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Department of Natural Resources
DIVISION OF MINES AND MINERALS

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MINING ACTIVITIES

Northwestern District - The Nome Nugget reports that Bear Creek Mining Company, a subsidiary of the Kennecott Copper Corp., have been busy filing claims at Lost River for beryllium. George Moerlein, engineer for the operation, passed through Nome from Lost River May 3rd. The beryllium had been found by the U.S. Geological Survey and announced at the Anchorage AIME Conference April 27th.

The DM&M has been advised that the Offshore Navigation Company will be bringing in a boat soon to carry on the Shell Oil Company's work on their offshore prospecting permit out from Nome. They intend to be in the area about a month as soon as the ice goes out.

Southeastern District - Notice has been received by the DM&M that Falconbridge Nickel Mines Limited and Ventures Limited have merged, with Falconbridge Nickel Mines Limited the continuing company. The new address is: Falconbridge Nickel Mines Limited, 504 - 1112 W. Pender, Vancouver, B. C., phone Mutual 2-3868. The Klukwan Iron Ore Corp. is one of the subsidiary companies and has representatives in Juneau, P.O. Box 1121.

OIL NEWS

During the month of May, 1962, the Petroleum Branch of this Division approved one application to drill: Anchor Point Unit No. 1, 660' N & 660' E of the SW corner of Sec. 10, T5S, R15W, S B&M; El. 100' grd., Standard Oil Company of California, operator.

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

Drilling Activity

<u>Operator</u>	<u>Well Name & No.</u>	<u>Status 5-29-62</u>
Richfield Oil Corp.	White River Unit 2	Drlg @ 1000'
Pan American	Middle Ground Shoal-State 1	Drlg (tight hole)
Pan American	Tyonek-State 1	Drlg (tight hole)
Colorado Oil and Gas	Malaspina Unit 1	Drlg (no report)
British American	Bell Island 1	TD 11364', waiting on orders
Superior	Chuit-State 1	TD (withheld), P&A
Union Oil of Cal.	Pittman 1	TD 6136', P&A
SOCAL	Riou Bay Unit 1	Drlg @ 11100'
SOCAL	Beluga River 1	TD 3270', whipstocking
SOCAL	SCU 22-32	Drlg @ 8635'
SOCAL	SRU 14-33	Drlg @ 10200'

Production, Swanson River Field, Hemlock Zone

	<u>Producing Wells</u>	<u>Oil (barrels)</u>	<u>Water (barrels)</u>	<u>Gas (MCF)</u>
April, 1962	49	848,253	20,483	152,526
Cumulative to May 1, 1962		10,366,812	280,671	1,980,628

Production, Kenai Gas Field

April, 1962	1	0	0	101,015
Cumulative to May 1, 1962		0	0	653,511

Riou Bay Unit Approved - Standard Oil Co. of California received approval on their 37,849 acre unit in the Icy Bay area on April 26, 1962. The unit area covers part of T23S, R23 and 24E, Copper River Meridian.

Canoa Bay Unit Terminated - The Pure Oil Co. terminated its 66,316 acre unit on the Alaska Peninsula on May 1, 1962.

Iniskin Unit Terminated - USGS announced that the 51,704 acre Iniskin Unit was terminated on May 1, 1962 by reason of expiration. Belco Petroleum Corp. was operator.

Wide Bay Well to be Drilled - The Richfield Oil Corp. announced on May 9, 1962 that Richfield will be operator for itself, Phillips Petroleum Co., Shell Oil Co., and Sinclair Oil and Gas Corp. in drilling a test well in the Wide Bay area with the approximate location planned for the NW $\frac{1}{4}$, Sec. 5, T33S, R44W, Seward Meridian.

Hearings - An emergency order was issued by the DM&M on May 17, 1962 at the petition of the Pan American Petroleum Co. for an exception to Section 2061.1 of the Alaska Oil and Gas Conservation Regulations. The operator requested permission to locate an exploratory well, Middle Ground Shoal-State 1, within 500 feet of a governmental quarter section in Sec. 19, T9N, R12W, Seward Meridian. After due public notice, a hearing was held on May 28, 1962 and at that time evidence supporting the operator's request was presented. Decision was pending the last of May.

