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

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MINES AND PETROLEUM BULLETIN

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MINING ACTIVITIES

Northwestern District - The Lee Brothers are moving to Cape and Buck Creeks as reported last month, but will probably not actually get into production of tin this year. They are continuing their dredging operations on the Solomon River at the same time.

Grant Nelson is operating two dredges on Utica Creek, N. B. Tweet & Sons are dredging on the Kougarok, and the Lucky Syndicate is dredging there also. Willie Foster is back on his placer operation and lead prospect at Hannum Creek. Steve Peterson is installing a jig in his dredge near Council.

Bear Creek Mining Co. is reported to be employing a large number of Eskimos from Kobuk and Shungnak on its copper development project at Ruby Creek.

Central District - Although it is reported that a total of something over 500,000 tons of coal will be needed north of the Alaska Range during the next year, no news of coal contracts for the Nenana Field operators has reached us yet. Contracts for the Matanuska operators were let sometime ago.

Southcentral District - A great deal of skin diving activity in the Talkeetna District and on streams accessible by roads is being reported. These divers use an underwater device that sucks up gravel and runs it across small riffles. How successful these ventures are remains to be seen.

Evan Jones Coal Co. received a contract from the Military for 130,000 tons of coal for fiscal 1962, and Mrak Coal Co. received a contract for 45,000 tons for the same period. This adds up to a smaller amount than in other years because of last winter's mild weather resulting in remaining stock piles.

OIL NEWS

During the month of June the Petroleum Branch of this Division approved the following applications for permit to drill:

Standard Oil Co. of California, Opr.: (1) "Soldotna Creek Unit" 23-9, Sec. 9, T.7N., R.9W., Seward B & M., 1980' E and 2550' N fr the SW cor of Sec. 9; (2) "Soldotna Creek Unit" 41-8, Sec. 8, T.7N., R.9W., Seward B & M., 390' W and 390' S fr the NE cor of Sec. 8; (3) "Soldotna Creek Unit" 14-3, Sec. 3, T.7N., R.9W., Seward B & M., 650' N and 690' E fr the SW cor of Sec. 3; (4) "Soldotna Creek Unit" 41-5, Sec. 5, T.7N., R.9W., Seward B & M., Surface location: 2050' S and 660' E fr the NW cor of Sec. 4, Bottom hole location will be in NE 1/4, NE 1/4 of Sec. 5; (5) "Swanson River Unit" 43-15, Sec. 15, T.8N., R.9W., Seward B & M., 660' W and 1980' N fr SE cor of Sec. 15.

Colorado Oil and Gas Corp., Opr.: "Core Hole" 2, Sec. 28, T.29S., R.36E., Copper River B & M 900' W and 1750' N fr the SE cor of Sec. 28.

Hackathorn Drilling Company: (application filed but not approved at date of writing)  
"Rosetta" 5, Sec. 21, T.18N., R.3W., Seward B & M 1930' S and 415' E fr NW cor of Sec. 21.

Drilling Activity as of June 27, 1961

<u>Operator</u>	<u>Well No.</u>	<u>Status</u>
Union	Sterling Unit 23-15	drilling @ 13,410'
Pan American	Napatuk Creek 1	drilling @ 14,010'
Richfield	Duktoth River 1	drilling @ 9,146'
Hackathorn	"Rosetta" 4	preparing to test
SOCAL	SRU 34-15	drilling @ 4,201'
SOCAL	SRU 43-28	drilling @ 7,523'
SOCAL	SCU 14-3	drilling @ 6,383'
SOCAL	SCU 41-8	drilling @ 9,285'
SOCAL	SCU 23-9	coring @ 10,416'
SOCAL	SCU 21-9	coring @ 10,509'

Production, Swanson River Field

	<u>Producing Wells</u>	<u>Oil (barrels)</u>	<u>Water (barrels)</u>	<u>Gas (MCF)</u>
May, 1961	30	456,026	11,526	96,774
Cumulative to June 1, 1961		2,368,967	87,541	461,676

Gas Line Across the Turnagain Arm - The Alaska Pipeline Company announced that the first of two underwater pipelines has been completed across Turnagain Arm. The company is now working on the second line, and it is expected that the entire transmission line from the Kenai Gas Field to the City of Anchorage will be completed by August.

Soldotna Gets First Natural Gas - The City Council announced that a gas contract has been signed with the Anchorage Natural Gas Company to serve Soldotna. Installation was started on June 15th with service scheduled to begin on July 15th. The area to be served extends from the Cheechako News Building on the Kenai Spur to the bridge across the Kenai River on the Sterling Highway.

Development Contracts Extended - A six month extension to commence an obligation well in the Kenai Development Contract has been granted to the Standard Oil Co. of Calif., by the U. S. Geological Survey. The Survey now requires that drilling operations must commence by January 1, 1962.

A second extension has also been granted to the Iniskin Unit by the Federal Government. The extension moves the expiration date of the contract to April 30, 1962.

New Gas Field Discovery - On June 21, 1961, Standard Oil Co. of Calif., Opr. completed Well No. "Falls Creek Unit" 1 as a new gas field discovery. The well was completed flowing gas at a rate of 1,950 MCF per day from a perforated interval 7,600 to 7,562 feet from sands in the Kenai Formation of Eocene age. This discovery now gives the Kenai Peninsula its third gas field.

