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

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MINING ACTIVITIES

Southeastern District - The Baywest Uranium mine at Kendrick Bay has completed its uranium allotment of 6000 tons of ore for this year. They intend to keep a small crew on for the purpose of doing development work. They are presently driving two parallel raises, one of which will become an ore chute and the other an access and ventilation raise.

The Chicago-Alaska Mining Company has completed magnetometer and self potential surveys of the Baker Peak copper prospect and intends to diamond drill there next spring.

Utah Construction and Mining Company will complete their season's development work shortly. Present plans call for more development work to be carried out next spring.

The Moa's high grade silica deposit in Hyder is again open for contract. The May issue of the Bulletin reported that A. L. Lindholm of Oak Harbor, Wash., was going to mine and ship 100,000 tons of silica to the Puget Sound area, but the contract was not consummated.

News reports indicate that Sinclair Oil & Gas Co. has staked a large number of placer claims on Heceta Island.

Northwestern District - Word has been received that the placer miners on the Seward Peninsula have been closed for the season by weather, and that some of the dredges would not operate next season due to high costs and the continued fixed price of gold.

Fred Pankratz is planning some more placer drilling through the ice on his offshore prospecting permit out from the Nome beach this winter.

A DIFFERENT APPROACH TO THE GOLD PROBLEM

Reginald G. Lee of Nevada suggests that, "To restore the domestic Gold Producing Industry, the Congress of the United States shall order the Treasury of the United States to make an "A" and "B" loan of \$35.00 and \$35.00 respectively on each ounce of newly mined gold, domestically produced, to the producer thereof, be it a corporation or an individual. In addition to the "A" and "B" loan, the Treasury will pay the present \$35.00 per ounce for the gold. The "A" loans shall be non-interest bearing, and shall be retired by applying as a credit to the "A" loan all Federal income tax paid as a direct result of income earned from the production of gold. The "B" loan shall be interest bearing and shall be liquidated by applying 50 percent of any income earned in any one year, after deducting production cost, depreciation, depletion and taxes."

He estimates that U. S. production at the end of ten years would be 40 million ounces. It is presently 1.6 million ounces.

OIL NEWS

Two applications for permit to drill were approved by the Petroleum Branch since the date of the last bulletin. They are as follows: (1) Standard Oil Co. of Calif., Opr., "SCU" #43-9, Location: 2480' N and 400' W from SE cor of Sec 9, T7N R9W SM. gr el. 120'±. This is a field development well; and (2) Standard Oil Co. of Calif., Opr., "SRU" #31-15, Location: 715' W and 615' S of NE cor of Sec 15 T8N R9W SM. El. kb. 375'. This well is a redrill of "SRU" 41-15.

Drilling Activity

| <u>Operator</u> | <u>Well No.</u>  | <u>Status 10-25-62</u>  |
|-----------------|--|-------------------------|
| Pan American    | Tyonek-State 1   | Drlg. 12606'            |
| Pan American    | Cook Inlet State 1                                       | T.D. 12000' Burning     |
| Pan American    | Cook Inlet State 1-A                                     | Drlg. 9600'             |
| SOCAL           | Beluga River Unit 1                                      | Drlg. 15417'            |
| SOCAL           | Anchor Point Unit 1                                      | Drlg. 14140'            |
| SOCAL           | "SRU" 41-15  |                         |
| SOCAL           | "SRU" 14-9   | Drlg. 7262'             |
| SOCAL           | "SRU" 31-15  | Drlg. 9300' in new hole |
| SOCAL           | "SCU" 43-9   | New location            |
| Union N         | Ninilchick 1   | Drlg. 10756'            |
| Union           | Tazlina #1   | T.D. 8837', P&A         |
| Occidental      | South Diamond Gulch 1                                    | T.D. 10568', P&A        |
| Colo. O&G       | Malaspina Unit #1-A                                      | T.D. 13823', P&A        |
| B.P.            | White River 2  | T.D. 12417', P&A        |
| SOCAL           | "SRU" 41-15 (sidetracking Location now carried as 31-15) |                         |

