

State of Alaska
Department of Natural Resources
DIVISION OF MINES AND MINERALS

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MINING REGULATIONS HEARINGS SCHEDULE

The State Division of Lands and the Division of Mines & Minerals urge once again that all who are interested in the future of mining in Alaska take part in the coming hearings on proposed State regulations for mining. Only by full participation in these hearings can the industry obtain regulations most beneficial to it. Many mining men of experience will think of "bugs" in our proposals that would otherwise not occur to us. We urge your careful study of the proposals, and hope to benefit by your experience at the hearings. We want all the oral statements at the hearings possible, but written statements should also be presented where possible for our further reference after the hearings. Copies of the proposals can be obtained from either Division. We mention again that these regulations will affect mining claims and leases for locatable (hardrock and placer) minerals on State-owned lands, and will not affect prospecting or mining activities on Federal lands.

The hearings are scheduled as follows: KETCHIKAN on Nov. 7 starting at 9:30 AM in the City Hall Council Chamber; JUNEAU on Nov. 8 starting at 2:00 PM in Room 218 of the Municipal Bldg.; FAIRBANKS on Nov. 14 starting at 9:00 AM at the Travelers Inn; NOME on Nov. 16 starting at 9:30 AM in the Court Room of the U.S. Court House; ANCHORAGE on Nov. 18 starting at 9:30 AM in the Loussac Library.

MINING ACTIVITIES

THIRD DISTRICT - Deposits of limestone on Kings River were staked last summer, and plans for construction of a \$5 million cement manufacturing plant near Sutton, adjacent to the Alaska Railroad spur Northwest of Palmer were announced by Kaiser Permanente Co. on August 17, 1960. According to officials, this plant is to have an initial capacity of 500,000 barrels (2 million sacks) annually, and will calcine the limestone in a vertical kiln. Quality control will be marked by a high degree of automation to insure product uniformity. Permanente also announced a reduction of \$1.00 per barrel in the price of cement shipped to Alaska from Washington. The new price is \$6.95 per barrel in bulk and \$7.45 per barrel sacked.

FOURTH DISTRICT - Alaska Portland Cement, Ltd., a California Corporation, has purchased claims encompassing limestone deposits in the Cantwell-Windy area, about 165 miles north of Anchorage. The claims were purchased from Alaska Limestone Corp. for an undisclosed sum and cover an area which had been previously investigated by the U.S.G.S. and Bureau of Mines. One deposit is estimated at exceeding 200 million tons. Officials of Alaska Portland Cement, Ltd. accompanied by representatives of Bechtel Corp. and Allis Chalmers have just completed a trip concerning plant construction.

A fire destroyed part of the power house of the Nyac dredging operation. One of the two hydro turbines and the Diesel generating equipment were lost.

Stock piling of coal for contractor use is going on at the Clear project. A new power plant under construction at the site is to be 60 per cent completed by January of next year with final completion set for the following July. When in full operation, the plant will use 60,000 tons of coal a year. The nearest source of coal is the Healy River Coal field, 40 railroad miles distant.

Purchase of Suntrana Mining Co. assets by Usibelli Coal Mines, Inc. was announced on Oct. 6, 1960. The assets included unmined coal on the Suntrana properties plus such facilities as the tipples and trackage. These items will replace older equipment at the Usibelli properties and speed loading of coal cars. Some of the Suntrana employees will be retained. The sale will result in lower coal costs for Fairbanks in about one year after the rearrangement of equipment and more efficient operations become effective.

It is reported that the Nomura Mining Co., Ltd. of Tokyo is negotiating with DeCoursey-Brewis Ltd. for purchase of mercury and antimony soot from the Red Devil Mine as well as buying a cinnabar prospect on DeCoursey Mountain owned by DeCoursey-Brewis Ltd. Exploration and development of the DeCoursey Mountain property by the Japanese would begin next year if negotiations are consummated and approved by directors of the Nomura Co. and the Japanese Government. The Red Devil is the second largest mercury mine in the world with antimony soot as an important by-product of Red Devil operations. At present, world market prices are so low it is not economic to ship antimony soot from Alaska. Japanese development can furnish a market for this by-product. Nomura intends to do initial concentration at the mine and ship concentrates aboard ships carrying pulp from Alaska to Japan.

