Territory of Alaska
Department of Mines

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TDM BULLETIN

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MINING ACTIVITIES

FIRST DIVISION - Devamin Co., Inc. has its drilling program well under way on the Yakobi Island nickel deposits. Boyles Brothers Drilling Co. is doing the drilling under the supervision of Devamin Co. geologists. A helicopter is also being used. Yakobi Island is at the NW corner of Chichagof Island.

FOURTH DIVISION - It is reported that Pick Mines (Vernon Pick of Colorado Plateau uranium fame) is operating with a float plane out of Fairbanks prospecting for uranium in the Brooks Range.

COAL NEWS

Coal contracts that have been awarded for the fiscal year 1958-59 are as follows:

Evan Jones Mine - Military, 230,000 tons
Usibelli Coal Mine - Military, 200,000 tons
Fairbanks Utilities, 50,000 tons
Suntrana Mining Co. - Military, 60,000 tons
U.S.S.R.& M. Co., 60,000 tons
Mrak Coal Co. - Small Chugach Electric Co. contract
Castle Mtn. Coal Co. (Chickaloon)- 10,000 tons
Arctic Coal Co. - No contract
Cripple Creek Coal Co. - No contract

OIL NEWS

Humble Oil and Shell Oil are still having trouble with their Bear Creek Unit Well No. 1 on the Alaska Peninsula near Wide Bay. After unsuccessfully fishing for lost tools below 10,000 feet for quite some time, they are now trying to bypass those tools. To date, this has also not been successful.

Standard of California and Richfield are now fishing at 13,705 feet in their Deep Creek Unit Well No. 1 on the Kenai Peninsula. This is the deepest well drilled in Alaska so far.

Anchorage Gas and Oil Development Co. is not drilling while waiting for pipe to arrive at their well at Houston.

Oil exploration field work is moving along at a fair clip. It is reported that there are now 17 companies that have parties in the field and are using a total of at least 51 helicopters. Humble and Richfield each have parties working out of Eagle. Quite a few parties are active in the lower Kuskokwim country, several are on the Alaska Peninsula, and others are widely scattered in the possible oil provinces of Alaska.

TDM NEWS

Stephen Metzger of Palmdale, California, has been appointed Assayer for our Anchorage Assay Office. He replaces Bill Powell, who resigned the position to teach the University of Alaska Mining Extension Course. Mr. Metzger attended Colorado School of Mines and graduated from New Mexico School of Mines.

Will Burand has opened the Nome Assay Office for business again after relieving assayers at other stations for vacations during the winter.

With Statehood approaching, it appears as if we will have to start thinking of changing our "TDM" designation that we have been trying for so long to get people to remember.

MORE NOTES ON WITHDRAWALS

We have a copy of an interesting letter written by Senator O'Mahoney to Secretary of the Interior Seaton on the subject of the Secretary's legal power, or lack of same, to make withdrawals of land, and closing them to Mineral Leasing Act provisions or changing the regulations in that respect. The same comments could, of course, be applied to the closing of areas to mineral entry under the mining laws. The Senator questions the constitutionality of the Secretary's actions. He points out that Clause 2, Section 3, Article 4 of the Constitution states.....

> "The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States."

Senator O'Mahoney then goes on to tell the Secretary, "I have not been able to find any Act of Congress delegating to any branch of the Executive Department the power to dispose of the territory or other property of the United States or the power to make rules and regulations with respect thereto."....."My concern is not directed at the regulations themselves per se, but arises solely from the constitutional question. I am fearful that these wildlife regulations will be used as a precedent for future Secretaries of the Interior to disregard the enactments of Congress. We are engaged in a world-wide political and economic conflict involving the protection of free government from the authoritarian activities of dictators. Free government has its basis upon the right of the people to make their laws through elected representatives rather than by appointed officials of the Executive branch of government."

With the Senator's letter was a detailed memorandum opinion by legal counsel which goes into the matter of the Mineral Leasing Act rather searchingly and cites a few court decisions and other matters, and finally sums it up with the following conclusion:

> "Neither the Mineral Leasing Act, cited in the Regulations as their authority, nor the Acquired Lands, nor the Pickett Act, nor any other Act of Congress delegates to the Executive Branch general authority to withdraw, by administrative action alone, for wildlife purposes limitless areas of the public domain and suspend or modify Acts of Congress with respect to them."

ASSESSMENT WORK BILL

The "Church-Bible" bill on which we reported last month has passed the Senate and is being considered by the House Interior Committee. If it becomes law, which is not likely at this late date, it will change the assessment work deadline date from July 1 to September 1.

