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MINING ACTIVITIES

Kuskokwim Region - Norman Schaefer, Wausau, Wisconsin, has started an exploration program on the Russell Schaefer cinnabar property. The work planned is limited to diamond drilling in an effort to determine whether the limited exposure has greater lateral and vertical extent than that in the open-cut exposed by the late Russell Schaefer, with future plans dependent upon drilling results. A total of seven men are employed on this project, which will probably terminate in early September. An appreciable amount of native quicksilver in the ore makes this an especially interesting occurrence. The property is on Cinnabar Creek, tributary to Upper Holitna River.

At Nyac, dredging operations are limited to the No. 3 Dredge about 5 miles below camp, and the No. 4 Dredge on Bear Creek, approximately same distance above Camp. No. 3 is operating on 24-hour basis and No. 4 on 10 hour/day. Total employment on this operation has been reduced to 28 this year.

The Red Devil Mine is now employing only 38 men. No surface exploration is being done there this season. The mine appears to be in a good ore position at present with 6 points available to feed the reduction plant. Drifting to intersect the Dolly ore zone on the 600 level is underway with around 100 feet remaining to reach the objective.

On the Parks mercury property, George Willis and John Murphy are operating a well-built two-tube Joshua Hendy - McKay retort, with two 12 hour cycles per 24 hours. Each tube is charged with an average 150 pounds of selected hi-grade, with recovery of 55 to 60 pounds of quicksilver from each 300 pound charge, or 110 to 120 pounds per 24 hours. The retort tubes were obtained from the Ozzie Willis prospect, and date back to 1917.

Dorr Holloway and an associate are trenching with a small tractor on a cinnabar prospect located about 1/2 mile from the Kuskokwim River on the opposite side and a mile upstream from Sleetmute. Encouraging float has been found in subsurface "creeping" talus, but its source is not yet located. The mineralization appears to be associated with fine-grained sills intruded along bedding (?) of the shales.

Progress on the USEM diamond-drilling program on the cinnabar occurrence in the White Mountains area has been slow due to the shattered character of the ore zone, and frozen ground to depths reached by the drill.

OIL NEWS

During August, the Petroleum Branch of the DM&M approved eleven drilling permits covering six exploratory wells and five development wells. Locations and operators for the wells are as follows:

Core Hole No. 3, Colorado Oil & Gas, 2200' N & 1400' E of the SW cor of Sec 6, T31S, R39E, CRM. El 36' DF.

Fish Creek 12-8, Union Oil of Cal., 1500' S & 1000' E of the NW cor of Sec 8, T16N, R3W, SM. El 150' ± grd.

Anchor River No. 1, Standard Oil of Cal., 1320' N & 2640' W of the SE cor of Sec 20, T4S, R11W, SM. El 1450' ± grd.

White River No. 1, Richfield Oil Corp., NW 1/4 SW 1/4, Sec 19, T21S, R18E CRM. El 90' grd.
 Bering River No. 1, Richfield Oil Corp., SW 1/4 SE 1/4, Sec 32, T18S, R7E CRM. El 100' grd.
 Canoe Bay No. 1, Pure Oil Co., 1800' S & 225' W of NE cor of Sec 8, T54S, R78W, SM. El 130' grd.
 Swanson River Unit 21-22, SOCAL, 660' S & 1980' E of the NW cor of Sec 22, T8N, R9W SM. El 295' grd.
 Swanson River Unit 222-27, SOCAL, 1850' S & 1500' E of the NW cor of Sec 27, T8N, R9W, SM. El 190' grd.
 Soldotna Creek Unit 34-5, SOCAL, 1160' N & 1480' W of the SE cor of Sec 5, T7N, R9W, SM. El 138' grd.
 Swanson River Unit 41-15, SOCAL 660' W & 660' S of the NE cor of Sec 15, T8N, R9W, SM. El 355' grd.
 Soldotna Creek Unit 21-3, SOCAL, 670' S & 2000' E of the NW cor of Sec 3, T7N, R9W, SM. El 137' grd.

Drilling permits issued during 1961 total 42. Thirteen drilling permits were issued during the first eight months of 1960.

