

OIL NEWS

Officials of the Humble Oil & Refining Company have announced a joint agreement with Shell Oil Company to drill in the Wide Bay area this summer. Wide Bay is on the Alaska Peninsula. Drilling is to start upon the arrival of equipment, which includes one of the largest rigs built. The first hole is planned for 12,000 feet. Humble and Shell will continue geological and geophysical explorations separately outside of the area of drilling.

The first well of the Colorado Oil and Gas Corporation at Yakutat is at the 6,000-foot horizon, according to reports.

DIRECTOR OF LANDS POSITION OPEN

The new Alaska Land Board, created by Chapter 184, SLA 1957, recently announced that it is seeking a director for the Territorial Department of Lands. Applicants should have administrative experience, preferably in land management. The Legislature established a salary of \$12,000 per year for this office. The appointment is to be made by the Land Board. The term is four years. Applications should be submitted to Phil R. Holdsworth, Board Chairman, P. O. Box 1391, Juneau, Alaska.

DISCOURAGING LAWS PASSED IN B. C.

As our regular readers know, we have long been admirers of Canada's progressive approach to building up its mining industry. Now, however, we must report on an opposite approach. British Columbia has passed two laws detrimental to its mining future, and believe it or not, we have already felt some of the effects of it here. B. C.'s loss is, to a certain extent, Alaska's gain, and this condition will improve (for Alaska) as time goes on.

The B. C. laws passed are known as Bills 87 and 91. Bill 87 provides for taxing ore reserves while still in the ground at a rate of up to 10% annually of the net value of the ore. As this tax applies only to producing properties, it can be readily seen that it will discourage new deposits from being put into production and discourage the development of ore reserves. This law is intended at present to apply only to iron deposits, but it could be easily extended to include other minerals in the future.

Bill 91 introduces a system of leasing to replace the method of giving crown grants (similar to our patents) to holders of mineral claims. Thus, in B. C. a mining company or prospector will no longer be able to obtain title to his claims regardless of how much time or money has been spent in their development. Leases on the claims must be applied for, and according to some sources, each lease must be negotiated according to the merits of that particular case. This law gives great discretionary power to the B. C. Department of Mines to control activities of prospectors and mining companies in developing ore deposits, and creates uncertainty

as to security of rights on a deposit. Civil servants will apparently be able to tell miners when and how to mine their properties and to turn the properties over to others if the first operator can't make it pay.

These two bills were railroaded through the B. C. Legislature without giving the mining industry a forewarning or chance to be heard. What their effect is, and will be, on exploration projects and inflowing venture capital is obvious. Two Canadian companies have already visited our Juneau office to look further into Alaskan opportunities and announced that they have dropped Canadian projects where possible and intend to increase their Alaskan program. More will undoubtedly follow. Considerable exploration work has been cancelled in B. C. by many firms there, and the general attitude is "We'll hold off on our B. C. work in favor of work elsewhere until we see if this is going to be permanent."

The companies from B. C. are increasingly interested in our Industrial Incentives Act, passed by the last Legislature and reported on in our special April 15 issue of the TDM Bulletin. The Alaska Legislature could not have picked a more advantageous time in which to pass this encouraging Act. If we could only persuade the Federal Government to grant similar incentives to new industry in Alaska, we would be sitting on top of the mining world.

MORE ON WILDERNESS AREAS

We had hoped to be able to quit writing on this subject for awhile, but it's getting deeper and deeper. We have received copies of Congressional bills designed to set up the proposed National Wilderness Preservation System, and the situation is worse than we thought. Numerous areas in Alaska are spelled out in the bills which will be automatically included in the System upon the legislation's passage into law. We added up the acreage of these areas and found that a total of thirteen million acres in Alaska would be closed to prospecting, mining, or any industrial activities forever.

One of the pending bills on the subject is H. R. 361 by Representative O'Hara of Illinois. There are several other identical and nearly identical bills, both in the House and the Senate. Pertinent parts from H. R. 361 are quoted as follows with our own underlining:

"Sec. 2. TheSystem shall comprise the federally owned or controlled areas of land and water provided for in this section and the related air-space reservations." Then Sec. 2 (a) goes on to name numerous existing wilderness areas which will be included, none of which have been established in Alaska, yet. Then, "Additional wilderness and wild areas may be designated for inclusion in this System by the Secretary of Agriculture."
"(b) The System shall include the following units of the National Park System: Glacier Bay National Monument, Alaska Katmai National Monument, Alaska Mount McKinley National Park, Alaska Additional units of the National Park System may be designated by Act of Congress or by executive order or by proclamation of the President. No unit shall be removed from the System except by Act of Congress." "(c) The System shall include the following national wildlife refuges and ranges: Aleutian Islands National Wildlife Refuge, Alaska Bogoslof National Wildlife Refuge, Alaska Kenai National Moose Range, Alaska; Kodiak National Wildlife Refuge, Alaska Nunivak National Wildlife Refuge, Alaska" "Additional national wildlife refuges and ranges may be

designated by the Secretary of the Interior for inclusion in the System."
"(e) The System shall also include such units as Congress may designate by statute and such units as may be designated within any federally owned or controlled land and/or water by the official or officials authorized to determine the use of the lands and waters involved."