Production Swanson River Field, Hemlock Zone

| <u>P</u>                      | <u>Producing Wells</u> | <u>Oil (Barrels)</u> | <u>Water (Barrels)</u> | <u>Gas (MCF)</u> |
|-------------------------------|------------------------|----------------------|------------------------|------------------|
| September, 1962               | 50                     | 830,246              | 27,485                 | 151,922          |
| Cumulative to October 1, 1962 |                        | 14,702,097           | 413,391                | 2,797,599        |

Production Kenai Gas Field

|                               |   |   |   |           |
|-------------------------------|---|---|---|-----------|
| September, 1962               | 2 | 0 | 0 | 111,984   |
| Cumulative to October 1, 1962 |   | 0 | 0 | 1,074,207 |

Production Sterling Gas Field

|                               |   |   |   |        |
|-------------------------------|---|---|---|--------|
| September, 1962               | 1 | 0 | 0 | 3,315  |
| Cumulative to October 1, 1962 |   | 0 | 0 | 13,590 |

The oil production during September was 53,508 barrels less than that for August. A part of this loss is because 5 wells were worked over in preparation for gas-injection wells for the pressure maintenance program. There was also one less producing day in September.

Shell Oil Company Opens Office in Anchorage - Mr. R. R. Robinson will manage an Alaskan Production Division Office with headquarters in Anchorage. Shell has suspended for the winter their offshore operations using the Global Marine Exploration Co.'s CUSS II.

Trans-Cook Inlet Pipeline Route Studied - Standard Oil Co. has contracted with a marine consulting firm to make a survey of bottom conditions under Cook Inlet along possible underwater pipeline routes from the mouth of the Beluga River on the west shore of Cook Inlet to Nikiski Beach terminal north of Kenai. Standard Oil Co. as operator reached an Alaska depth record of 15,063' at the Beluga River Unit #1 lying just north of the mouth of the Beluga River on the west side of Cook Inlet.

Petroleum Engineer and Petroleum Geologist Fill Positions with the DMM - Kenneth (Ty) Davison assumed the duties of State Petroleum Engineer on October 8 replacing Richard

Murphy who resigned this past July. On October 22, Tom Marshall transferred to the Division of Mines and Minerals as Petroleum Geologist replacing Don Bruce who resigned effective October 18, 1962, to join Skelly Oil Co. Tom transferred from the State Division of Lands where he had served as Land Selection Officer.

#### E&M METAL AND MINERAL MARKETS

Bombay (McGraw-Hill World News): Bullion markets in Bombay, Delhi and Calcutta report panic sales by gold hoarders amount to over \$10 million as rumors sweep the country that the Indian government is about to take measures to tap the country's private gold hoard estimated at around \$4.2 billion.

It is rumored that the government contemplates, as a first step, the control of forward trading in bullion together with accelerated measures to prevent gold smuggling. It has just amended the Industries Development Act on the formal take-over of the Kolar gold mines in Mysore - the country's only gold mine - and this, it is suspected, will give it further powers to control the sale and distribution of gold and silver.

#### P. L. 167 AREAS FOR DETERMINATION OF SURFACE RIGHTS

Six more areas have been designated by the U. S. Forest Service for the determination of surface rights on mining claims under Public Law 167 of July 23, 1955. These are in addition to many earlier areas within the Tongass and Chugach National Forests, all reported in earlier DM&M Bulletins. Holders of claims staked prior to the date of the Act have 150 days from the starting date of publication to file verified statements if they wish to retain exclusive surface rights to their claims. First publication was October 10, 1962, in the Ketchikan Daily News.