P. L. 167 AREAS FOR DETERMINATION OF SURFACE RIGHTS

Three more areas have been designated by the U.S. Forest Service for the determination of surface rights on mining claims under Public Law 167 of July 23, 1955. These are in addition to many earlier areas within the Tongass and Chugach National Forests, all reported in earlier issues of the TDM Bulletin. Holders of claims staked prior to the date of the Act have 150 days from the starting date of publication to file verified statements if they wish to retain exclusive surface rights to their claims. Publication for all three areas starts on July 2 in the Juneau Independent. Descriptions of the new areas follow:

SEYMOUR CANAL AREA: In general, all land bounded by a rectangle whose southern border is an east-west line through the north end of Hasselborg Lake, whose eastern border is a north-south line through Twin Point on the east shore of Glass Peninsula, whose northern border is an east-west line through the heads of Swan Cove and Fool Inlet, and whose western border is a north-south line about 4 miles west of Windfall Harbor.

GAMBIER BAY AREA: In general, all lands within the rectangle bounded on the south by an east-west line through the head of Snug Cove, on the east by a N-S line through Pt. Gambier, on the north by an E-W line through the head of the long narrow cove northwest of Pt. Gambier, and on the west by a N-S line 1-1/2 miles west of the head of Gambier Bay.

PORT HOUGHTON AREA: In general, all the mainland south of Port Houghton and west of Farragut Lakes to an E-W line through Cape Fanshaw.

GOLD NEWS

It appears that the gold mine operators who were shut down by War Production Board Order L-208 in 1942 have lost their last chance to obtain damages from the Government. An earlier decision by the U.S. Court of Claims was in favor of the mines and stated they were entitled to damages. The Supreme Court has now overruled that decision and says that the Government is not liable. This is quite a blow to a lot of gold miners who have hoped for many years for proper retribution from the Government for their losses caused by being closed down.

The Senate Finance Committee has approved legislation which would, if passed, increase the tax depletion allowance of gold mining operations from 15 to 23%. This would put gold on a par with other metals such as lead and zinc, and might help the few remaining gold operators stay in business a little longer.

The question of whether the price of gold might be raised is becoming topic A in the world's financial capitals, and gold itself is becoming more of a weapon in the East-West trade war. The economic possibilites have created a speculative interest that has pushed many gold shares to new highs in New York, Toronto,

and London. Two things that have caused these trends are the recession and the recent extra-large drains of gold from Fort Knox to foreign countries. Gold mining always becomes more attractive in recessions (though this one has not been accompanied by dropping prices) and the U.S. stocks of gold have been depleted by foreign purchases to the tune of $1.2 billion in the last four months. A potential effect of this drain is on the stability of the U.S. dollar.

The switch from inflow of gold to outflow coincided with our recession and exports are down 25%, causing a shift in the balance of trade. Some experts think this is a calculated program to force the U.S. to raise the price. At any rate, there are terrific pressures for it from all sides, particularly London, South Africa, and Canada, who argue that it will help world trade. It is pointed out that there is not enough gold in the world now since the free-world money supply has increased fourfold since 1939 while gold stocks have increased only 40%. The U.S. is against a price boost since the main gainers would be large gold holders such as herself, France, West Germany, and Switzerland, and the losers would be the underdeveloped nations of the Middle East and Asia. And of course, the biggest gainer of all would be Russia with her $8 billion in gold on hand and estimated production of $600 million annually. Considering this and also the fact that inflation seems to be continuing, the U.S. will probably resist all pressures for a price boost for some time yet.

E. AND M. J. METAL MARKET PRICES

	June 26 1958	Month Ago	Year Ago
Copper, per lb.	25.2¢	24.7¢	30.7¢
Lead, per lb.	11.5¢	11.5¢	14¢
Zinc, per lb.	10¢	10¢	10.5¢
Tin, per lb.	94.8¢	94.5¢	98.2¢
Quicksilver, per flask	$228-230	$229-231	$255-257
Silver, foreign, New York	89.6¢	89.6¢	90.2¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢
Nickel, per lb.	74¢	74¢	74¢
Molybdenum, per lb. in con.	$1.18	$1.18	$1.18
Platinum, per oz.	$62-70	$63-70	$89-95
Titanium ore (Ilmenite) per ton	$23-26	$26.25-30.00	$26.25-30.00
Tungsten ore, per unit	$17-22	$19.50-20.00	$55.00
Chrome ore (48%, 3 to 1 ratio) per long ton	$46-48	$46-48	$115.00