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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

Southeastern District - Word has been received that the A. L. Lindholm Company of Oak Harbor, Washington, intends to mine and ship up to 100,000 tons of silica from properties leased from W. A. Moa of Hyder.

Central District - Jessen's Weekly reports that Earl Pilgrim will ship 200 tons of high grade antimony concentrates out of the Stampede Mine. The ore will be shipped via Anchorage directly to Japan this summer. An access road was completed in 1961 from Stampede Creek to Lignite on the Alaska Railroad.

Northwestern District - It is reported by Pearse Walsh of Nome that three men, the holders of one State offshore prospecting permit, have a placer drill set up on the ice and are drilling their ground.

"A New Occurrence of Beryllium Minerals," was the title of a paper written by C. L. Sainsbury, and read by Robert M. Chapman, at the A.I.M.E. Conference in Anchorage, April 27th. The paper is now on open file at the USGS offices, and at the Juneau office of the Division of Mines and Minerals.

The occurrence found by the USGS is on public domain on the east side of Rapid River, a tributary of Lost River. The beryllium is in the form of chrysoberyl in veinlets within argillaceous limestone. Sampling indicates 0.01 percent to 3.3 percent BeO, and an average of 1.2 percent.

OIL NEWS

During the month of April, 1962, the Petroleum Branch of this Division approved four applications for permit to drill, two of which were for exploratory wells. All applications were filed by Standard Oil Company of California as operator. The wells and their respective locations are as follows: (1) Swanson River Unit 14-33, Sec. 33, T8N, R9W, S B&M; surf. location: approx. 1470'N and 1615'E of SW cor of Sec; El. 139 gr. Bottom hole: approx. 660'N and 660'E of SW cor of Sec.; (2) Soldotna Creek Unit 21-8, Sec. 8, T7N, R9W, S B&M; Location 660'S and 1980'E of NW cor of Sec. 8; El. 125' gr.; (3) Beluga River 1, Sec. 35, T13N, R10W, S B&M; Location: 1600'S and 660'E fr NW cor of Proj Sec 35; El. 110' gr.; (4) Soldotna Creek Unit 22-32, Sec 32, T7N, R9W, S B&M; Location: 2100'S, and 2100'E of NW cor Sec 32; El. 250 gr.

The latter well is a three mile stepout south of existing production.

This Branch also approved an application for change of location for Shell Oil Company, Opr. well No. SRS-State 1, Proj Sec. 24, T10N, R11W, S B&M. The new location is in SE 1/4 of SW 1/4 of Proj Sec. 24 and is approximately 1580'E and 660'N of SW cor of the Section.

Total applications approved this year to date number twenty, compared with seventeen for the same period in 1961.

Drilling Activity

<u>Operator</u>	<u>Well Name &amp; No.</u>	<u>Status 4-27-62</u>
Union	Pittman 1	Drlg @ 5574'
Superior	Chuit-State 1	Tight hole
British American	Bell Island 1	D.D. 10,247, Temp-susp.
Pan American	Tyonek-State 1	Tight hole
SOCAL	Riou Bay 1	Drlg. @ 7931'
SOCAL	Beluga River 1	Drlg. @ 2000'
SOCAL	SRU 14-33	Drlg. @ 6400'
SOCAL	SRU 222-21	T.D. 9002', Plugged and abandoned
SOCAL	SRU 221-33	T.D. 3805', Plugged and abandoned
SOCAL	West Fork 233-16	T.D. 9150', Plugged and abandoned

Production, Swanson River Field, Hemlock Zone

	<u>Producing Wells</u>	<u>Oil (barrels)</u>	<u>Water (barrels)</u>	<u>Gas (MCF)</u>
March, 1962	49	824,760	19,545	154,097
Cumulative to April 1, 1962		9,518,559	260,188	1,828,102

Production, Kenai Gas Field

	<u>Producing Wells</u>	<u>Oil (barrels)</u>	<u>Water (barrels)</u>	<u>Gas (MCF)</u>
March, 1962	1	0	0	120,991
Cumulative to April 1, 1962		0	0	552,496

Chedatna Lakes Development Contract Approved - USGS announced approval on April 16, 1962 of Standard Oil Co. of California's Chedatna Lakes Development Contract area located within T12-16N, R7-11W. Seward Meridian. The contract area encompasses 167,525 acres.

