:ate of Alaska
Department of Natural Resources
DIVISION OF MINES AND MINERALS

P. O. Box 1391
Juneau, Alaska

MINES BULLETIN

Vol. VIII

May, 1960

No. 5

MINING ACTIVITIES

FIRST DISTRICT - Columbia Iron Mining Co. is having further drilling done on its Union Bay magnetite deposit. At present, an independent contractor is working there with small pack sack type drills and getting a very satisfactory 96% core recovery to depths of 100 feet.

A mining class of the Ketchikan Community College, under the instruction of Ralph :ay, has built a sluice box and is mining in various locations near town.

SECOND DISTRICT - Bear Creek Mining Co., Kennecott subsidiary, will continue its drilling and other exploration work north of the Kobuk River in the Ruby Creek area this year for the fourth season. In a paper delivered at the recent Fifth Annual Alaskan Mining, Minerals, and Petroleum Conference held at College, Mr. R. H. W. Chadwick, Kennecott geologist, gave some interesting facts and figures on the project. The geologic picture of the deposit is emerging as one in which low-temperature chalcopyrite-bornite mineralization is seen to be confined to dolomitic reef-breccias. Various types of geophysical and geochemical work have been done. Over 27,000 feet of diamond drilling to depths as great as 1,600 feet has been accomplished thus far at a cost of about $7.00 per foot. The cost of boarding the crew was quoted at an amazingly low figure of $4.60 per man per day, including cook, fuel, and air freight from Fairbanks. Mr. Chadwick emphasized strongly that mechanized exploration in Alaska need not be expensive provided that detailed plans are made a year ahead. He estimated that capital construction costs (if any) would be about 70% above those in the south 48, and operating costs would be about 30% above those in :e "old country", averaging out overall about 1.5 times the costs of the other States. :erefore, he concludes, for operations in the Kobuk, "If you can see a large tonnage potential, with a grade of 1.5 times Stateside operations then don't walk off arbitrarily; wait for the assay returns to scare you off." He concludes further that there is ore to be found in Alaska if it doesn't become burdened (by taxes and other costs) into the category of waste.

OIL NEWS

On April 1st, a hearing was held pursuant to the application filed by the Standard Oil Company of California, operator of the Soldotna Creek Unit, on March 18, 1960, for an exception to Section 2061.1 of Title 11 Alaska Administrative Code for the drilling of the SCU 32-4. Verbal authorization to commence drilling this well was given via State Oil and Gas Emergency Order No. 4. The operator requested that the well spacing pattern of the SCU conform with that of the adjoining Swanson River Unit and to accomplish this SCU 32-4 would have to be bottomed in the same 160 acres as SCU 41-4, the discovery well. "here were no correlative rights to protect, offset leases or operators involved, or rotests of the operator's request. The application was approved via State Oil and Gas Order No. 4 on April 4th.

During July and December, 1960, the State of Alaska will hold its second and third competitive oil and gas lease sales. The lands offered in the July sale total 22 tracts embracing over 29,000 acres ranging in size from 160 acres to 3,417 acres. The offshore areas involved generally are Selawik Lake, Cook Inlet north of the Swanson River Unit, West Foreland in Cook Inlet, and Nushagnak Bay. Upland areas are Alaska University lands located on the Kenai Peninsula in Townships 1N and 1S, Ranges 12W and 13W, SB&M. The December sale may include offshore Kalifonsky Beach in the Cook Inlet, offshore Katalla area, offshore Herendeen Bay, offshore the east coast of Kodiak, and school uplands. A listing of the parcel and map folios of the July sale may be obtained from the Division of Lands, 333 D Street, Anchorage. Similar material will be available for the December sale on or about September 1st.

Standard Oil Company of California announced during April that plans have been completed for the construction of a tanker terminal and tank batteries at Nikishki on Cook Inlet and an eight-inch pipeline some 20 miles to the Swanson River Unit and Soldotna Creek Unit producing wells. The operator states that total cost will exceed $4,000,000 and completion date should be mid-1961.

Drilling News:

Operator	Well Name & No.	Status End of April
SOCAL	SRU 14 - 27	Unretrievable fish - sidetracking @ 10,320'
SOCAL	SRU 32 - 10	Drilling @ 9,980'
SOCAL	SCU 32 - 4	Drilling @ 7,871'
Richfield	Kaliakh No. 1	Drilling @ 14,200'
Benedum	Nulato Unit No. 1	Drilling @ 10,200'
Pan-Am	Napatuk Creek Core Hole No. 1	Drilled to 1,400', susp.

