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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

Northwestern District - Word has been received that the U. S. Smelting, Refining and Mining Company has prepared a shelf and has stored Number 5 dredge on it for an indefinite period. Number 6 was also shelved this season.

Southeastern District - Limestone from Alaska must be becoming competitive with limestone from other states in the Puget Sound area judging by the increase in number of claims staked in the Panhandle and the number of letters requesting information on limestone deposits available for claiming received by the Juneau office of the DM&M.

Central District - L. and Helen McGee have optioned several claims on Cache Creek in the Manley area and have been drilling actively. They also moved some heavy equipment on the ground and started trenching. The claims are on ground previously drift mined.

Ed Farrell and a partner are expected to start drilling Big Boulder Creek next summer, and Louis Holovics, Jr. is preparing to sluice on American Creek.

OIL NEWS

Four permits to drill have been approved by the Petroleum Branch since the date of the last Bulletin. They are as follows: (1) Richfield Oil Company Wide Bay #1, 560' S. and 800' E. of NW corner, Sec. 5, 335-44W. S.M. This well is being drilled from a stationary piling platform in Wide Bay, connected to the mainland by a causeway; (2) Sinclair Oil & Gas Company Mystery Creek #1, (Swan Lake Unit) 660 N.C., 1980' El., Sec. 3, T. 7N-R.6W. S.M.; (3) Standard Oil Co. of California, B.R.U. 232-4, 1990' from N. line, 1987' from E. line, Sec. 4, 12N-10W. S.M. This location is over a mile south of the Beluga River gas discovery; (4) Standard Oil Co. of California, S.C.U. 22A-32 RD, 2115' S. and 2080' E. from NW corner, Sec. 32, 7N-9W. S.M. This location is a redrill of S.C.U. 22-32 lying about 3 miles north of field production and is expected to reach a depth below 14,000'. The new bottom hole location will lie approximately 700' N.45°E. of the surface location.

Drilling Activity

<u>Operator</u>	<u>Well Number</u>	<u>Status 12/27/62</u>
Aledo Richfield	Eureka #2 Wide Bay Unit #1	Drig. 6,024' Running conductor pipe TD 375'
Pan American Pan American Sinclair SOCAL	Tyonek State #1 Cook Inlet #1 Mystery Creek #1 BRU #1 BRU #212-25	Fishing at 13,067' Burning TD 12,000' Moving in Testing TD 16,428' Testing TD 5,800'
SOCAL SOCAL	SCU 21-8 SCU 22A-32	Drig. 4293' Preparing to mill for redrill

Drilling Activity (cont.)

<u>Operator</u>	<u>Well Number</u>	<u>Status 12/27/62</u>
SOCAL	SCU 43-9	Location
SOCAL	SRU 14-9	Drlg. 12,518'
SOCAL	SRU 14-22	Drlg. 6,390'

Completions and Abandonments

Pan American	Cook Inlet 1-A	Suspended TD 11,549'
SOCAL	Anchor Point	P&A TD 14,705'
Union	Ninilchik #1	P&A TD 14,940'

Production Swanson River Field, Hemlock Zone

	<u>Producing Wells</u>	<u>Oil (Barrels)</u>	<u>Water (Barrels)</u>	<u>Gas (MCF)</u>
November 1962	51	878,220	32,622	157,417
Cumulative to December 1, 1962		16,470,333	473,234	3,114,616

Production Kenai Gas Field

November 1962	3	0	0	204,200
Cumulative to December 1, 1962		0	0	1,423,321

Production Sterling Gas Field

November 1962	1	0	0	3,713
Cumulative to December 1, 1962		0	0	20,909

The daily rate of oil and gas production were at new highs during the month of November.

In the Swanson River Field, the gas repressuring project was started by the conversion of one oil well, SCU 12-9 to gas injection. A total of 32,710 MCF was injected into this well during the month. Four additional gas injection wells are planned. These are to be converted for injection in the near future.

