploit the lode".

This copper occurrence is apparently not staked at present, and lies within five or six miles of the proposed road route.

Other minerals that have been observed in the district are coal, telluride, native bismuth, lead, zinc, silver, molybdenum, and magnetite.

CARNOTITE STORY

Since radioactive minerals became important, there has been a story circulating of a carnotite occurrence along the Alaska Railroad somewhere in the vicinity of Healy. The TDM has answered numerous inquiries, both verbal and by correspondence, on the subject. Many samples have been sent in from the area for

radioactive testing and identification, and claims have been staked on the assumption that radioactives were present. Thus far, nothing significantly radioactive has been found in the district.

The probable source of the story is contained in the old records of the College Assay Office, where it is revealed that George Gotto of Nenana, a railroad worker, sent in a very small sample of material in 1918 that was identified as carnotite by the assayer. The assayer added to his report that the sample was too small for positive tests and asked Gotto for more. Repeated requests for more of the same material and information on the location of its origin were never answered. Gotto died in 1921. It leaves the question unanswered as to whether the assayer might have been mistaken, or whether the sample might have been imported from somewhere else.

Some of Gotto's former friends and many other people are still convinced the carnotite is there. One group was so insistent that samples brought from the area were carnotite that they refused to accept the TDM assayer's negative report and sent the samples on in to the AEC in Washington where they received the same results. Some people have been fooled by a variety of yellow alum that occurs in the district. Geological Survey men covered the railbelt with super-sensitive Geiger equipment, but found nothing of importance.

In spite of all the above evidence to the contrary, the story may still be true. Carnotite could possibly exist in the Healy district. Perhaps an air-borne scintillation survey such as those being widely performed in Canada would settle the question to everyone's satisfaction.

TAX INFORMATION

Many miners are apparently not yet aware that the last Legislature revised the mining license tax exemption clause for new mines so as to include all new mining operations rather than only the base metal operations as before. All new mining operations are now exempt from the Territorial mining license tax for a period of $3\frac{1}{2}$ years from the date production begins. New operations are defined as those commencing production after January 1, 1953, or who have not been liable to pay the mining license tax since January 1, 1948. The act does not apply to the mining of sand and gravel. Miners who believe they qualify for this exemption should contact the Commissioner of Mines, for it is his duty under the law to certify to the Tax Commissioner as to the date that production begins at a new operation. The date of beginning production is defined by the Act to be the date on which the first shipment of the mine product is made. This is a Territorial tax exemption only, and does not affect Federal taxation. Copies of the Act, Chapter 26 SLA 1953, will be sent on request.

This seems an appropriate time to point out the advantages of the Canadian tax setup. They are as follows: (1) New operations receive a three-year exemption from the Dominion taxes, not merely Provincial as in Alaska. (2) Prospecting, exploration, and development expenditures are deductible as operating expenses and can be extended over later years when exceeding income in any one year. (3) No capital gains tax. (4) Greater depletion allowances. (5) Losses are more easily deducted, and large losses may be distributed over several years to diminish taxes in those years. (6) On personal income taxes, expenditures by individuals for prospecting, exploration, or development of mineral deposits, whether the work is done by themselves or others in their employ, are deductible from income before taxation. Such expenditures in excess of income during any one year are applicable to later years.

Positive evidence that tax incentives like those in Canada are attractive to venture capital is the fact that 7½ billion dollars of United States mining capital has gone into Canadian mining enterprises.

GOLD STANDARD

A well-known prognosticator of Hollywood named Jeron King Criswell who is reported by the experts to have an 87% record of correct guesses, predicts among other things that the U. S. will return to the gold standard by August 1, 1954. It may be that Mr. Criswell has the "inside dope" on future actions of the Senate Banking and Currency subcommittee, but at any rate, this group will hold hearings on Senate Bill S. 2332 by Senator Bridges which is a measure to restore the gold standard and make the dollar domestically convertible into gold coin, but at the present ratio of \$35 per ounce rather than the old price of \$20.67. An identical bill has been introduced in the House by Rep. B. Carroll Reece of Tennessee. Mr. Criswell might also be remembering the plank in the Republican platform which promised: "To restore a domestic economy, and to use our influence for a world economy, of such stability as will permit the realization of our aim of a dollar on a fully convertible gold basis".

MISCELLANEOUS

"Seldom Seen Slim", old-time California prospector, says: "If you have something to sell, sell it. If you can't get what you want for it, take what you can get for it, because by gosh you can't eat them rocks". (From the December 1953 Engineering and Mining Journal).

The U.S. Geological Survey calls attention again to their Public Inquiries Office located in the Glover Building at Anchorage. They emphasize that people in Anchorage and vicinity can save themselves time and correspondence by going to this office with their requests for geological and other information pertaining to the Survey and its activities, maps, etc.

Newmont Mining Corporation, large American mining firm, has joined Granby Consolidated in the financing and development of the Granduc Mines. This is the promising large copper prospect on the Canadian side of the line on the Leduc River, access to which is gained through SE Alaska near Ketchikan. This new arrangement lends even more importance to the property, which partly benefits SE Alaska, and has interested an increasing number of prospectors and miners in the general area.

In addition to the growing demand for sulfur, another reason that large pyrite deposits are of greater interest is that large mining concerns are working out treatment processes whereby both the iron and sulfur can be recovered from the pyrite in marketable form, rather than wasting the iron as before.

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