Drilling Activity as of August 25, 1961

<u>Operator</u>	<u>Well Name & No.</u>	<u>Status</u>
Pan American	Napatuk Creek No. 1	Drlg @ 14,585'
Richfield	White River No. 1	Spud 8-14, drlg @ 1521'
Colorado O&G	Core Hole No. 3	Spud 8-15, drlg @ 2350'
Hackathorn	Rosetta No. 4A	Drlg @ 2200'
SOCAL	Chaix Hills No. 1	Spud 8-10, drlg @ 1427'
SOCAL	Swan Lake Unit 34-27	Spud 8-6, drlg @ 7074'
SOCAL	SRU 43-15	Drlg @ 11,131'
SOCAL	SRU 222-27	Spud 8-20, drlg @ 3700'
SOCAL	SCU 21-4	Coring @ 10,375'
SOCAL	SCU 41-5	Drlg @ 9851'
SOCAL	SCU 34-5	Spud 8-9, drlg @ 7567'

The following wells were completed during the first 25 days of August:

<u>Operator</u>	<u>Well Name & No.</u>	<u>Status</u>
Richfield	Duktoth River Unit No. 1	Plugged and abandoned
Union	Sterling Unit 23-15	Testing gas sands
SOCAL	SRU 34-15	Producing oil well
SOCAL	SCU 14-3	Producing oil well
SOCAL	SCU 243-4	Gas well shut-in waiting on tests

Production, Swanson River Field

	<u>Producing Wells</u>	<u>Oil (barrels)</u>	<u>Water (barrels)</u>	<u>Gas (MCF)</u>
July, 1961	38	578,548	13,267	127,916
Cumulative to August 1, 1961		3,479,425	113,293	701,332

Swanson River Field Posted Crude Prices - On August 15, 1961, Standard Oil Co. of Cal. announced a 25 cent per barrel increase of its posted field price for the Swanson River Field. The original field price schedule was effective September 15, 1960. The first change occurred on April 17, 1961 -- a 20¢ per barrel increase.

The present schedule is:

<u>° API gravity</u>	<u>\$ per barrel</u>	<u>° API gravity</u>	<u>\$ per barrel</u>
25-25.9	2.33	33-33.9	2.84
26-26.9	2.41	34-34.9	2.90
27-27.9	2.48	35-35.9	2.96
28-28.9	2.54	36-36.9	3.01
29-29.9	2.60	37-37.9	3.06
30-30.9	2.66	38-38.9	3.11
31-31.9	2.72	39-39.9	3.16
32-32.9	2.78	40-40.9	3.21

Duktoth River Unit Agreement Approved - On July 11 the USGS announced approval of the Duktoth River Unit Agreement covering 40,320 acres with the Richfield Oil Corporation as operator. The unit area is located in the Yakataga district, Gulf of Alaska Basin, and includes Sections 1, 2, 11-13, T20S, R14E; Sections 1-18, 20-25, T20S, R15E; and Sections 18, 19, 29-32, T20S, R17E.

Natural Gas Deliveries Begin - The Anchorage Natural Gas Corporation has announced that natural gas is now being distributed through its lines to Soldotna and to the Mt. View area of Anchorage. The delivery of natural gas to Anchorage proper was imminent as this issue was being prepared.

Special Competitive Oil & Gas Lease Sale Results - At the request of the Richfield Oil Corp. a competitive oil and gas lease sale was held by the Division of Lands on August 4, 1961, in Anchorage. The six tracts, totaling 13,257 acres, all located in the Gulf of Alaska and classified as tidelands, received eight bids. High bids totaled \$110,671.55, an average per acre bid of \$8.35. The joint venture of Richfield Oil Corp., British Petroleum Exploration - Alaska, and Sinclair Oil and Gas Co. was successful bidder on five of the tracts, and the Socony-Mobil Oil Co. was the successful bidder for the sixth tract.

Plans to Build Refinery Announced - Mr. Ralph G. Hand, president of the Western Frontier Oil and Refining Co. of Long Beach, California, announced during August that his company had acquired a 40-acre site about one mile south of the Nikiski Marine Terminal on which a 2500 barrel per day crude oil plant will be built. Plans call for the refinery to be completed early in 1962.