The Standard Oil Co. of California, WO, Inc., as operator of the Swanson River Field, submitted a request, dated April 18, 1962, for a permanent exception to Section 2061.1 of the Alaska Oil and Gas Conservation Regulations. After due public notice, a hearing was held on April 30, 1962, and at that time evidence supporting the operator's request was presented. Order No. 8 was issued by the DM&M on May 11, 1962, wherein the permanent well spacing pattern for the Hemlock Zone of the Swanson River Field, where justified by reservoir development, was determined to be 80 acres per well.

The Standard Oil Co. of California, WO, Inc., as operator of the Swanson River Field, submitted a request, dated April 19, 1962, to conduct a pressure maintenance program in the Hemlock Zone of the Swanson River Field in compliance with Section 2226.2 of the Alaska Oil and Gas Conservation Regulations. After due public notice, a hearing was held on April 30, 1962, and at that time evidence supporting the operator's request was presented. Order No. 9 was issued by the DM&M on May 11, 1962, wherein the operator was authorized to commence a pressure maintenance project by injecting natural gas into the Hemlock Zone of the Swanson River Field.

Release of Records - Pursuant to Section 2008.1 of the Alaska Oil and Gas Conservation Regulations, the well records of the following wells will be released: Nulato No. 1, Benedum and Associates, Opr., June 25, 1962; Swanson River Unit 212-10, Standard Oil Co. of California, Opr., June 28, 1962.

Ninth State Competitive Oil and Gas Lease Sale Scheduled - The Division of Lands announced recently that approximately 380,760 offshore acres will be offered in the following areas: (1) approximately 61,400 acres in the Knik Arm area, (2) approximately 178,560 acres in the upper Cook Inlet area (north of the Forelands), (3) approximately 138,880 acres in the lower Cook Inlet area (south of the Forelands) in the general region of Kalgin Island, and (4) approximately 1,920 acres in the Wide Bay area. The sale will be held on July 11 in Anchorage.

OFFSHORE PROSPECTING PERMITS

The State of Alaska is doing a "land office" business in offshore prospecting permits. The idea has caught on, and the Division of Lands is being flooded with applications. Briefly, these permits, when granted, do not allow production but do allow for exclusive prospecting rights on offshore water bottoms below the high tide line. These water bottom lands are owned by the State. The permits are good for a two year period only, with one two-year extension allowed if the permittee has prospected diligently and can show that he should have more time to complete the work. The permittee will be given a lease for production on the area within the permit boundaries if he can show workable or minable mineral deposits as a result of his prospecting and fulfills certain other requirements.

Applications are filed with the Division of Lands at 344 Sixth Avenue, Anchorage. The Division of Lands processes them to a certain point and then forwards them to the Division of Mines and Minerals for approval or disapproval. Final action and issuance or rejection is made by the Division of Lands. The two Divisions have available a brochure explaining the requirements and procedure in detail which will be sent on request.

On the 25th of May, the Juneau DM&M office had received a total of 142 applications from the Division of Lands of which it had approved 131. It had received notices of final issuance of 53 offshore prospect permits and rejection of 6 for various reasons. Most of the areas applied for lie offshore from the western tip of Seward Peninsula along the south coast of the Peninsula, around the shores of Norton Bay and south to the vicinity of Shaktolik. Other areas applied for are in the vicinity of Goodnews Bay, Kodiak Island, Turnagain Arm, Stephens Passage, and Lynn Canal.

MORE WILDERNESS HEARINGS HELD

The House Interior Subcommittee on Public Lands concluded public hearings May 7-11 on S. 174 and similar House bills to establish a National Wilderness Preservation System comprising some 14.6 million acres of national forest lands.

Secretary Udall said, "Although the physical potential for future discoveries is reported by mineral resource experts to be fairly high in certain of these areas, there are few producing mines in national forest wilderness areas in 1960. The vigorous application of new discovery and processing techniques is a more promising approach to meeting future mineral requirements than is reliance on wilderness areas."

Alan M. Bateman, Silliman professor emeritus of geology, Yale University, pointed out the fact that the wilderness areas are geologically the most favorable for discovery and development of new mines and that, "scattered pinpoints of any mining operation would in no way mitigate against wilderness areas."