"Sec. 3 (b) subject to existing private rights (if any), no portion of any area constituting a unit of the National Wilderness Preservation System shall be devoted to community production, to lumbering, prospecting, mining, or the removal of mineral deposits (including oil and gas), grazing by domestic livestock, water impoundment or reservoir storage, or to any form of commercial enterprise except as contemplated by the purposes of this Act. Within such areas, except as otherwise provided (Federal administration purposes) there shall be no road, nor any use of motor vehicles, nor any airplane landing field or other provision for mechanized transportation, nor any structure or installation in excess of the minimum required for the administration of the area for the purposes of this Act." S. 1176, by Senator Humphrey and several others, contains even more restrictive language on transportation, stating as follows: " no road, nor any use of motor vehicles, or motorboats, or landing of aircraft " This would prohibit float planes as well as wheeled craft. And even boats, unless we row in.

Then on the subject of existing rights, H. R. 361 says under Sec. 3 (c) (2), "Within national forest areas grazing of domestic livestock and the use of airplanes or motorboats where those practices have already become well established may be permitted to continue subject to such restrictions as the Chief of the Forest Service deems advisable. Such practices shall be recognized as nonconforming use of the wilderness involved and shall be terminated whenever this can be effected with equity to, or in agreement with, those making such use."

It is easy to see from the above quotes what the trend of thinking among the conservationists is, and all mining people should be fully aware of this trend, for it is gaining strength every year. We do not by any means wish to see the scenic areas of Alaska destroyed, but neither do we wish to see possible economic progress of Alaska stopped or slowed down. Prospecting and mining, when properly handled, does nothing to hurt scenic areas or wilderness areas, and more often than not it makes the area more interesting. A case in point is the old Kennecott copper camp near McCarthy, which is one of the best tourist attractions in Alaska. Also, it is an ironic fact that most of the areas involved are wilder today than in former years when mining was healthy in Alaska. We want to see Alaska grow and prosper, but it never will with its lands tied up in wilderness areas and withdrawals.

The Forest Service hearing on the proposed Tracy Arm-Fords Terror Wilderness Area was held on April 10 as scheduled. There were only four arguments presented - two in favor and two against. The TDM protested because of the pending legislation outlined above. The file on the hearing is being kept open until May 10 for the receipt of letters from persons who would still like to have their testimony entered on the matter. Letters should be addressed to P. D. Hanson, Regional Forester, U. S. Forest Service, Box 1631, Juneau, Alaska or Room 411 in the Federal Building.

MISCELLANEOUS

It appears that the GSA purchasing of tungsten, asbestos, and a few minor metals is out for this year. The appropriation bill mentioned in the April bulletin finally went to the President, and was signed, without the minerals money in it. Some Senators tried hard to get it included, but to no avail.

An item was noted announcing Union Carbide and Carbon Corp. plans for mining Florida beach sands. These sands have been found to contain commercial amounts of ilmenite, rutile, zircon, and monazite. There are many miles of Alaskan beaches with similar possibilities, but of course they must be thoroughly drilled and tested before their recoverable contents can be conclusively calculated.

One Legislative memorial did some good. As a result of the TDM's item on the requested Air Force withdrawal covering the Cape Creek tin reserves in our February issue, the Legislature passed a memorial requesting refusal or amendment of the application. The Air Force has now changed its request to allow mining within the proposed withdrawal.

Canadian Longyear has added a new angle to diamond drilling by putting an air leg on a small air-driven diamond drill. They call it their Canlong Hi-Speed Air Leg Diamond Drill.

Among proposals made to the Joint Congressional Committee on Internal Revenue Taxation by the American Mining Congress last month were the following: That capital gains be taxed at a more moderate rate, that new mines be exempt from taxation for a three-year period after beginning profitable operations, and that the taxpayer be allowed accelerated amortization of facilities to prevent water and air pollution.

E. AND M. J. METAL MARKET PRICES

	<u>Mar. 21</u> <u>1957</u>	<u>Month</u> <u>Ago</u>	<u>Year</u> <u>Ago</u>
Copper, per lb.	31.5¢	31.5¢	45.9¢
Lead, per lb.	16¢	16¢	16¢
Zinc, per lb.	13-1/2¢	13-1/2¢	13-1/2¢
Tin, per lb.	100¢	99-3/4¢	98.7¢
Quicksilver, per flask	\$255-257	\$255-257	\$268-270
Silver, foreign, New York	91-3/8¢	91-3/8¢	90.9¢
Silver, domestic, per oz.	90-1/2¢	90-1/2¢	90-1/2¢
Nickel, per lb.	74¢	74¢	64-1/2¢
Molybdenum, per lb., in con.	\$1.18	\$1.18	\$1.10
Platinum, per oz.	\$92-95	\$92-95	\$97-110
*Tungsten ore, per unit	\$55.00	\$55.00	\$63.00
Titanium ore (Ilmenite) per ton	\$26.25-30.00	\$26.25-30.00	\$26.25
**Chrome ore (48%, 3 to 1 ratio) per ton	\$115.00	\$115.00	\$115.00

*GSA tungsten purchasing presently suspended. Foreign import price \$19.25

**GSA guaranteed stockpile price. Not quoted by E. & M. J.