

Territory of Alaska
Department of Mines

P. O. Box 1391
Juneau, Alaska

TDM BULLETIN

Vol. V

August 1957

No. 9

OIL NEWS

The biggest Alaskan mineral news of the year thus far is the oil strike by Richfield Oil Company. They have encountered oil sand between 11,140 and 11,170 feet at the Swanson River Unit on the Kenai Peninsula. Tests showed the flow to be at the rate of 200 barrels per day of 31 gravity oil. Reports indicate that Richfield intends to continue drilling the well to greater depths. The strike caused Richfield stock to jump \$5.50 per share and set off a flurry of filings at the Anchorage Land Office for more oil leases.

Smoke from an unusually large number of forest fires in the Interior has made it very difficult for the helicopter-supported seismic work to be continued in the Kateel River area.

DMEA MOVE

There are no longer any DMEA officials based in Alaska. Formerly, representatives of the USGS and the USBM based in Juneau administered DMEA functions, but now the DMEA headquarters for Alaska are in Spokane, Washington. According to the new plan, DMEA men will travel to Alaska from Spokane when necessary, and will otherwise answer inquiries from there. Alaskans wishing DMEA information or assistance should write to the Executive Officer of DMEA, South 157 Howard Street, Spokane 4, Washington.

MODERN DRILLING HAZARD

As most equipment men know, new machines or equipment generally bring new problems which are not anticipated until they happen. We arrived at a diamond-drilling site high on the slopes of a rather dry mountain recently to find the drillers swearing mightily about not being able to keep the water flowing through a long supply line of the new plastic pipe they had had air-dropped to them. The first time the water quit, they sent their helper up the pipe line to discover the trouble. He promptly came rushing back, white-faced, to report a bear chewing on the pipe. Since then, the bear had returned numerous times to again chew holes in the pipe, necessitating shutdowns while the pipe was patched.

ON ASSESSMENT WORK AFFIDAVITS

The TDM has written Information Circular No. 7 to explain the new law on compulsory assessment work affidavits for those who are interested or who are not yet fully informed on the new requirement. The circular quotes the new law in full and explains it carefully in detail. Copies of the circular may be obtained free of charge at your nearest TDM assay office or by mail from the Juneau office.

ALASKA INDUSTRIAL INCENTIVE ACT

The Alaska Industrial Incentive Act of 1957 is about to start functioning. The Territorial Board of Administration has formally charged the Alaska Resource Development Board with the administration of the Act. This Act (Chapter 129, SLA 1957) was passed to encourage the establishment of new industries of many types in Alaska by means of exemptions from Territorial taxes. It was explained in some detail in our Special Legislative Bulletin of April 15, and further information can be obtained by writing the Alaska Resource Development Board at Box 2391, Juneau. Several applications have been received to date, including one from Kenai Chrome Company for exemption of their new mill from taxation. Processing of ores is included under the Act, but mining is not, for new mining operations have already been exempted under the Mining License Tax Law.

NEW PUBLICATIONS

The USBM has published a report on a method by which a prospector can separate and evaluate the heavy minerals in sands. The process employs acetylene tetrabromide which causes lighter minerals to float and heavier minerals to sink. Precise recovery of the heavier minerals can be accomplished by a series of simple steps involving inexpensive funnels, pans, and oil-sediment centrifuge tubes. The report is Report of Investigation 5340, "Heavy-Liquid Techniques for Rapid Evaluation of Sands by Prospectors and Plant Operators." It can be obtained from the U. S. Bureau of Mines, Publications Distribution Section, 4800 Forbes Street, Pittsburgh 13, Pennsylvania.

A new 125-page bulletin by the USGS is Bulletin 1000-F, "Principles of Geochemical Prospecting." Contents include sections on primary and secondary dispersion of elements under various conditions and applied geochemical prospecting. This bulletin can be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D.C. The price is 40 cents.

The USGS has also released a new geologic map of the Malaspina district and adjacent areas. Oil and gas leases cover a major portion of the area involved. A brief text is included with the map, and five structure sections are plotted. The title of the map is "Reconnaissance Geology of the Malaspina District, Alaska" by Plafker and Miller and is issued as OM 189 of the Oil and Gas Investigations Series. Copies may be purchased at 75¢ each from the Geological Survey at 520 Illinois Street, Fairbanks by mail, or over the counter only at the Glover Building in Anchorage.

Still another release by the USGS is that of an open-file report entitled "Ilmenite-Bearing Beach Sands near Lituya Bay, Alaska" by Darwin Rossman. This report can be seen at the various USGS offices and the TDM Juneau office, or will be reproduced by the USGS at 4 Homewood Place, Menlo Park, California at private expense.

CONGRESSIONAL NEWS

As a result of a recently-passed bill, Alaska will now receive a greater proportion of the revenues from coal and oil production in the Territory. Public Law 85-88 states that the Coal Leasing Act of 1914 is amended to give Alaska 90% of bonuses, royalties, rentals, and all other payments under the Act. Under the Act of 1920 which concerns other leasing-act minerals in addition to coal, we shall receive 2-1/2% of the revenues from oil and gas production. These monies shall be disposed of by the Territorial Legislature.