Charles H. Behre, Jr., professor of geology, Columbia University, pointed out that in time of national emergency there wasn't time to search for and develop new deposits since it usually took two to ten years between finding a deposit and working it.

Roger H. McConnel, chief geologist, Bunker Hill Company, told the committee that S. 174 "is a spectacularly large land grant for the exclusive enjoyment of an extremely small minority of the recreation seeking public," and referred to the recently published report of the Outdoor Recreation Resources Review Commission.

Subcommittee Chairman Gracie Pfost has not announced when the Subcommittee will begin executive consideration of the measure.

NEW REGIONAL REPORT PUBLISHED BY THE DM&M

"The Mineral Industry of the Kenai-Cook Inlet-Susitna Region," by William H. Race of the Division of Mines and Minerals, Juneau, Alaska, reports on known mineral deposits within the region, as compiled from the combined sources of information of the U. S. Geological Survey, U. S. Bureau of Mines, and the State Division of Mines and Minerals. The report contains estimated costs of materials, freight, and comparative wage costs.

The publication is available at no cost at the DM&M office, Box 1391, Juneau.

USBM REPORT PLACED ON OPEN FILE

"Reconnaissance Sampling of Beach and River-Mouth Deposits, Norton Bay and Kotzebue Sound, Seward Peninsula, Alaska," by Robert V. Berryhill, of the Bureau's Division of Mineral Resources, Juneau, Alaska, reports that only trace quantities of heavy minerals were found in samples analyzed by the Bureau. However, the manuscript gives information on the location, accessibility, physical features, climate, and geology of the region that will be valuable to prospectors, particularly those visiting the area for the first time. Copies can be consulted at Bureau offices in Juneau and Anchorage, Alaska, and at Albany, Oregon, and is on file in the Juneau office of the DM&M.

BLM SEEKING HOLDERS OF CLAIMS

The Fairbanks District Manager of the Bureau of Land Management, Richard L. Quintus, has announced the Bureau as seeking holders of mining claims in the Chatanika River-Kokomo Creek area. This area includes the drainages of Poker, Pilot, Captain, Alder, Rusty Gold and Kokomo Creeks. A search of the mining records shows that many placer mining claims were recorded for the above drainages between 1901 and 1941. Many of these locations predate the discovery claim of Felix Pedro located July 25, 1902. The lack of recent recordings of affidavits of annual labor and field examination indicates there is no longer any mining interest in the area.

Mr. Quintus stated this search is part of the process of defining the lands which may be transferred to the State of Alaska under the provisions of the Statehood Act. Therefore, Quintus has asked that anyone having an interest in any mining claims in the

above described area contact the Bureau of Land Management, 516 Second Avenue, Fairbanks, Alaska.

PROPOSED NEW MINING LAW BY THE DEPARTMENT OF THE INTERIOR

Copies of the Bureau of Land Management's proposed new "Mining Law Revision Act," are available at the Juneau office of the DM&M. This new "Act" was reported briefly last month and has caused some unfavorable comment from the mining industry. The industry has resisted major changes in the Law of 1872 since it has been settled by interpretation from the courts and they feel that any major changes would open the field for revision. However, the proposed law does have provisions for prediscovery prospecting rights, a feature which the industry has been requesting for some time.

MAP OF THE GEOLOGY OF THE FAIRBANKS DISTRICT

"A Preliminary Map of the Bedrock Geology of the Fairbanks Mining District, Alaska," by Robert B. Forbes and Jim M. Brown, Department of Geology, College of Earth Sciences and Mineral Industry, University of Alaska, in cooperation with the DM&M is again available at the Juneau office. Price \$1.00.

WESTERN GOVERNORS' CONFERENCE

James A. Williams, DM&M Director, presented the status and problems of the Western States' mining industry in an address to the assembled Governors of the Western Governors' Conference at Anchorage, May 4. He appeared in his capacity as Chairman of the Western Governors' Mining Advisory Council, a group of men from all the Western States appointed by their respective Governors. He spoke on the decline of certain large portions of western mining and pointed out some of the reasons for the decline. Land and mining law problems were also discussed. Six resolutions on mining subjects were presented, and briefly described to the Governors. The resolutions were adopted unanimously by those present, and were then circulated to the absent Governors for their ballot by mail. A majority vote in favor of all the mining resolutions is believed assured. With the Western Governors' Conference backing, these resolutions should carry considerable weight on the national level.