Eighth Competitive Lease Sale Held - The State of Alaska's eighth competitive lease sale was held on April 24, 1962, at the Division of Lands' office at 344 6th Avenue. Thirteen bids were received on eight tracts totaling 1,061.40 acres located in T17N, R2-3W, Seward Meridian. The total high bid was \$5,110.00. Six of the tracts were acquired by the joint venture of the Union Oil Co. of California and the Ohio Oil Co. One tract was acquired by T. K. Eubank of Anchorage, and another by D. C. Wardlow of Pacoima, California.

Becharof - Egegik Development Contract Terminated - The Mobil Oil Co. terminated their 224,233 acre development contract on the Alaska Peninsula on March 17, 1962. The southern part of the terminated contract area is included in the Ugashik Development Contract area which was approved earlier this year.

Release of Records - Pursuant to Section 2008.1 of the Alaska Oil and Gas Conservation Regulations, the well records of Bishop Creek Unit 11-11, Halbouty Alaska Oil Co., Opr., will be released on May 15, 1962. Although the scheduled release date for this well is October 10, 1962, the operator has given permission to release the records on this well at an earlier date.

Sixth AIME Mining, Minerals and Petroleum Conference - The Southwest Alaska Chapter of AIME hosted some 200 people attending the 6th AIME Mining, Minerals and Petroleum Conference held in Anchorage on April 26-28, 1962. The technical session offered eighteen papers covering Alaskan and Canadian mining, Alaskan petroleum operations, and Alaskan geology. The conference banquet was highlighted by Mr. E. M. Kipp, Production Coordinator, Standard Oil Co. of California, who spoke on "Alaska's Business Climate." The conference this year was sponsored by the Alaska Section AIME, Southwest Alaska Section AIME, Yukon Section CIMM, and the Alaska Geological Society.

#### ADMINISTRATION

Governor William A. Egan has urged Defense Secretary Robert McNamara to give his personal attention to the question of the conversion of Anchorage military base steam power plants to natural gas from coal. He pointed out that under the present bidding practices, the gas industry can bid ten-year contracts whereas the coal industry has to bid on a yearly basis. The Governor said all fuels should be permitted to bid on an equal basis and urged postponement of any decision "until all factors may be properly weighed."

Present producers have expressed the opinion that with a ten-year contract they could furnish coal to the military at considerably lower prices than are presently in effect.

#### LEGISLATION

The following laws were passed by the 1962 Legislature:

Chapter 36 - An Act to prohibit the misuse, damage, or destruction of camps, and providing for an effective date

As of March 24, 1962, anyone misusing, damaging, or destroying a camp, not his own, which could be used for protection of life or property is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$500, or three months imprisonment.

Chapter 132 - An Act amending the Fish and Game Code regarding use of streams, rivers, and lakes; and providing for an effective date. The Commissioner of Fish and Game shall, in accordance with the Administrative Procedure Act, specify the various rivers, lakes and streams or parts thereof that are important for the spawning or migration of anadromous fish.

The waters important for anadromous fish will be outlined by the Commissioner of the Department of Fish and Game and approved at public hearings to be held. More should be heard of this in the near future. The bill also provides for after these streams have been designated, anyone (including governmental agencies) intending to use or alter them must submit plans and receive approval from the Commissioner before doing so. In the event anyone uses, diverts, obstructs, or pollutes the designated fish waters without approval, they are guilty of a misdemeanor.

Chapter 116 - An Act relating to the creation of the mineral resource revolving fund and board.

The purpose of the bill is to assist the small mineral producer in marketing his product. A board composed of the Commissioners of Natural Resources, Commerce, and Revenue, will administer the program. The Legislature made no appropriation for the program.

The board, however, will formulate necessary plans and procedure so the program can be started without delay when funds are made available.

## AMERICAN MINING CONGRESS

The March 30th AMC Bulletin reports that Jesse C. Johnson, director of the AEC's Division of Raw Material forecasts the future uranium market as follows:

A period of lower uranium prices seems certain after the AEC's procurement program ends at the close of 1966. Johnson forecasts that nuclear power requirements will remain relatively small until the 1970's. "The demand is expected to begin increasing rapidly as we approach 1975 and by 1980 domestic needs for nuclear industrial power may range from 10,000 to 20,000 tons of uranium oxide." He also forecast difficult competition from foreign suppliers.

April 13th AMC Bulletin reports that the Interior Department favors a strip-mining study. Secretary Udall said his Department favors enactment of legislation providing for a two-year study of the extent and effect of surface and strip-mining operations in the U. S., "as a basis for determining what action is necessary to remedy adverse effects such operations might have on health, wildlife, natural resources, scenery, and other aspects of the public interest."

