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

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Merry Christmas

Happy New Year

MINING ACTIVITIES

Central District - Boyd Blair purchased the Liberty Bell Mine in the Bonfield District this summer. Andy Miscovich shut his operation down on Porcupine Creek, and John Miscovich reports that the Flat dredge is shut down for the winter.

The U. S. Smelting, Refining and Mining Company has deeded the discovery claim on Pedro Creek over to Igloo No. 4, Pioneers of Alaska. Felix Pedro discovered gold there in 1902. It was his strike that started the stampede into the Tanana Valley. The claim is nearly completely mined, but there may be a few pockets left according to some of the oldtimers.

Asher Richardson and Albert Kangas of the Ruby Mining Company found a 46-ounce nugget while stripping tailings on Long Creek. The creek had been mined for many years by Bob Deacon. The nugget was worth \$1500 at the Mint, but as a specimen it is estimated to be worth about \$4000.

Southcentral District - The Office of Minerals Exploration has announced that an exploration assistance contract with the Alaska Mines and Minerals, Inc. (Red Devil Mine) has been executed. The contract is the largest to date and authorizes total expenditures of \$324,100 to explore for mercury. The government will pay one-half of the total.

Vermillion Gold, Inc. of Spokane, Washington, has shipped two hydraulic giants to its Bonanza Creek property in Southcentral Alaska. Whether they were used during this season is unknown.

Northwestern District - The Little Squaw Mining Company reports that work accomplished under the OME development contract this summer consisted of building seven miles of road and 3000 feet of trenching. The work also included 950 feet of crosscutting, drifting, and raising underground along the Mikado vein. The work uncovered additional reserves.

Coal News - The Evan Jones Coal Company has received a new D-9 cat for its stripping operations according to the Anchorage Daily News. The Usibelli Coal Company has received a 40 cubic yard truck powered by a 600-horsepower engine for use at the Usibelli Mine.

OIL NEWS

Three permits to drill have been approved by the Petroleum Branch since the date of the last Bulletin. They are as follows: (1) Aledo Oil Co. Eureka #2, location 1629.3' N of SW corner Sec. 18, T2N, R10W, CRM el. gr. 3309. This hole is being drilled by the Santa Fe Drilling Co. with their slim hole rig; (2) Standard Oil Co. of California Beluga River Unit 212-25. Location: 2015' from the N line and 595' from the W line Sec. 25, T13N, R9W, SM. el. 42' K.B. This well is designated as a development gas well; (3) Standard Oil Co. of California, SRU 14-22. Location 660' N 660' E of SW corner of projected section 22, T8N, R9W, SM el. 260' gr. This is a field development well.

Drilling Activity

<u>Operator</u>	<u>Well Number</u>	<u>Status 11/26/62</u>
Aledo Oil Company	Eureka #2	Drlg. 3350'
Pan American	Tyonek-State 1	Fishing 13,067'
Pan American	Cook Inlet State 1	Burning T.D. 12,000'
Pan American	Cook Inlet State 1-A	Drlg. 10,850' (Susp. December 1)
SOCAL	Beluga River Unit 1	Tstg. 16,428'
SOCAL	Beluga River 212-25	Drlg. 2,360'
SOCAL	SRU 14-22	Location
SOCAL	Anchor Point	Reaming 14,705'
SOCAL	SRU 14-9	Drlg. 9,768'
SOCAL	SRU 31-15	Drlg. 11,294'
SOCAL	SCU 43-9	Location
Union	Ninilchik #1	Tstg. 14,940'

There were no completions nor abandonments this month.

Production Swanson River Field, Hemlock Zone

	<u>Producing Wells</u>	<u>Oil (Barrels)</u>	<u>Water (Barrels)</u>	<u>Gas (MCF)</u>
October 1962	50	890,016	27,221	159,600
Cumulative to November 1, 1962		15,592,113	440,612	2,957,199

Production Kenai Gas Field

	<u>Producing Wells</u>	<u>Oil (Barrels)</u>	<u>Water (Barrels)</u>	<u>Gas (MCF)</u>
October 1962	2	0	0	144,914
Cumulative to November 1, 1962		0	0	1,219,121

Production Sterling Gas Field

	<u>Producing Wells</u>	<u>Oil (Barrels)</u>	<u>Water (Barrels)</u>	<u>Gas (MCF)</u>
October 1962	1	0	0	3,550
Cumulative to November 1, 1962				17,196

The oil production for the Swanson River Field and the gas production from the Kenai Gas Field both were at a new high for the month of October.

