

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

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MINING ACTIVITIES

Southeastern - The Bay West, Inc., mine at Kendrick Bay has shipped two barge loads of uranium ore and was due to ship the third barge load the end of July. The operation is being managed by Marion Casper, superintendent, and Jack Pursley, engineer.

The most active prospecting areas are Prince of Wales Island and the Unuk River. Unfortunately the latest finds leased to major companies have been found on the Canadian side up the Unuk.

Utah Construction has a crew on the Mt. Andrew property. It has dropped its lease on the Bradfield Canal iron-copper deposit staked by Paul Pieper.

The Hyder area is inactive. The Premier mine shut down due to the washed out road to Hyder and the resultant lack of transportation. A road is presently being constructed that will link Stewart, B.C., with the Alaska Highway.

Southwestern - The Red Devil mercury mine is operating with a crew of about 35 men under the management of Bob Lyman.

George Willis is working the Parks deposit with a tractor and small retort.

The U.S. Bureau of Mines is continuing their program of trenching and drilling the White Mountain cinnabar deposit.

Joe and Jules Stuver are reported to be doing well on Moore Creek.

There has been no reported activity at the Mespelt mine this season.

Central - A mill has begun operation this summer on the Silvertone group of claims near Fox. The mill was built and is being operated by Tury Anderson of Fairbanks. Milling equipment includes a jaw-crusher, rolls, ball-mill, classifier, and two concentrating tables. Power is provided by a 20-kw, diesel-electric generator unit. Ore is being mined from open-pits on gold-silver-galena-bearing veins on the Silvertone claims.

Coal News - Mr. Wiley Robinson, State Coal Mine Inspector, reports a great deal of general activity on the Beluga coal field and that Columbia Steel Corporation is preparing to do some underground sampling of their Beluga State coal lease.

The Mrak mine was producing a small amount of coal for Chugach Electric until their new military contract became effective July 15th.

The Evan Jones mine was busy preparing for their military contracts. They were employing about 25 men on repair, maintenance, and stripping prior to July 15th.

The old Premier Mine, now called the Alaska Matanuska Coal Company, is readying a washing plant so they can compete for the local market.

The Delta or Donnelly Dome Mine of C.P. Morrison and Jim Persinger has stripped some coal in preparation to auger mining. They hope to supply the highway market to Haines and Valdez.

The Usibelli Mine completed Shallit's contract for fiscal 61-62 and was preparing for a capacity year. Their military contracts amount to 384,000 tons and the domestic demand will bring their required output to well over 500,000 tons of coal. This will be the largest in the history of the mine.

OIL NEWS

During the month of July, 1962, the Petroleum Branch of this Division approved the following application for permit to drill: Union Oil Co. of Calif., Opr. "Tazlina" 1, Sec. 10, T4N, R7W, CRM; Location: 1000'N and 1500'E fr SW cor of Sec. 10. El 3100' gr.

Also approved during the month of July were three applications for permit to convert wells No. "Soldotna Creek Unit" 41-4, 41-8 and 12-9, Standard Oil Co. of Calif., Opr., to gas injection wells.

Drilling Activity

<u>Operator</u>	<u>Well Name & No.</u>	<u>Status 6-24-62</u>
Richfield	White River Unit 2	D.D. 6,300', Susp.
Pan American	Middle Ground Shoal-State 1	D.D. 5015', loss circulation
Pan American	Tyonek-State 1	D.D. 12,480', fishing
Pan American	Cook Inlet-State 1	Drlg. @ 9,200'
Colorado	Malaspina Unit 1-A	Drlg. @ 7,500' ±
Shell	SRS-State 1	Drlg. (tight hole)
SOCAL	Riou Bay Unit 1	Drlg. @ 14,107'
SOCAL	Beluga River Unit 1	Drlg. (tight hole)
SOCAL	Anchor Point Unit 1	Drlg. @ 8,907'
SOCAL	SCU 22-32	Drlg. @ 13,824'
SOCAL	SRU 12-22	Drlg. @ 10,579'
Union	Ninilchik 1	Drlg. @ 213'
Union	Tazlina 1	Rigging up
Occidental	South Diamond Gulch Unit 1	Drlg. @ 3,000' ±
Superior	Chuit-State 2	Drlg. (tight hole)

Fifteen drilling rigs, representing nine contractors, are currently active in Alaska, more than any previous period in the history of drilling operations in the State.