OIL NEWS

ALASKA'S FIRST CRUDE OIL LINE BEGINS OPERATION - Alaska's first crude oil pipeline was placed in operation on October 10th at a special ceremony by Senator Ernest Gruening at the Soldotna Creek Pumping Station in the Swanson River Field. The pipeline, owned by the Kenai Pipe Line Co., extends 18 1/2 miles across the northwestern part of the Kenai Peninsula from the oil field to a marine tanker terminal at Nikiski on Cook Inlet. The first Standard Oil Co. of California tanker is scheduled to dock at the new facilities at Nikiski about Nov. 5th and will take on 115,000 barrels of crude oil. The return trip to the South 48 will be to Standard's Richmond refinery at Sacramento, California.

TURNAGAIN ARM GAS PIPELINE OPERATIONS STALLED - The delaying effects of the silt density and abrasiveness and the swift tides of Turnagain Arm have caused a delay in the completion of the natural gas pipeline across Turnagain Arm. Originally scheduled to be completed on October 15, 1960 by Sharman, Allen, Gay, Taylor and Associates, the pipeline was to deliver Anchorage's first natural gas supply sometime later this year from the Kenai Unit Gas Field located several miles south of Kenai. In the Spring of 1961 the operator will resume the job with additional equipment working under revised engineering and construction methods. The Anchorage Natural Gas Co. was granted the Anchorage natural gas distributor franchise in the Fall of 1959. The distributor had hoped to begin delivery through its partially emplaced distribution system in Anchorage this year, but pursuant to the franchise terms has until December 31, 1961 to deliver such gas.

ANCHORAGE NATURAL GAS RATES SET - Anchorage consumer rates for natural gas to be supplied by the Anchorage Natural Gas Corporation were approved by the Anchorage City Council on October 19, 1960. For home use there will be a \$20 line charge and monthly rates will be \$5 for the first 1900 cu. ft., 20¢/100 cu. ft. for the next 3100 cu. ft., and 12¢/100 cu. ft. for all gas used over 5,000 cu. ft. The minimum charge for home users will be \$5/mo.



For industrial use monthly charges will be \$200 for the first 200 MCF or less, 90¢/MCF for the next 300 MCF, and 80¢/MCF for all gas used over 500 MCF. The minimum charge for industrial users will be \$200/mo.

ANCHORAGE OFFERED ELECTRIC POWER GENERATED FROM NATURAL GAS - North Pacific Consultants, Inc., appeared before the Anchorage City Council on October 6th to present a plan to supply the City with electric power generated from gas produced on the Kenai Peninsula. The electric power, generated by gas turbine, would meet impending power shortages in the Anchorage area. The proposal to supply adequate low cost electric power to the City on a long term basis would satisfy future needs of the city utility system, according to the report. The new company now being formed would purchase natural gas from the existing Kenai Peninsula sources and construct a plant at the well sites at an approximate cost of 2.5 million dollars which would be capable of generating 130,000,000 kilowatt hours annually.

The company has been trying to arrange a meeting with Chugach Electric Association's board on the proposal; however, CEA said that independent of the offer, CEA staff has made a study of use of gas for electric generation. By use of gas turbines at the well sites, CEA could begin producing 15,000 KW at 7.5 mills and by 1970 60,000 at 4.23 mills which includes cost of transmission, the officials said. The council directed the City electric utility department to study the plan and compare costs of the gas power with possible power costs from other sources. Included would be the Devil's Canyon Hydroelectric Project. It was stated that gas-generated electric power would be competitive with hydroelectric power.

Meanwhile CEA board of directors on October 12th decided to request an official of the Rural Electrification Administration to come from Washington, D.C. to review plans for generating low-cost power by means of gas turbines for the southcentral Alaska area. If use of the Kenai gas is approved for generation of electricity, the CEA will hire a firm of consulting engineers to put the plan in proper form for bidding and construction, it was stated.