DM&M Hearing - A hearing was held in Anchorage on August 24 on the proposal to amend the last sentence of Section 2055, Title 11, Division 2, Chapter 1, Alaska Administrative Code, for the purpose of avoiding dual submittal of drilling bonds to both the DM&M and the Division of Lands. There were no industry objections to the proposed change. It will be filed with the Secretary of the State of Alaska, and will become final 30 days thereafter.

Oil & Gas Leasing Hearing - The Division of Lands held a hearing in Anchorage on August 24 relative to the adoption of amendments and additions to the Alaska Oil and Gas Leasing regulations, as well as finalization of the emergency regulations covering simultaneous filings.

Discussion centered on one proposal of the emergency regulations which would allow delay of submittal of the first year's rental on a noncompetitive lease issued by lot for 30 days following the drawing. Most of the oil companies urged retention of existing regulations wherein the first year's rental is submitted with the application and filing fee. Favoring the implementation of the emergency regulations were individuals and independent operators whose letters were read into the record.

Next Competitive Lease Sale - The seventh competitive sale will be held in early December. Nominations will be accepted for this sale by the Division of Lands until 3:00 p.m., October 1, 1961. The tracts will then be set up and advertised starting approximately October 15. For further information, contact the State Division of Lands, 344 Sixth Avenue, Anchorage.

REPORT FROM JAPAN

Mr. Phil R. Holdsworth, Commissioner of Natural Resources, has just returned from a trip to Japan which was made for the purpose of exchanging first-hand information with Japanese industry on their needs and our resources. It was confirmed that the Japanese are particularly interested in obtaining iron, copper, nickel, lead, zinc, and antimony at this time. Their industry is also interested in joint ventures, or, where feasible, the formation of domestic corporations to fully support development of these metals.

Prospective Japanese purchasers will pay for the precious metals in concentrates supplied, and are interested in both antimony lump and concentrate. Japanese industry is interested in chrome, but the interest is limited to lump chromite in metallurgical grade and both lump and concentrates in refractory grade. A mild interest in molybdenum was expressed. Import restrictions exist on some metals, however, the governmental agency establishing such policies (Ministry of International Trade and Industry) has announced a proposed abolishment of such restrictions within two years. This proposed policy could well include the erasing of present restrictions on the import of steam coal.

Generally speaking, current market prices are paid for commodities delivered in Japan. An Alaskan supplier has the advantage of a shorter haul than most others. The controversial added freight rate differential for Alaska as contrasted to other West Coast ports has been removed. Potential suppliers of the above-mentioned metals may obtain further details as to specific purchasers or participators in resource development from this office of the DM&M.

An added note: Consumers of steam coal in Japan last week asked their government to lift the import restrictions on this product to allow the purchase of 500,000 tons to relieve a current shortage caused by extended strikes at the Japanese coal mines.

OME EXPLORATION ASSISTANCE

New exploration assistance proposed by the Office of Mineral Exploration earlier this year has now become final. Gold, silver, iron ore, bismuth, sulfur, and tellurium have been added to the list of mineral commodities for which assistance may be provided by the OME under certain circumstances. It was also earlier announced that OME planned to loan up to 75 percent of costs of certain of the minerals, but 50 percent has now been set as the maximum. Additional information and application blanks may be obtained from the Office of Minerals Explorations, South 157 Howard Street, Spokane 4, Wash.

NOTICE OF FORECLOSED CLAIMS

The Division of Lands' monthly publication, Alaska Land Lines, is starting with its August issue to publish the names and property descriptions of lands foreclosed to the

State under the Land Registration Law. The greater number of these foreclosed properties are patented mining claims for which no ownership has been declared. The Division of Lands states it will soon sell these lands, but the legal owner may still redeem the property at any time prior to the sale by contacting that Division and establishing proper ownership.

Further information can be obtained from the Division of Lands, 344 Sixth Ave., Anchorage. The first list of foreclosed lands included the following patented claim groups:

THIRD JUDICIAL DISTRICT

DELINQUENT SERIAL NO.