The six areas in general are: (1) Skowl Arm area - all lands that drain into Skowl Arm not previously included in Public Law 167 proceedings; (2) Shakan Bay area - the northwest tip of Prince of Wales Island, including lands that drain into Shakan Bay-Dry Pass, Hamilton Island, Middle Island, and the lands adjoining Shipley Bay on Kosciusko Island; (3) North Gravina Island area - all lands exclusive of the Ketchikan elimination, bounded on the south by an east-west line through Bostwick Point, on the west by the shores of Clarence Strait to a point west of the northernmost tip of Gravina Island, on the north and east by the Ketchikan elimination area, on the south and east by the shores of Nichols Passage, including adjacent Blank Island; (4) Very Inlet area - lands on the mainland bounded on the south by an east-west line through Fox Island near Cape Fox, on the east by a line through Nakat Inlet and Vixen Bay, on the north by Boca de Quadra Channel, on the west by the shores of Revillagigedo Channel; (5) Marble Island-Sarkar Lake area - all of Marble Island, Orr Island, White Cliff Island, El Capitan Island, Spanberg Island, and those lands drained through Sarkar Lake on Prince of Wales Island; and (6) Suemez Island-Sukkwan Island area - all of Sukkwan Island, that portion of land of Prince of Wales Island, south and west of a line between the heads of Trocadero Bay and Hetta Inlet, including that portion of Cable Protection area (restored) and excluding the Hydaburg elimination all of Suemez Island, and all of Dall Island, north of Sea Otter Harbor.

#### TENTH COMPETITIVE OIL AND GAS LEASE SALE

Nominations were received by the State Division of Lands on approximately 85,000 acres of land in the Cook Inlet area, including some offshore, some Mental Health, some General Grant, and some University lands. A part of the Mental Health lands are lands which have been selected and on which tentative approval is expected momentarily but has not yet been received. Some of the General Grant lands are in areas which may be reclassified as competitive on the basis of oil and gas discoveries, but which have not yet been so classified.

Because of the uncertainties relative to some of the lands that were nominated, and because of the probability that these uncertainties can be resolved in a relatively short

time, no sale announcement will be made until sometime in November, after it has been possible to clear up the uncertainties. It also appears that it may be necessary to defer the sale until sometime after the first of the year. Official publication and announcement will be handled in the usual manner as soon as these questions have been resolved.

In view of the delay and a request by some companies, further nominations may be submitted to the Division of Lands until November 13, 1962.

PROPOSED NEW STATE MINING REGULATIONS

Copies of the draft of proposed State mining regulations are available free of charge at all offices of the DM&M. The regulations were written to bring up to date the Alaska Administrative Code in the areas in which the DM&M has jurisdiction. These regulations will be known as the "Mine Safety Regulations" and the "Mine Operating Regulations." They implement, interpret, and apply the provisions of the following laws: Chapter 7, SLA 1953, as amended; Chapter 70, SLA 1960; and the following sections of ACLA 1949: 47-3-141, as amended; 47-3-142 through 47-3-189; 47-3-191; 47-3-201 through 47-3-206, as amended; 47-3-207, as amended; 47-3-208 through 47-3-218; and 47-3-220 through 47-3-227.

The proposed Mine Safety Regulations pertain to health and safety at all mines; tunnels; quarries; mineral prospecting, exploration and development projects; treatment plants, and other places where the DM&M has jurisdiction. The proposed Mine Operating Regulations pertain to coal mining methods on State-owned land for conservation purposes and to prevent waste or damage to coal-bearing formations.

Public hearings on these proposed regulations will be held in Fairbanks on November 15 at 9:00 AM at the Travelers Inn and in Anchorage on November 16 at 9:00 AM in the Loussac Library. If you cannot attend one of the hearings, we urge you to mail a statement to the Juneau office of the DM&M in advance, and it will receive full attention during the course of the hearings.

All suggestions and comments will be given careful consideration before final drafting.

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E. AND M. J. METAL MARKET PRICES

|                           | <u>Oct, 25,</u><br><u>1962</u> | <u>Month</u><br><u>Ago</u> | <u>Year</u><br><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.              | 110¢                           | 108.6¢                     | 122.3¢                    |
| Nickel, per lb.           | 79¢                            | 79¢                        | 81.3¢                     |
| Platinum, per oz.         | \$80-85                        | \$80-85                    | \$80-85                   |
| Mercury, per flask        | \$192-195                      | \$192-195                  | \$188-191                 |
| Antimony ore, per unit    | \$4.25-4.50                    | \$4.25-4.50                | \$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    | \$16-20                        | \$19-20                    | \$22-24                   |
| Silver, foreign, per oz.  | 121.95¢                        | 117.20¢                    | 91.4¢                     |
| Silver, domestic, per oz. | 90.5¢                          | 90.5¢                      | 90.5¢                     |