Completions

<u>Operator</u>	<u>Well Name & No.</u>	<u>T.D.</u>	<u>Status</u>
Union	Sterling Unit 43-28	5634	P&A

Production, Swanson River Field, Hemlock Zone

	<u>Producing Wells</u>	<u>Oil (Barrels)</u>	<u>Water (Barrels)</u>	<u>Gas (MCF)</u>
June, 1962	50	860,969	23,647	163,216
Cumulative to July 1, 1962		12,105,423	330,465	2,307,038

Production, Kenai Gas Field

	<u>Producing Wells</u>	<u>Oil (Barrels)</u>	<u>Water (Barrels)</u>	<u>Gas (MCF)</u>
June, 1962	2	0	0	70,025
Cumulative to July 1, 1962		0	0	810,546

Production, Sterling Gas Field

	<u>Producing Wells</u>	<u>Oil (Barrels)</u>	<u>Water (Barrels)</u>	<u>Gas (MCF)</u>
June, 1962	1	0	0	3,387
Cumulative to July 1, 1962		0	0	3,531

Ninth Competitive Oil and Gas Lease Sale - On July 11, 1962, the State of Alaska held the ninth competitive oil and gas lease sale. Eighty-nine tracts, consisting of 317,668.3 acres brought a total bonus bid of \$15,714,112.60. Price per acre ranged from \$805.31 per acre to \$1.01 per acre.

Third Noncompetitive Lease Sale Announced - The State Division of Lands has announced that noncompetitive oil and gas lease applications will be accepted for uplands in the Cook Inlet Basin area beginning at 10:00 a.m. August 8, 1962, until 3:00 p.m. September 6, 1962. Priorities will be determined by a drawing which will be held October 5, 1962. Maps of the leasing tracts are available at the Division of Lands, 344 Sixth Avenue, Anchorage, Alaska.

Anchor Point Unit Agreement Approved - On June 27, 1962, the U. S. Geological Survey approved the Anchor Point Unit Agreement, Standard Oil Company of California, Operator. Said Unit consists of 9,441.34 acres located on the Kenai Peninsula in T.4 and 5, S. R15W. The initial test well is reported drilling below 8900'.

Malaspina Unit Agreement Approved - The U. S. Geological Survey also announced that on January 12, 1962, the Malaspina Unit Agreement, Colorado Oil and Gas Corp., Opr., was approved. Well No. "Malaspina Unit" 1-A is reported drilling below 7,500' on this 21,713 acre Unit.

Beluga River Unit Agreement Approved - On July 6, 1962, the Beluga River Unit Agreement, Standard Oil Co. of Cal., Opr., was approved by the U. S. Geological Survey. This Unit embraces 20,810 acres on the west side of the Cook Inlet, and the initial test well is reported drilling below 10,700'.

Ohio Oil Company Changes Name - Effective August 1, 1962, the Ohio Oil Company will change its corporate name to Marathon Oil Company. From a small crude oil producer in northwest Ohio, the Company has grown in 75 years into a large company with worldwide operations. The title Marathon has been the company's marketing and major brand name since 1930.

Release of Records - Pan American Petroleum Corp. has authorized early release of well records covering the drilling of well No. "Napatuk Creek" 1. This well was the initial test of the Bethel Basin. Official release was originally not scheduled until November 8, 1963. This Division appreciates the Company's policy of early release and dissemination of valuable subsurface information.

Recent Publications - The June 1962 issue of the Bulletin of the American Association of Petroleum Geologists features an article by Mr. E.R. Bush, Senior Geologist for the

Sinclair Oil and Gas Company, titled "Developments in Alaska in 1961." Reprints are available by writing Mr. Bush at P.O. Box 584, Anchorage.

DM&M Mail Address Change - Oil and gas correspondents please note: We have changed our Anchorage mail address from Box 148 to our street address of 329 Second Avenue. Please address all mail to the latter address.

The following is a table of statistics comparing the first half of 1962 with the same period of the past three years:

	<u>1962</u>	<u>1961</u>	<u>1960</u>	<u>1959</u>
Footage Drilled	205,196	278,577	85,887	42,096
Permits Approved	27	26	9	5
Wells Spudded	25	26	9	4
Wells Completed (Oil)	5	16	4	1
Wells Completed (Gas)	4	2	2	0
Wells Abandoned	12	4	2	4
Active Rotary Rigs	15	11	4	5
Daily Production, Oil (bbls)	28,700	19,000	750	350
Daily Production, Gas (MCF)	2,447	0	0	0

DM&M MAIL ADDRESS CHANGE

As noted under OIL NEWS, we have changed our Anchorage mail address. Part of our Anchorage mail has been arriving through a post office box. All mail to the Division's Anchorage office should be addressed to 329 Second Avenue.

DM&M POSITIONS OPEN

We are still recruiting for a petroleum engineer and two mining (economic) geologists. The official State recruitment bulletins are Nos. 376 and 362 respectively. These are available at the various State employment offices and at our Anchorage office at 329 Second Avenue. Inquiries for further information should be addressed to James A. Williams, Director, Division of Mines and Minerals, Box 1391, Juneau.