OIL AND GAS HEARINGS SCHEDULED MAY 17, 1960

The Division of Mines and Minerals will hold a hearing on proposed amendments and additions to the Oil and Gas Conservation Regulations, Title 11 AAC, in Anchorage in the YMCA Auditorium. This hearing will follow immediately the hearing by the Division of Lands starting at 9:00 AM on proposed changes to the Oil and Gas Leasing Regulations.

ACCESS ROADS INFORMATION

A new State law, Chapter 154, establishes the authority for the expenditure of State funds to construct, relocate, or repair pioneering access roads into and within areas rich in any or all natural resources or to mining prospects of commercial promise which are presently inaccessible to truck haulage. The roads authorized by this Act are to be low standard, rudimentary truck roads, not usually fit for passenger car use, not necessarily suitable for all weather use, and not necessarily subject to repair, upkeep, or seasonal maintenance. The Act intends the roads to be for the development of natural resources. An appropriation of $1,000,000 (not available until July 1) has been made to the State Department of Public Works for the purpose of the Act, but the provision is made that the Commissioner of Natural Resources must assign priorities to proposed access roads before the DPW can allocate the funds.

The Act states further that the DPW shall: ". . . . . (d) build no roads to benefit a single area, individual or operation if private funds for such construction are reasonably available in whole or in part, (e) provide wherever possible for participation in construction expense by the person or operation benefited, (f) require the use of local privately owned road building equipment whenever available and near the improvement without profit to its owners or persons who will directly benefit by the road, and (g) enter into contracts in order to carry out the above objectives. The state shall not be obligated to maintain pioneering access roads. . . . . ."

A tentative working arrangement has been decided upon between the Commissioners of Public Works and Natural Resources as follows: (1) Each application for an access road, or its repair or relocation, shall be sent to the Commissioner of PW. (2) He will forward it to the Commissioner of NR who will decide whether it fits the intent of the Act. (3) If the NR report is favorable, PW will report the feasibility of the route and an estimate of the cost. (4) NR will then give the project a priority. (5) PW will then carry out or contract for the work according to the priority and funds available.

To establish guide lines for the fair and impartial treatment of all applicants according to the merits of each proposal, it has been decided to draw up regulations under which this Act will be carried out. Public hearings will be held on these regulations at which all interested parties may testify or criticize the proposals. The hearings will be held on June 2 in Fairbanks and June 3 in Anchorage.

BALLAST NEEDED FOR JAPANESE SHIPPING

Now that the Sitka pulp mill is in production, trade with Japan is increasing. It is planned that ships from Japan will bring imports to Anchorage, then haul pulp back from Sitka. Pulp being relatively light, 500 to 1000 tons of heavy material, such as ore or concentrates, could be used to an advantage on the return trip to Japan. Japan is in the market for a great many raw materials, and it may be that a sufficiently reasonable freight rate could be obtained that a profitable mining venture might result. This office will be glad to forward any inquiries.

ALASKA MINERS ASSOCIATION

In a move for more efficient organization which can better work for the interests of the miner and prospector, the Alaska Miners Association has moved its headquarters to Fairbanks. James D. Crawford is President and John C. Boswell is Secretary-Treasurer. Vice Presidents are Carl Parker, Harold Strandberg, Charles Herbert, James Crowdy, and Charles Johnston. The address is P. O. Box 1170, Fairbanks.

The AMA has directors from six areas, and would like to have an active branch in each. The areas are as follows: Arctic Circle, Anchorage, Flat-Kuskokwim, Fairbanks, SE Alaska, and At Large. Active branches at present are located in Fairbanks, Anchorage, and Seattle. The officers of the AMA are in particular hopes that a branch might be started in Ketchikan among the prospectors and claim holders there.

At present, the AMA has a total membership of about 150, the majority of which are prospectors and small miners. A number of mining consultants are also members. Dues are $10 per year for individuals, $25 for consultants, $50 for mining companies and mining equipment companies. We have personally seen positive help rendered the Alaskan mining industry by the work of AMA representatives during several sessions of the Legislature, and at other times. It behooves all those interested in mining in Alaska to join and

upport the organization. Membership is also open to miners, prospectors, and companies from other States and Canada. Companies with exploration projects in Alaska would do well to consider membership in the AMA.