S. 2039 is the bill by Senator Bible to allow geophysical work to be applied as assessment work on unpatented claims. The bill has been amended to answer criticisms that it would allow any water-witcher or doodle-bug artist to do assessment work. As now written, the bill states that "labor" shall include geological, geochemical, or geophysical surveys made by credited technicians employing generally recognized equipment and methods or other recognized means of determining the existence, extent of concentration, or accessibility of minerals on the claim. The bill has been reported on favorably by the Senate Committee on Interior and Insular Affairs. It will be a welcome change in mining law if it can be passed.

The House Territories Subcommittee has approved a bill to make legal the mining of non-precious metals in navigable Alaskan streams. The present law states only that precious metals may be mined in such streams. When the bill is passed, it will allow the mining of iron or other base metals that may occur in river beds, with the immediate aim in view of the legalizing of the future placer iron mining at Klukwan.

The House Interior and Insular Affairs Committee has approved the bill to allow Indian lands to be leased for mining or other industrial uses. This is another step necessary for the future iron-mining project at Klukwan, 23 miles northwest of Haines.

The Senate Interior Committee has approved S. 2536 which would transfer title to Alaska of tidelands lying offshore from surveyed townsites in the Territory. This is a step toward clarifying the status of tidal areas of coastal communities.

MISCELLANEOUS

We see by the papers that a 104-foot charter yacht with 17 people and a helicopter has left Vancouver on a "mystery cruise" up the B.C. coast to possibly as far as Alaska. They may be able to keep their mission secret, but we think they will find it's pretty hard to sneak around the country with a boat that size and not have people know what they are doing.

We see also that a Canadian helicopter firm has been denied permission to operate their craft in Alaska for the purpose of airlifting field crews conducting mineral exploration for Asbestos Corp., Ltd. Alaska Helicopters, Inc. of Anchorage protested the proposed Canadian operation, saying that they have seven helicopters that are available for the work. The CAB supported their protest and denied entry to the Canadian helicopters.

As near as we can figure it, approximately one million dollars was spent by mining companies in exploration and prospecting for mining properties in Alaska in 1956. This was about twice what was spent in 1955, and the increase will continue through 1957, but weakening metal prices and the Government's "tight money" policy may discourage some of the exploration we are counting on for 1958. The years 1955 and 1956 also saw an expenditure of close to \$3,000,000 each in oil exploration.

An interesting item in E. & M. J. reports that the transit is about to be replaced in mapping and triangulation work. The new gadget is the tellurometer, an electronic device that measures the distance between two given points within line of sight. This is done by clocking microwaves travelling to the remote station and back, and the error is reportedly only about three parts in a million. The Department of Mines and Technical Surveys of Canada are planning to use six of these instruments and save \$100,000 in survey costs in one year as a result.

One of these days we are going to write an information circular giving as complete a picture as we can on what the mining operator in Alaska has to face in the way of labor laws, Federal and Territorial taxes, payroll problems, and possibly other red tape.

WITHDRAWALS

Requests for withdrawals continue to be made and, of course, most of them are granted. Now there is a request from the U. S. Park Service for 81,000 acres of Mt. McKinley National Park to be withdrawn. Of this 11,000 acres are for protection of the scenic road to Wonder Lake and the remainder is for protection of park buildings, winter sports area, and two construction camps. The need for the road protection seems reasonable, but 70,000 acres certainly seems excessive for the other use mentioned.

We learned to our amazement a short time ago that the Windy Creek limestone, in the south part of McKinley Park near the railroad, is in a withdrawn area that encircles the Windy Creek watershed. This was withdrawn after the U.S. Bureau of Mines had done considerable work on it and pronounced it as a good source of material for cement manufacture. The purpose of the withdrawal is stated as national defense.

Assistant Secretary of the Interior Ross Leffler stated, after a recent trip through Alaska, that the Department of the Interior would press for the establishment of the northeast corner of Alaska as a wildlife reserve that would be left open for mineral entry. Our objections to this idea have been stated in earlier bulletins.

When the withdrawn land in Alaska was added up a couple of years ago, it was found that Federal agencies had taken a total of 146,509 square miles, or 93,700,000 acres, from the public domain. If this were consolidated, it would make a square of land 383 miles on a side or a circle 432 miles in diameter. Think it over.

E. AND M. J. METAL MARKET PRICES

	<u>July 25,</u> <u>1957</u>	<u>Month</u> <u>Ago</u>	<u>Year</u> <u>Ago</u>
Copper, per lb.	28.7¢	30.7¢	39.4¢
Lead, per lb.	14¢	14¢	16¢
Zinc, per lb.	10¢	10-1/2¢	13-1/2¢
Tin, per lb.	96¢	98.2¢	94.8¢
Quicksilver, per flask	\$255-257	\$255-257	\$255-257
Silver, foreign, New York	90.2¢	90.2¢	90.3¢
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.	\$88-95	\$89-95	\$103-110
Titanium ore (Ilmenite)/ton	\$26.25-30.00	\$26.25-30.00	\$26.25
*Tungsten ore, per unit	\$55.00	\$55.00	\$63.00
**Chrome ore(48%, 3 to 1 ratio)			
per ton	\$115.00	\$115.00	\$115.00
*GSA tungsten purchasing presently suspended. Foreign import price			\$13.50-
\$14.00, depending on grade.			
**GSA guaranteed stockpile price. Not quoted by <u>E. & M. J.</u>			