GOLD

Congressional mining committees are at work readying a new study of domestic gold and silver producers' market plights. The current high rate of gold flow from the U.S., plus rumors of a silver shortage that may affect U.S. coinage requirements next year, have renewed interest in some form of federal aid to domestic producers of the precious metals.

The Treasury department and international financiers have long successfully opposed any hike in the U.S. price of gold, even if limited to the non-monetary domestic market, on grounds it would weaken the strength of the dollar in international finance. Mining-state Congressmen are thinking in terms of production subsidies rather than a price hike for the two metals - even this move is expected to run into powerful Congressional opposition next year.

The pressure of accelerated gold purchases from the U.S. by Continental European interests may solve the domestic gold and silver producers' marketing plight without U.S. governmental production subsidies. On October 20, the price of gold on the London market reached a high of \$41.00 an ounce.

The London gold market is open to all and the price is governed by supply and demand. Five authorized London gold dealers meet each morning to fix the opening price in relation to their buying and selling orders, but later transactions at different prices are permitted.

When a government or central bank buys gold from the U.S. Treasury at the set price of \$35.0875, the actual metal, earmarked in the name of the owner, normally is left in the custody of the New York Federal Reserve Bank, the U.S. depository of foreign-owned gold. That bank holds nearly \$11 billion of gold for foreign countries and international agencies. If a foreign government or central bank wishes to transfer gold to Europe, it incurs a further shipping and insurance charge of 12 cents an ounce on shipment of not less than \$10 million by chartered plane. That would run the total cost of gold bought in the U.S. and delivered to London to about \$35.21 an ounce.

Sales by the treasury to official foreign purchasers since the beginning of 1959 have exceeded \$1.9 billion and have reduced this country's gold stocks to \$18.6 billion. U.S. net gold sales to foreign purchasers this year total \$842 million.

Another possible cause for the buying of U.S. gold, in addition to those enumerated in the October Mines Bulletin, is that explained by a London trader, "We have been unable to fully satisfy the enormous demand. Central banks have not been selling - nor buying for that matter - for their own account, so we have to rely on offerings from the Bank of England which handles gold sales on behalf of Australian and South African producers. These supplies have been quite inadequate to meet the expanded demand."

Some highly-placed monetary experts thought the rise in price would bring new supplies of gold to market. Swiss sources claim Russian gold sales, which come into world markets from time to time, have been stopped recently. Russian sales of gold might be resumed to take advantage of the price rise; however, they could just as well be withheld from the present market in anticipation of a greater increase in the price of gold.

In Canada, where gold bars are traded on the Toronto Stock Exchange, the price rose on October 19 to a close of \$35.20 an ounce from an opening of \$34.45. Both quotations are in Canadian dollars, which were at a premium of about 2.2 cents over the U.S. dollar, making the U.S. price \$35.97 and \$35.21 respectively. The closing price was the highest since gold trading began on the Toronto Exchange about a year ago.

Shine up the gold pan and "head for the hills."

LIGNITE-KANTISHNA ACCESS ROAD

The State Department of Public Works has called for bids for the construction of an access road from Lignite on the Alaska Railroad to the Kantishna mining district. The Department of Natural Resources recently approved construction of this road under the Pioneer Access Road Program. Not only will this road make accessible an area of promising commercial mineralization, but it will be a good start of a portion of the eventual road network which will connect McGrath and the Kuskokwim country with the railroad and with the other parts of Alaska served by highways. Roads are being pushed south from Fairbanks and north from Anchorage along the railroad route which will eventually meet.

The critical question has been raised, "Why build a road west from Lignite when a road going through Mt. McKinley National Park parallels this route?" The answer to this is that Park regulations and officials prohibit trucking through the Park, so a road going the same direction must be built outside the Park if any industrial development is to result.