Briefly, the resolutions call for or recommend the following:

BE IT RESOLVED THAT:

1. The proposed wilderness system legislation be properly amended to assure:
 - (a) That water rights are protected in regards to storage and flood control.
 - (b) That mineral resources will be evaluated.
 - (c) That periodic reclassification is required.
 - (d) That restrictions on prospecting and mining are no more severe than those now applicable in primitive and wilderness areas.
 - (e) That no lands are segregated for exclusive wilderness use except by vote of both houses of Congress.
 - (f) That the amount of land involved bears a reasonable relationship to usage.
 - (g) That the Governors of the states affected are participants in selection of lands for inclusion in any wilderness system.

2. The following recommendations on the subject of silver be adopted and approved:
 - (a) The portion of the Internal Revenue Code relating to the tax on silver transactions be repealed.
 - (b) The Silver Purchase Acts of 1934, 1939 and 1946 remain unchanged until the free market becomes stabilized.
 - (c) No legislation be enacted at this time to authorize Federal Reserve notes of \$1 and \$2 denomination.
3. That the following recommendations on discovery requirements be adopted:
 - (a) The "prudent man" concept of discovery be continued with regards to metallic minerals.
 - (b) That H.R. 1960, which provides that proceedings by a claim owner against the government may be brought in the U.S. District Court in the district in which the mining claims are situated, be passed.
4. The following recommendations on import controls be adopted:
 - (a) Duties or quotas be imposed automatically when the price falls below a peril point.
 - (b) The escape clause technicality be removed and implementation for relief be made pursuant to escape clause proceedings.
 - (c) Proceedings under the Anti-Dumping Act be clarified to provide more effective protection against sales of imports at less than fair value.
5. The following recommendations on the subject of gold be adopted:
 - (a) The Western Governors use incentive payments that will assure to domestic producers a fair economic return.
 - (b) The Western Governors oppose any decrease in the legal requirement of 25% gold backing.
6. The following recommendations on specific minerals be approved:
 - (a) The government stockpile should be disposed of by means that will not interfere with mineral industry.
 - (b) That no foreign aid be given to develop competitive mineral production.
 - (c) That railroads be allowed to compete.
 - (d) That federal royalties for mineral leases be lowered.
 - (e) That safety other than in coal mines remain a state responsibility.
 - (f) That import controls be maintained or imposed on copper, lead, zinc, mercury, fluorspar cobalt, tungsten, antimony, chrome, manganese, columbium, and others.
 - (g) That the Federal government adopt policies that encourage development of coal.
 - (h) That Federal depletion allowance should not be decreased and the exploration deductible be increased.
 - (i) That the "Buy American Act" be followed by state and Federal governments wherever possible.
 - (j) That there should be more cooperation between industry and government in the fields of research.

BILL WOULD CREATE PUBLIC LANDS APPEALS BOARD

Senator Ernest Gruening of Alaska and eleven other Senators have introduced a bill (S. 3107) which would establish in the Office of the Secretary of the Interior a three-man Board of Public Lands Appeals. The bill would provide that any final decision of the Bureau of Land Management or the Geological Survey concerning the uses of or claims to public lands under the jurisdiction of the Interior Department may be appealed to the Secretary, with the Board hearing and determining such appeals on behalf of the Secretary, and would also provide that decisions of the Board may be appealed to the U.S. Court of Appeals for the circuit in which the land involved is situated.

E. AND M. J. METAL MARKET PRICES

	<u>May 30,</u> <u>1962</u>	<u>Month</u> <u>Ago</u>	<u>Year</u> <u>Ago</u>
Copper, per lb.	30.6¢	31¢	31¢
Lead, per lb.	9.5¢	9.5¢	11.0¢
Zinc, per lb.	12¢	11.5¢	11.5¢
Tin, per lb.	116.0¢	121.4¢	111.0¢
Nickel, per lb.	79¢	81.3¢	74¢
Platinum, per oz.	\$80-85	\$80-85	\$80-85
Mercury, per flask	\$192-195	\$192-195	\$203-206
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¢