World Tension and Alaska Petroleum Exploration - R. G. Green, Great Basin Petroleum Co. president recently announced at a stockholder's meeting in Los Angeles that Mobil Oil Co. may drill one or more exploratory wells in the Bristol Bay area during 1963. He said that world tension such as that from the Cuban crisis, has proven to domestic oil and gas companies that producing properties in the continental U.S., including those in Alaska, are essential to national security. As a consequence, he said, all potential producing properties in Alaska have been materially upgraded.

More Areas Nominated for January 31st State O&G Lease Sale - An additional 42,700 acres were nominated during the extended period ending November 13th, for tract nominations to be included in the State's 10th competitive oil and gas lease sale. All tracts are in the upper Cook Inlet Basin area and include offshore and upland areas.

Miscellaneous Oil News - Five new oil firms plan to operate in Alaska this coming year. They are: Golden Bear Oil Co. of Los Angeles, Neville G. Penrose of Anchorage, Marathon Pipe Line Co. of Ohio, General Rig Movers U.S. Limited of Edmonton, Franharp Inc. of Nevada, Alaska Honolulu Co. of Las Vegas.

Total mileage of roads capable of moving very heavy equipment built by oil companies in Alaska since 1957 is 337 miles. Total mileage of seismic trails and other very low grade trails is 880 miles since 1957.

Export of Natural Gas to Japan - It was recently reported in the Oil and Gas Journal that the mechanical problems of delivering liquified natural gas to Japan from Alaska have now been solved and marketing negotiations are under way. It was pointed out that negotiations are taking place between Tokyo Gas Co., Union Oil Co. of California, and Marathon Oil Co. for the purchase of natural gas. It would require the construction of a special tanker capable of delivering 35,000 cubic feet a day to Japan. The gas temperature would have to be reduced to 258 degrees below zero Fahrenheit, and the gas stored as well as shipped while maintaining the temperature. Upon the arrival in Japan the gas would be warmed and distributed.

TENTATIVE STREAM USE HEARINGS

A letter from Walter Kirkness, Commissioner of the State Department of Fish and Game, to J. D. Crawford, president of the Alaska Miners Association, states as follows in regard to regulations to be promulgated under Chapter 132, SLA 1962 on the use of streams:

"It appears that we are well enough along with the proposal regulations so that we can have hearings in Anchorage and Fairbanks on January 16 and 18 respectively. Official notice will be given in the newspapers sometime in the next two weeks and copies of the proposals will be mailed to interested parties. In this regard we will forward to the Department of Natural Resources about 100 copies which they may distribute to their mailing list of persons who would be interested. I should emphasize that the dates named are as yet tentative assuming that our work proceeds as planned. If for some reason we are delayed we will have to change the dates slightly."

INTERIOR DEPARTMENT AWARDS COAL RESEARCH CONTRACT

The Office of Coal Research has awarded an \$86,000 contract to Robert R. Nathan Associates, Inc., for a study of various types of action which could be taken by the Federal government and industry to expand the export market for U.S. coal.

The research firm will analyze trade patterns, practices, and policies and will enumerate the barriers to a full and free flow of U.S. coal, such as import tariffs, quotas, currency restrictions, barter, and compensation arrangements. Another phase will encompass a study of possible governmental moves, including technical assistance. The study will cover advertising and promotion abroad, distribution techniques, use of long-term sales contracts, credit terms and any other factors related to expansion of coal's markets abroad.

PROPOSED 500-MILE COAL SLURRY PIPELINE

The Oil and Gas Journal published November 19th contained the news that California may one day receive coal slurry through a 500-mile long pipe from Utah. Texas Eastern Transmission Co., working jointly with Consolidation Coal Co., has been discussing the proposal with a number of electric utilities and industrial users in the Los Angeles area. They envision an \$80 million, 500-mile line for liquid coal which would put coal in the Southern California area at a cheaper cost than any other available fuel.

DM&M NEWS

Public hearings on proposed State mining and safety regulations were held in Fairbanks and Anchorage during the month of November. The mining industry was well represented at both hearings as was the United Mine Workers of America. The concensus was that the Federal Safety Code should be used with respect to coal mine safety since it presently is part of the labor-management contract. It was also the opinion that the proposed code was too detailed in some respects and not in others.