DM&M PERSONNEL CHANGES

Mr. Gordon Herreid, Mining Geologist, has joined the staff of the DM&M. Gordon is a graduate of the University of Alaska School of Mines and did graduate work at the University of California. He came to the Division from the Red Devil Mine where he was employed as mine geologist for nearly three years. Prior to that he did areal and local geologic

mapping in various Alaskan areas in connection with mining exploration projects, and worked also for the USGS in Alaska on a variety of geological mapping projects. His work with the DM&M will be concerned with economic geology. Presently stationed at Juneau, he will probably be transferred to Anchorage next spring.

Mr. Miro Mihelich, Mining Engineer, has resigned from his position at the Juneau office. Because of budgetary limitations, we will not be able to fill this position until sometime this fall, probably about November.

It appears at present that the Ketchikan Assayer's position will be vacated on September 1. Mr. Ralph Pray plans to leave us at that time.

#### ECONOMIC PETROLEUM STATISTICS

We estimate that there are now about 600 people directly employed in the exploration and development categories of Alaska's petroleum industry, including personnel such as stenographers, draftsmen, and members of seismic and drilling crews. These 600 individuals represent an annual payroll of over \$5,000,000. We estimate also that the petroleum industry has expended between 100 and 125 million dollars in Alaska, exclusive of the Pet 4 program, in exploration and development during the past ten years. There are presently 18 operating companies active in Alaska, and there is a possibility of three more before the year's end.

#### GOLD PRODUCTION

We have seen statements a number of times in mining publications that most of the U. S. gold production comes as a byproduct from the mining of base metal ores. We think it is time to straighten the record. The latest statistics available to us are in the USBM Minerals Yearbook for 1959. In that year, the total U. S. gold production was 1,604,000 ounces. Production from base-metal ores was 28 percent of that total, down from a peak year of 39 percent in 1956. Gold from precious metal ores accounted for 50 percent of the total in 1959, and placer gold was 22 percent of the total 1959 U. S. gold production. Alaska produced half of the placer gold, or 11 percent of the total.

While we are on the subject, we should mention that a 20-page pamphlet, "Gold Regulations as Amended to January 16, 1961," can be purchased for 10¢ from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

#### BERYLLIUM PROSPECTING MANUAL

Now available for the price of \$1.00 is a 30-page book which discusses beryllium prospecting techniques, geological environments, field tests, portable detectors and evaluation of deposits. Other topics covered include: production, prices, marketing, technology, uses, toxicity, beneficiation, and purification. It is named "Manual for Beryllium Prospectors" (DMIC Report 146) and is for sale by the Office of Technical Services, U.S. Department of Commerce, Washington 25, D. C.

#### JAPANESE TRADE WITH CANADA

The Western Miner and Oil Review reports "a casual survey of present and firmly committed purchases of Canadian mineral products by Japan shows aggregate sales contracts in the order of more than \$200,000,000." Producing now or soon are six iron ore properties which will have a daily capacity of 16,000 tons. Two other magnetite bodies are on the way. Copper mines in B. C. and New Brunswick have landed contracts for as much as \$100,000,000 worth of concentrates. Substantial tonnages of coal and nickel are also involved.

ETCETERA

Times are still changing. Our alma mater, the School of Mines at the University of Alaska, is to be renamed the College of Earth Sciences and Mineral Industries.

The Division of Lands recently held a drawing at Anchorage to clear the conflicts between several simultaneous applicants for coal prospecting permits on the newly-acquired Beluga area. Persons wishing to be kept informed in advance of such matters like this should request the Division of Lands, 344 Sixth Avenue, Anchorage, to put them on the mailing list for the Alaska Land Lines, a monthly bulletin somewhat similar to this.

A new process of direct reduction of low grade copper ore to metal powder without smelting will be employed in a new plant in the Philippines which is scheduled to produce 14,000 tons of copper per year starting in 1964. In an integrated operation, the plant will press the product powder into strip tubing and wire.

A huge government-financed aeromagnetic survey covering some 1.8 million square miles of the Canadian Shield is starting this summer. The expense will be divided between the Canadian Federal and Provincial governments, and the work will be done by commercial firms. The project will cost about \$18 million and require about 12 years for completion.

The present tin shortage caused by deteriorating conditions in the large tin-producing countries is something that Alaskans have long predicted while endeavoring to find ways and means of getting Alaskan tin deposits into production. Now that it has finally happened, the principal consumers will probably start looking harder for suitable substitutes. The aluminum companies may be the big gainers because of this situation.

E. AND M. J. METAL MARKET PRICES

	<u>June 29,</u> <u>1961</u>	<u>Month</u> <u>Ago</u>	<u>Year</u> <u>Ago</u>
Copper, per lb.	31¢	31¢	33.0¢
Lead, per lb.	11.0¢	11¢	12¢
Zinc, per lb.	11.5¢	11.5¢	13¢
Tin, per lb.	119¢	111¢	101.9¢
Nickel, per lb.	74¢	74¢	74¢
Platinum, per oz.	\$80-85	\$80-85	\$81-85
Quicksilver, per flask	\$200-203	\$203-206	\$211-214
Antimony ore, per unit	\$4.30-4.50	\$4.30-4.50	\$3.30-3.35
Beryllium ore, per unit	\$46-48	\$46-48	\$46-48
Chrome ore, per long ton	\$36-38	\$36-38	\$35-36
Molybdenum conc., per lb.	\$1.40	\$1.25	\$1.25
Titanium ore, per ton	\$23-26	\$23-26	\$23-26
Tungsten ore, per unit	\$22-24	\$22-24	\$22-24
Silver, foreign	91.4¢	91.4¢	91.4¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