EXPLORATION MINING CLAIMS PROPOSED

At the recent convention of the American Mining Congress, a group of mining lawyers presented a proposed Congressional bill which would allow mining exploration

claims to be staked before a legal discovery is made. The purpose is to protect the prospector or exploration company until he or they are able to make the legal discovery for a regular mining claim. The mining exploration claim could be anything up to 160 acres in size, would require double the assessment work per acre, and would be good for only five years. It is proposed to have this bill introduced in the next Congress. We will probably have the latest version of this bill on hand shortly. If our readers request it, we will mimeograph it for distribution.

COURT SUPPORTS CLAIM HOLDER IN POWER SITE CASE

A California Federal District Court has held, in effect, that the owner of mining claims located on land later withdrawn for power purposes did not forfeit his claims when he failed to file for record in the U.S. district land office within one year after the effective date of the Mining Claims Restoration Act of 1955.

While it requires timely filing for record of notices of location, this law provides no penalty for failure to file, and further provides that nothing in it "shall be construed to limit or restrict the rights of the owner or owners of any valid mining claim located prior to the date of withdrawal or reservation."

The plaintiff in this case did not record his claims within the one-year period allowed by the Act. Subsequently the Solicitor of the Interior Department, on October 30, 1957, declared, "Failure to file as required results in a forfeiture of the claim." The plaintiff then brought suit to procure an injunction restraining the BLM from issuing any notice declaring plaintiff's mining claims forfeited, or clouding their title. The Court granted summary judgment in favor of the plaintiff. The Court stated: "The Solicitor takes the position that the Act would prevent the restriction or limitation of claims such as plaintiffs, but would not preclude their complete destruction. It is completely unrealistic to assume that Congress would exert itself to avoid limitation or restriction of such claims, and at the same time be quite willing to permit them to be destroyed entirely. A prohibition of limitation or restriction carried an implied prohibition of destruction. To destroy a legal right is to limit it to the smallest possible compass. It is in fact the greatest possible restriction. To declare plaintiff's claim forfeited would clearly violate the plain mandate of Congress."

MINING EXTENSION COURSE

The University of Alaska will offer mining extension courses in prospecting in 12 Alaskan communities during the current school year according to Earl H. Beistline, Dean of the School of Mines. Any person interested in prospecting may attend the tuition free mining extension courses. Classes are held in the evening and students may earn certificates of training. Starting dates for the courses are as follows: Sept. 19 at Northway, Oct. 10 at Anchorage, Oct. 17 at Fort Greely, Nov. 14 at Elmendorf, Nov. 21 at Eielson, Jan. 2 at Ketchikan, Jan. 2 at Kotzebue, Jan. 20 at Bethel, Feb. 6 at Juneau, Feb. 27 at Dillingham, March 13 at Yakutat, April 3 at Seldovia, May 17 at College.

In addition to the 4 and 5 week mining extension courses in prospecting, the School of Mines offers a 9 week mining short course at the University campus every fall and a 2 week geochemical prospecting course every spring.

E. AND M. J. METAL MARKET PRICES

	<u>Oct. 20,</u> <u>1960</u>	<u>Month</u> <u>Ago</u>	<u>Year</u> <u>Ago</u>
Copper, per lb.	30.0¢	33.0¢	27.7¢
Lead, per lb.	12¢	12¢	13¢
Zinc, per lb.	13¢	13¢	11¢
Tin, per lb.	103.1¢	102.3¢	96.4¢
Nickel, per lb.	74¢	74¢	74¢
Platinum, per oz.	\$81-85	\$81-85	\$54-60
Quicksilver, per flask	\$209-212	\$209-212	\$232-235
Silver, foreign, N.Y.	91.4¢	91.4¢	88.6¢
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	\$36-38	\$36-38	\$44-46
Titanium ore, per ton	\$23-26	\$23-26	\$23-26
Tungsten ore, per unit	\$22-24	\$24-25	\$15.50-22
Molybdenum conc. per lb.	\$1.25	\$1.25	\$1.18
Beryllium ore, per unit	\$46-48	\$46-48	\$46-48