DM&M ASSAYING NEWS

A report from our Anchorage assay laboratory informs us that samples are pouring in at an unprecedented rate and that approximately 600 assays were completed during the month of July. This accomplishment is due in part to our new x-ray equipment and in part to the assistance of Mr. Nick Saum, graduate geology student from the University of Missouri. Mr. Saum offered to spend the summer working in our laboratory without being placed on the State payroll in order to familiarize himself with the various types of work performed there and also to meet people connected with Alaskan mining. He has worked with clays in Missouri, and is gathering samples of Alaskan clays for study when he returns to the University of Missouri this fall.

Professor Carl Hiltrop of the Colorado School of Mines, who was instrumental in generating Mr. Saum's interest in Alaska, spent several weeks in our Anchorage office assisting in efforts to develop a method of assaying for gold with our x-ray spectrograph. Although the time-honored and proven fire assay method is accurate beyond question, it is quite laborious. Preliminary investigations with x-ray methods show promise.

NEW GIANT STEEL BARGE FOR ORE TRANSPORT

The world's largest deep-sea deck-cargo barge, "Island Exporter," was launched June 9th at Yarrows shipyard in Victoria, B.C. The barge will be used to transport limerock from Blubber Bay on Texada Island, B.C., to the Oregon Portland Cement Company's plant on the Willamette River near Portland, Oregon. The barge is 360 feet long, 75 feet in beam, and will haul 10,700 tons of ore. It is estimated that it will take twenty hours to load by a conveyor system and fifteen hours to unload with a built in conveyor system and two bulldozers.

BRITISH COLUMBIA AND YUKON CHAMBER OF MINES

The most active prospecting and exploration year in the history of Canada's Pacific Northwest now is in full swing and preliminary reports indicate important discoveries are being made. This was reported by the Yukon and B.C. Chamber of Mines in early July. They estimated that there were about 60 exploration companies with more than 500 prospectors, engineers and geologists in the field probing for mineral deposits. The Chamber added that mineral production is expected to reach a record level "of upwards of \$200,000,000" mainly because the Japanese market continues to stimulate exploration and development activity.

One company offers prospectors \$450 per month for six months and up to 2-1/2 percent of whatever is realized from the lease or sale of their individual finds. However, before being considered a prospector, one must have made a find and have a reputation of being a good prospector. It is reported that a good prospector averages a find every three years.

DIVISION OF LANDS

The July issue of "Alaska Land Lines" reports:

1. That the July 11 competitive lease sale resulted in an additional 15.7 million dollars paid to the State of Alaska for oil leases;
2. State land selection now runs to 12,545,121.42 acres applied for, 2,981,075.29 acres tentatively approved, and 417,352.05 acres patented;
3. One hundred forty-two offshore prospecting permits have been issued to date.

BUREAU OF MINES PRESS RELEASE

A quick, simple laboratory method for determining the amount of beryl in a mineral sample has just been developed by the Bureau of Mines.

Beryl is presently the only commercial mineral source of beryllium metal, potentially useful for many special applications in high-speed flight and nuclear energy. Beryllium is used in alloys with metals such as copper and nickel to harden and strengthen them.

The new test is an improvement over former techniques because it permits etching the beryl grains in a sample selectively without dissolving any of the minerals present. Samples are placed in a hot solution of sodium hydroxide. This etches the beryl grains in the sample, which then are stained an intense blue with another chemical, so they can be easily counted under a microscope. The etching and staining takes only about 10 minutes.

A complete description of the new method is given in Report of Investigation 6016, "Preferential Stain for Beryl," by Sarkis G. Ampian, geologist at the Bureau's College Park, Maryland, Metallurgy Research Center. A single copy of this report may be obtained from the Publications Distribution Section, Bureau of Mines, 4800 Forbes Avenue, Pittsburgh 13, Pennsylvania. Both the title and number of the report should be specified in the request.

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E. AND M. J. METAL MARKET PRICES

	<u>July 26,</u> <u>1962</u>	<u>Month</u> <u>Ago</u>	<u>Year</u> <u>Ago</u>
Copper, per lb.	31¢	31¢	31¢
Lead, per lb.	9.5¢	9.5¢	11.0¢
Zinc, per lb.	11.5¢	11.5¢	11.5¢
Tin, per lb.	111.3¢	112.3¢	115¢
Nickel, per lb.	79¢	79¢	81.3¢
Platinum, per oz.	\$80-85	\$80-85	\$80-85
Mercury, per flask	\$192-195	\$192-195	\$192-195
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	\$1.40
Titanium ore, per ton	\$23-26	\$23-26	\$23-26
Tungsten ore, per unit	\$20-22	\$20-22	\$22-24
Silver, foreign, per oz.	104.15¢	103.6¢	91.4¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