Since some of the proposed code is existing State law carried over from Territorial days and in some instances obsolete, opinions from the Attorney General's office will be necessary before some of the changes suggested can be executed.

Industry and labor representatives said that present laws are adequate as long as the enforcing agents are capable, and use good judgment in executing them. Further news on the proposed regulations will be carried in the Bulletin as it becomes available.

P.L. 167 AREAS FOR DETERMINATION OF SURFACE RIGHTS

Eighteen 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 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. The areas are: (1) Zarembo Island area; (2) Sitka Deep Inlet area; (3) Farragut Bay area; (4) East Revillagigedo Island area; (5) Klawak Inlet-San Fernando Island area; (6) South Bradfield Canal-Bell Island area; (7) Angoon-Hood Bay area; (8) Hoonah-Neka Bay area; (9) False Point Pybus area; (10) Point Marsden-Marble Cove area; (11) Patterson Bay area; (12) East Berners Bay area; (13) Basket Bay-Sitkoh Bay area; (14) Glass Peninsula (North End) area; (15) Tenakee Springs area; (16) Taku River area; (17) Inian Island, Elfin Cove, Lemesurier Island area; (18) Warm Springs Bay-Cosmos Cove area.

NEW EXCAVATOR

In the Production Equipment Preview section of the November issue of Mining World, a new type of bucket wheel excavator was described. The excavator was developed by Mechanical Excavators, Inc., and is somewhat different than those developed in Europe for mining brown coal.

The digging wheel carries six rounded lip buckets and rotates at approximately 10 RPM. The buckets are inverted at the top of the rotation but start discharging onto the ladder belt during most of the upper half of rotation. To permit continuous loading, twin discharge chutes are located at the end of the conveyor with a gate to direct the flow from the belt to either chute. Two truck units line up side by side under the chute. As soon as one is loaded, the gate swings to the other chute, and the loading of second truck begins. The smaller model excavates 300 cubic yards an hour, and is track or rubber mounted.

GOLD AND SILVER OFFICE ESTABLISHED

An Office of Domestic Gold and Silver Operations has been established within the Office of the Secretary of the Treasury to handle the regulation of domestic gold and silver transactions previously handled by the Bureau of the Mint. Leland Howard, formerly with the Mint, is in charge of the new office.

The new office will decide all questions regarding domestic transactions, such as sale to jewelers, ownership of coins, issuing of licenses, etc., and will assist the

Secretary in setting policy on domestic control. The Mint will continue to assay gold and silver and safeguard the stocks.

NEW MINERALS AGENCY

Secretary Udall announced on November 2 the establishment of a new Interior Department office which he said would provide "more effective Departmental attention to the problems of the solid fuels, metals, and minerals industries." The new agency, the Office of Minerals and Solid Fuels, succeeds the Office of Mineral Mobilization, which was abolished at the same time.

A major function of OMSF will be the undertaking of (1) basic studies and evaluations of proposed solutions for long-range economic problems of the domestic metals, minerals and solid fuels industries, (2) evaluations of proposed programs to ensure future adequacy of supply of these materials to meet the Nation needs, and (3) studies and evaluations of the probable effect on the Department's mineral programs and objectives of proposals for Government actions such as disposals of Government stockpiles of metals and minerals.

U.N. AND MEXICO SIGN PROSPECTING AGREEMENT

The E and M J of August reported that the U.N.'s Special Fund and the Mexican government signed an agreement covering the \$2.3 million mineral prospecting program. Primary object of the survey will be to spot and evaluate iron ore deposits. Mexico already has enough proven iron ore reserves to supply its needs for many years, but government officials want a complete picture in order to be able to draw up the most economical program for constructing steel plants. Other minerals are also likely to be found. The U.N. will contribute \$855,400 to the project, the Mexican government \$1,493,900. The U.N.'s contribution will allow Mexico to hire foreign experts for the job and to acquire specialized equipment which it could not otherwise afford.

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E. AND M. J. METAL MARKET PRICES

	<u>Nov. 22,</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.	10¢	9.5¢	11.0¢
Zinc, per lb.	11.5¢	11.5¢	11.5¢
Tin, per lb.	111.3¢	110¢	120.9¢
Nickel, per lb.	79¢	79¢	81.3¢
Platinum, per oz.	\$80-85	\$80-85	\$80-85
Mercury, per flask	\$190-193	\$192-195	\$189-192
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	\$16-20	\$22-24
Silver, foreign, per oz.	118.35¢	121.95¢	91.4¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢

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