The survey would be applicable to all surface mining--coal, minerals, and metals. He estimated that reconnaissance surveys would cost from \$650,000 to \$900,000 and detailed study would cost from \$1,500,000 to \$2,000,000.

## COOK INLET BASIN STRUCTURE

Abstracts of AAPG-SEPM Papers, San Francisco, California, March 26-29, 1962 - Harold M. Lian, Union Oil Company of California, and Russell R. Simonson, the Ohio Oil Company, presented the abstract titled, "Cook Inlet Basin-Structure, Stratigraphy, Exploration Techniques, Logistics, Discoveries." In part it reports that exploratory objectives in the Cook Inlet Basin are confined largely to the Kenai Formation, a 15,000 - 20,000-foot series of non-marine, coal bearing sediments of Eocene or Younger Tertiary age, underlain by marine Mesozoic sediments. The gas fields are found in the upper part of the Kenai Formation and Swanson River oil production is from the lower part. The paper also reports that costs of exploratory wells vary from \$20 to \$50 per foot and road costs vary from \$10,000 to \$50,000 per mile.

## DEPARTMENT OF INTERIOR

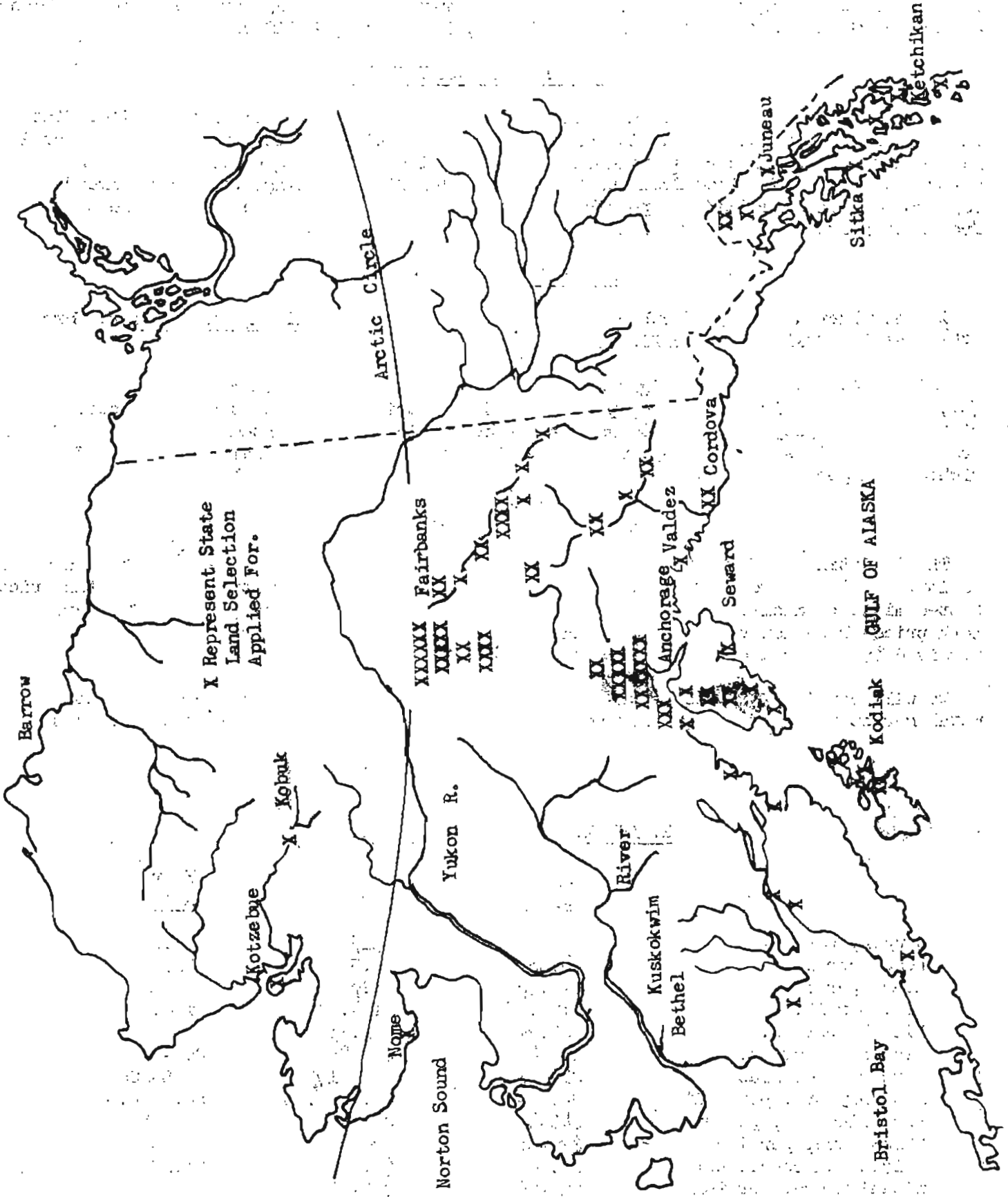
The Bureau of Land Management proposed new legislation at the Annual Meeting of the Colorado Mining Association in Denver. Mr. Karl S. Landstrom, Director, said that the present Mining Laws of 1872, as amended, need revision. It is proposed to permit prospecting claims of 160 acres to a total of 5120 acres in any one State. In addition, all new claims would be of 40 acres with no distinction between placer and lode and no extralateral rights (similar to new Alaska regulations). In addition, all claim locations, new and old, would be recorded with the local land office within two years and failure to record would be deemed abandonment. It was further suggested that annual assessment work be increased to a more realistic value of \$10 per acre (Four times that of Alaska's State requirements for a 40-acre claim).