PROPERTY DESCRIPTION

NAME OF LAST KNOWN OWNER

VALDEZ RECORDING PRECINCT

3-371	U. S. Mineral Survey 669	Three Man Mining Company
3-372	U. S. Mineral Survey 700	Three Man Mining Company
3-373	U. S. Mineral Survey 736	Knights Island Copper Company
3-374	U. S. Mineral Survey 783 A&B	Standard Copper Mines
3-375	U. S. Mineral Survey 879	A. W. Tibbitt
3-376	U. S. Mineral Survey 950	Gold Bluff Mining Company
3-377	U. S. Mineral Survey 954	Knights Island Alaska Copper Company
3-378	U. S. Mineral Survey 970	M. A. Arnold
3-379	U. S. Mineral Survey 993	Fred Liljégren
3-173-7	U. S. Mineral Survey 779	Mary A. Debner
3-174-7	U. S. Mineral Survey 1011 & 1097	Edwin Thorne
3-102-8	U. S. Mineral Survey 737	S. A. Hemple

CORDOVA RECORDING PRECINCT

3-91-7	U. S. M. S. 1061 -- 323.04 acres	Tacoma-Cordova Mines Company
3-92-7	U. S. M. S. 1070 -- 310.44 acres	Alaska Consolidated Oil Fields

WASILLA RECORDING DISTRICT (Palmer)

3-175-7	U. S. M. S. 975 B	Brooklyn Development Company
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WITHDRAWALS TO PREVENT CLAIM STAKING

The U.S. Forest Service has withdrawn, or requested withdrawal of, a number of parcels of lands in Arizona for the express purpose of the prevention of location of mining claims. In one such typical case, as published in the Federal Register, it is stated, "The applicant (USGS) desires the lands for the prevention of the location of additional mineral claims in conjunction with the administration of the area for National Forest purposes." This is a relatively new development. It is reported that the areas so requested thus far are not known mineral areas.

OFFICE OF COAL RESEARCH ACTIVITY

The first contract has been awarded by the Office of Coal Research in the Department of the Interior. It is for \$139,000 with Booz-Allen and Hamilton of Chicago, and is directed primarily at stimulating demand for coal through the development of new products which are economically and technically marketable. More than 100 contract proposals are now being evaluated and additional contracts are expected to be issued soon.

BILL TO BROADEN USGS WORK

The Senate has passed and sent to the House a bill (S. 981) which would authorize the U. S. Geological Survey to examine geological structures and mineral resources of areas outside the United States. S. 981 is now in the House Interior Committee. It has the endorsement of the Administration.

USEM ATOMIC RESEARCH

The U. S. Bureau of Mines will use radioactive isotopes in fundamental research to determine the effects of gamma radiation on the physical and chemical properties of coal, petroleum, and many metallic and nonmetallic minerals. This research will be done at Albany, Oregon, and will be housed in a new structure to be completed in the next 12 months.

ANOTHER RESEARCH FACILITY

Bear Creek Mining Co., Kennecott subsidiary, is erecting a new headquarters building in Denver, Colorado, which is expected to be one of the Nation's most completely equipped geophysical laboratories which is concerned with mineral exploration. The building is scheduled for completion shortly. It will contain 10,000 square feet of floor space.

TGS DRILLING IN CANADIAN ARCTIC

Texas Gulf Sulphur Corp. is starting a drilling operation on extensive lead-zinc holdings on Baffin Island. The property is reported to be 2000 miles north of Toronto. TGS credits the find to 1957 Canadian Geological Survey work in that area. Two thousand miles north of Toronto is approximately at 72.5° N. Latitude. This latitude is about 90 miles north of Point Barrow.

E. AND M. J. METAL MARKET PRICES

	<u>Aug. 24,</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.	121.6¢	115¢	102.5¢
Nickel, per lb.	81.3¢	81.3¢	74¢
Platinum, per oz.	\$80-85	\$80-85	\$81-85
Quicksilver, per flask	\$188-191	\$192-195	\$209-212
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	\$1.40	\$1.25
Titanium ore, per ton	\$23-26	\$23-26	\$23-26
Tungsten ore, per unit	\$22-24	\$22-24	\$24-25
Silver, foreign	91.4¢	91.4¢	91.4¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