PLACER MILLSITES NOW PATENTABLE

A new law, Public Law 86-390, has amended the mining laws to permit a millsite of not more than five acres located on nonmineral public land to be patented simultaneously with the patenting of a placer mining claim where it can be shown that the millsite is needed for operations in connection with such claim.

MILITARY WITHDRAWAL

As reported in earlier issues of this Bulletin, a requested 607,800-acre withdrawal northeast of Eielson AFB was reported to the Alaska Miners Association in March of 1959 to be needed for winter missile shooting only, and was to be open to prospectors, iners, and others during the summer months. This seemed quite reasonable. When the notice was published in the Federal Register, however, it was stated that although the Army would open the withdrawal to the public in the summer, actual entry under any of the public land or mining laws would be prohibited. Upon publishing of this fact in our Bulletin, the Army requested an amended notice to be published stating that there would be no restrictions against entry under any of the applicable laws during the summer months.

After waiting for six months for the amended notice to be published, we inquired into the matter. After some preliminary correspondence, we received a copy of a letter from the U.S. Bureau of Land Management in Washington stating that the requested amendment to the notice of withdrawal application cannot be so published because it knows of no method under the public land laws whereby the public may be permitted to acquire vested rights in the public lands and yet be required to abandon the lands during a specified part of the year. The withdrawal covers some good mineral possibilities. Whether anything further can be done on the matter we do not know, but we do know that there is an obvious moral in this story.

LEGISLATION FOR STATE LAND SELECTION

The Alaska Congressional delegation introduced two similar bills (S. 3434 and H.R. 11957) on April 27 which would authorize the State to select lands which are under Federal oil and gas lease and on which there has been a subsequent surface entry. The bills provide that the Federal government would retain all right, title, and interest in and to each Federal mineral lease on such land selection. As the Federal lease expires, the State would acquire title to the subsurface minerals. Where surface entries are found to exist on a portion of any one lease, the State would be entitled to select the remaining portion of the area.

ETCETERA

S. 3251 has been introduced by Javits (Rep., N.Y.) which would provide tax incentives for investments in "less developed areas" abroad. "Less developed" would be those areas proclaimed by the President as such. Don't miss that word "abroad" in the irst sentence.

Chapter 135, passed by the recent State Legislature, sets up a Section of Power Development within the State Department of Commerce. The purposes of this new agency are stated in the Act to be those of "conserving, developing, and utilizing the water and other electric power resources of Alaska, of making an abundant supply of electric power and energy available to the people of Alaska at the lowest possible rates compatible with sound business principles, and of promoting and extending the use of electric power . . . . ." One of the agency's specific duties is: "To study Alaska's water, fossil fuel, and other power resources and to collect and disseminate information relating thereto."

Chapter 186 has transferred the Division of Economic and Tourist Development from the Department of Natural Resources to the Department of Commerce.

E. AND M. J. METAL MARKET PRICES

	Apr. 28 1960	Month Ago	Year Ago
Copper, per lb.	33.0¢	33.0¢	31.6¢
Lead, per lb.	12¢	12¢	11.5¢
Zinc, per lb.	13¢	13¢	11¢
Tin, per lb.	99.3¢	99.8¢	102.5¢
Nickel, per lb.	74¢	74¢	74¢
Platinum, per oz.	$81-85	$81-85	$75-80
Quicksilver, per flask	$212-215	$214-216	$242-247
Silver, foreign, New York	91.4¢	91.4¢	91.4¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢
Antimony ore, per unit	$3.30-3.35	$3.30-3.35	$3.10-3.20
Chrome ore, per long ton	$35-36	$35-36	$40-42
Molybdenum conc., per lb.	$1.25	$1.25	$1.25
Titanium ore, per ton	$23-26	$23-26	$23-26
Tungsten ore, per unit	$22-24	$22-24	$19-22

NEW AEROMAGNETIC PROFILES

The USGS has released aeromag profiles for parts of the Kobuk, Minchumina, Cape Espenberg, Cape Lisburne, and Brooks Range areas. A total of 62 traverses covering 4,500 miles are plotted. The profiles are available for inspection at the School of Mines Building, College; 503 Cordova Bldg., Anchorage; 117 Federal Bldg., Juneau; and at the State Division of Mines and Minerals, Alaska Office Bldg., Juneau. Copies will be made at the expense of those requesting them at the USGS, 345 Middlefield Road, Menlo Park, California.