He also stated that the Department of Interior hasn't developed a new test of discovery but uses the "prudent man" and the "marketability concept" which has been judicially sanctioned.

## USGS

Preliminary geologic map of the Christian quadrangle, Alaska, by W. P. Brosge and H. W. Reiser is now on file at our Juneau Office, College office, and various USGS offices.

ARCTIC OCEAN



X Represent State Land Selection  
XX Applied For.

Barrow

Kotzebue

Kobuk

Nome

Norton Sound

Yukon R.

River

Kuskokwim

Bethel

Fairbanks

Anchorage

Valdez

Seward

Cordova

Kodiak

GULF OF ALASKA

Sitka

Ketchikan

Juneau

Copies from which reproductions can be made at private expense are available in the Branch of Alaskan Geology, USGS, 345 Middlefield Road, Menlo Park, California.

OROVILLE DAM CALIFORNIA

The dam is to be a 735-foot high embankment dam--the highest dam in the United States and the highest embankment dam in the world. The dam will consist of an 8-million cubic yard central inclined core surrounded by a 69 million cubic yard cobble shell. Shell materials will be obtained from the Oroville dredge field tailings which are already segregated. This indicates a possible future use of the segregated tailings resulting from many years of mining in Alaska.

NEW MACHINE FOR STRIPPING

The new Bucyrus Erie 115 cubic yard shovel as reported by Mining Engineering, March 1962, has the following specifications:

Weight 14,000,000 lbs., height of a 20 story building, total reach 460 feet, uses 500,000 cu ft of air per minute, powered by 50 electric motors, uses as much power as a city of 12,000 people, uses 4000 gallons of hydraulic fluid, mounted on four sets of dual crawlers, and is self leveling, moves 1/2 million pounds of material at 25 mph. Just right for a good size cut.

THE METAL MARKET PRICE INDEX

The Bulletin has for several years reported approximate metal market prices as a matter of interest to our readers. Recently it has been brought to our attention that the prices quoted might be misleading to people evaluating ore deposits. The prices quoted are New York prices based on varying percentages, units, and chemical formulas, and prices received by the producer are somewhat lower.

We will continue to present the index as a matter of interest and as an indicator of metal market trends and hope that none of our readers use it for evaluation purposes.

# # #

E. AND M. J. METAL MARKET PRICES

	<u>April 26,</u> <u>1962</u>	<u>Month</u> <u>Ago</u>	<u>Year</u> <u>Ago</u>
Copper, per lb.	31¢	31¢	29.0¢
Lead, per lb.	9.5¢	9.5¢	11¢
Zinc, per lb.	11.5¢	12¢	11.5¢
Tin, per lb.	121.4¢	124.1¢	108.0¢
Nickel, per lb.	81.3¢	81.3¢	74¢
Platinum, per oz.	\$80-85	\$80-85	\$80-85
Mercury, per flask	\$192-195	\$192-195	\$205-208
Antimony ore, per unit	\$4.50-4.75	\$4.50-4.75	\$4.30-4.50
Beryllium ore, per unit	\$46-48	\$46-48	\$46-48
Chrome ore, per long ton	\$36-38	\$36-38	\$36-38
Molybdenum conc., per lb.	\$1.40	\$1.40	\$1.25
Titanium ore, per ton	\$23-26	\$23-26	\$23-26
Tungsten ore, per unit	\$20-22	\$20-22	\$22-24
Silver, foreign, per oz.	101.5¢	101.5¢	91.4¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