Safety Regulations Hearing - The adoption of proposed Petroleum Safety Regulations, pertaining to health and safety in all oil and gas exploratory, drilling, and producing operations within the State of Alaska, will be discussed at a public hearing to be held at 9:30 A.M., January 30, 1963, in the Z. J. Loussac Library, 5th Avenue and F Street in Anchorage.

Any person interested may appear and be heard, or may submit a written statement to the Director of the Division of Mines and Minerals, Box 1391, Juneau, Alaska. Comments are solicited from both workers and companies in the industry.

Copies of the regulations are available from the Division of Mines and Minerals in Juneau and Anchorage.

Development Contracts Terminated - As of December 6, 1962, Richfield Oil Company terminated the Katalla-Yakataga Development Contracts #1 and #2 lying on the north central coast of the Gulf of Alaska. Richfield has drilled 6 wells in the general area.

Lease Sale Cancelled - The State of Alaska, Division of Lands, has cancelled the tenth Competitive Oil and Gas Lease Sale, scheduled for January 31, 1963. This action was determined to be in the best interest of the State because of the unavailability of acreage nominated within and on the exterior boundaries of the Susitna Gunnery Range. Commissioner of the Department of Natural Resources, Phil Holdsworth, has been assured by Bureau of Land Management officials that the acreage concerned would be tentatively approved and therefore available for leasing by the spring of 1963.

Weather Forces Pan American Petroleum to Abandon Relief Well Attempt - The pressure of ice floes on Pan American offshore rig drilling Cook Inlet 1-A, broke two of the anchor cables and swept a tender away from the drilling barge. The hole was filled with heavy drilling mud and sealed at the ocean floor so that it can be re-entered in the spring. The well is now suspended at a total depth of 11,549' within approximately 750' of the programmed depth where an intersection with the bore hole of the burning well was expected. An informal meeting was held Friday, November 30, by request of Governor Egan to announce to the public that the State had approved the suspension of this well and to obtain views of interested parties. Commissioner of the Department of Natural Resources, Phil Holdsworth, conducted the meeting in Anchorage.

Standard Oil Company Announces Gas Discovery - A press release dated December 3, 1962, announced that SOCAL had tested the Beluga River Unit #1 through casing at approximately 4,800'. The well flowed methane gas at the rate of 4,300,000 cubic feet of gas per day through a 1/4" choke. This new field lies near the mouth of the Beluga River on the west side of Upper Cook Inlet. SOCAL is now drilling another well in this unit about 1 1/4 miles north of the discovery.

#### MINERAL PRODUCTION 1962

Preliminary production figures prepared by the U. S. Bureau of Mines under a cooperative agreement for the collection of mineral data with the Division of Mines and Minerals were released December 28. Mr. Kevin Malone, Physical Scientist, Alaska Office of Mineral Resources, U. S. Bureau of Mines is to be commended upon the early publication of these preliminary figures.

The following excerpts are quoted directly.

Value of 1962 mineral production in Alaska increased 36 percent compared with that of 1961, according to estimates of production compiled by the Bureau of Mines, U. S. Department of the Interior. Crude oil from the Swanson River field on the Kenai Peninsula, reflecting a full year of production at the operating capacity of the Swanson-Nikiski pipeline, was again the leading mineral commodity increasing 59 percent in value. Despite an increase of 40 percent in value of gold, coal retained second rank; gold replaced sand and gravel as the third ranking mineral commodity.

Preliminary estimate, mineral production in Alaska, 1962

Mineral	Quantity	Value (thousand dollars)
Coal, bituminous-----thousand short tons	830	(1/)
Gold-----thousand troy ounces	160	5,600
Mercury-----76-pound flasks	3,700	710
Natural gas-----million cubic feet	1,600	344
Petroleum (crude)-----thousand 42-gallon barrels	10,211	28,080
Sand and gravel-----thousand short tons	5,000	3,497
Silver-----thousand troy ounces	25	26
Value of items that cannot be disclosed:		
Coal, copper, gem stones, platinum-group metals, stone, uranium-----	-----	9,005
Alaska total-----	-----	47,262

1/ Included with value of items that cannot be disclosed.

DEPARTMENT OF INTERIOR ANNOUNCES JOINT SPONSORSHIP OF NATIONAL SAFETY COMPETITION

The American Mining Congress has joined the Bureau of Mines in sponsoring the 37-year-old National Safety Competition, which has been a potent force in promoting accident prevention in the mineral industries of the United States.

The competition was co-sponsored by the Bureau of Mines and "The Explosives Engineer" from 1925 until 1961, when that magazine ceased publication. This year's contest had 868 participants, and was sponsored by the Bureau of Mines alone.

YUKON TERRITORY IRON

The Western Miner & Oil Review reports that a feasibility study is being conducted by Canadian Bechtel Ltd., on behalf of Crest Exploration Ltd., owners of the vast hematite deposit on the Snake River, a tributary of the Peel River. Bechtel will devote much of its time to planning the route and estimating cost of a railroad to tide-water near Skagway or Haines.

CANADIAN LIMESTONE

The Mining Congress Journal reports that 400,000 to 500,000 tons of limestone will be imported annually by Oregon Portland Cement Company over the next ten years for use at its Oswego, Oregon cement plant. The first shipment to the plant was recently received from Texada Island, British Columbia, aboard the cargo barge, Island Exporter. It is one of two barges that will transport limestone to Oswego to assure weekly deliveries of 10,000 tons. A company-owned quarry at Lime, Oregon had previously supplied the plant. The switch to Canadian limestone was said to result in considerable freight savings.

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

Another area has 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. This is in addition to many earlier areas within the Tongass and Chugach National Forests, all reported in earlier DMM 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 is to be on January 4, 1963, in the Petersburg Press.

Hamilton Bay Area (Anchorage 057928). In general, exclusive of Kake elimination, all lands draining into Hamilton Bay and Big John Bay.

### NORTHWEST MINERS ASSOCIATION

E. K. Barnes, president of the Northwest Miners Association, forecast continuing depletion of the nation's gold reserves in his opening address to the Association's 68th annual convention in Spokane. He said, "reevaluation of gold in terms of the world's depreciated currencies is inevitable because the U. S. Treasury is running out of gold just as surely as it ran out of free silver last year." He stated that the United States will continue to lose gold as long as foreign countries can buy it at a 1934 bargain price of \$35 an ounce. Barnes noted that since the Government had removed its restrictions on the sale of silver, the price of the metal had increased nearly 50 percent and was approaching its true value.

### PUBLIC HEARINGS ON STREAM PERMITS

The Alaska Department of Fish and Game has announced that public hearings will be held in Anchorage on January 16 at 7:30 P.M., at the Loussac Library and in Fairbanks on January 18 at 8 P.M., at the Chamber of Commerce Building.

A list of waters subject to permits has been compiled from recommendations submitted to the Department. The list is tentative and is subject to addition or deletion as may be necessary.

Chapter 132, SLA 1962, provides that the Commissioner of Fish and Game must be notified prior to use of those streams designated by the Commissioner as important for the spawning or migration of anadromous fish. Chapter 132 also provides that the Commissioner's designation of streams shall be made in accordance with the Administrative Procedures Act.

### E. AND M. J. METAL MARKET PRICES

	<u>Dec. 31, 1962</u>	<u>Month Ago</u>	<u>Year Ago</u>
Copper, per lb.	31¢	31¢	31¢
Lead, per lb.	10¢	10¢	10.25¢
Zinc, per lb.	11.5¢	11.5¢	12¢
Tin, per lb.	110.8¢	111.3¢	120.0¢
Nickel, per lb.	79¢	79¢	81.3¢
Platinum, per oz.	\$80-85	\$80-85	\$80-85
Mercury, per flask	\$186-189	\$190-193	\$190-193
Antimony ore, per unit	\$4.25-4.50	\$4.25-4.50	\$4.30-4.50
Beryllium ore, per unit	Domestic price not quoted.		
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	\$20-22
Silver, foreign, per oz.	120.33¢	118.35¢	91.4¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢

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