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

P. O. Box 1391  
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MINING ACTIVITIES

Southeastern

The Bay West Mining Company at Kendrick Bay is again in production, and has shipped two barge loads of ore. They have a crew of 12 employed. New equipment was brought in to increase the efficiency of the operation. Diamond drilling and geophysical mapping is being used to delineate the ore body. Drilling has indicated reserves at depth. Mr. Keller, President, has been in Washington with other uranium producers in an effort to obtain an increase in their individual allotments. The Kendrick Bay Mine would have no difficulty in producing more ore.

During the month of April, DM&M Mining Engineer Bill Race and Assayer Dick Denny spent several days assisting Angus Lilly in trenching and sampling a molybdenum deposit near Dry Pass, Koskiusko Island. Mr. Lilly, in partnership with W. A. Hawkins and Ken Eichner, had spent most of the winter prospecting by geochemical sampling. He had noticed what was apparently a high molybdenum soil content near a small outcrop. He began trenching with the DM&M drill from Ketchikan and has disclosed a garnetized skarn impregnated with molybdenite. Trenching to date indicates the deposit is over 60 feet wide and 200 feet long. Early sampling (less than 1% Mo) indicates that several feet of the surface rock will have to be removed in order that unweathered rock may be taken for accurate samples.

Grant Nelson, Innachuck Mining Company; John Miscovich, Flat; Glen Franklin, Dawson; and Rich Fullerton, Flat Creek Placers, all visited the Juneau offices enroute to their placer mines.

PROSPECTOR ASSISTANCE PROGRAM

The new Prospector Assistance Program (PAP) will be put into action as soon as the required regulations can be legally adopted. The PAP Act requires that we adopt regulations for its administration, and the adoption of regulations requires at least one public hearing for which 30 days notice must be advertised. This procedure could not be started, of course, until the bill became law. We hope this satisfactorily explains the delay to those who are anxiously waiting to get on the program.

We drew up our proposed regulations even before the bill cleared the Legislature, and started mailing them out and advertised the hearings as soon as the bill was signed into law. A copy of the law is attached to the regulations for the further information of interested persons. Additional copies of the regulations may be obtained by mail from the Division of Mines and Minerals, Box 1391, Juneau, or in person at any of our offices at Ketchikan, Anchorage (329 Second Avenue), Fairbanks (State Office Building), or Nome.

Public hearings on these regulations are scheduled at Fairbanks on May 20 in the Chamber of Commerce Building starting at 9:30 AM and at Anchorage on May 21 in the Loussac Library (magazine room) at 9:30 AM. We hope all interested persons will obtain the regulations and read them, and either attend one of the hearings, or write us a letter, if they wish to make comments, criticisms or suggestions on the proposals. It is only by the help of

the public that we can draft the most workable and practical regulations possible within the intent of the governing law. Letters of comment on the regulations should reach our Juneau office by May 17 so we can consider them together with the testimony received at the hearings.

After consideration of verbal testimony and written comments, final regulations will be drafted. These must then be submitted to the Department of Law for opinion as to legality before being filed for final adoption with the Secretary of State. Present applicants and others who apply for assistance before May 21 are being sent copies of the proposed regulations and are requested to apply again after May 21. Application forms, based on the final regulations, will be made up as soon as possible after May 21, and will be sent to those whose requests for them are received in our Juneau office after May 21.

Basically, the PAP law states that the financial assistance is to be a reimbursement for up to 75% of expenses incurred for certain items and transportation by qualified prospectors on approved prospecting ventures. The reimbursement will be made after the prospecting is finished and reports and maps are submitted. The prospector, his proposal, and his proposed expenditures must be approved before he starts out. He receives his financial assistance after the work is done.

#### MINE SAFETY REGULATIONS

As a result of DM&M hearings on proposed up-dated mine safety regulations last November, a law was enacted by the 1963 Legislature repealing old laws in conflict with modern practices. We now have compiled a second draft of regulations based on comments and testimony received at the hearings and by mail from labor and management representatives. This second draft has been mailed to all who attended the hearings last fall and others who are known to be interested. Written comments are requested on this second draft by June 1 so that changes may be made before filing the final draft with the Secretary of State sufficiently early to meet the time limit imposed by the new Act.

Since the legal public hearing requirements for these regulations were fulfilled last fall, no formal hearing procedure is contemplated for the second draft. However, interested persons are being advised that we will discuss the matter with anyone who so wishes, if time permits after the Prospector Assistance Hearings at the places and times announced elsewhere in this bulletin.

#### OIL NEWS

The following permit to drill was issued since the last report: Shell Oil Company, Middle Ground Shoal #1; 1980' FSL and 660' EWL, Sec. 1T.8N, R.13W, S.M. This well will be drilled by the Cuss II drilling barge in 125' of water lying about 17 miles south-southwest of Tyonek. This location is approximately 4 miles south of Pan American Petroleum Corporation's Middle Ground Shoal #2 location.

#### Drilling Activity:

<u>Operator</u>	<u>Well Number</u>	<u>Status 4/26/63</u>
Richfield	Wide Bay Unit	Drilling
Pan American	Cook Inlet #1	Burning
Pan American	Moose Creek #1	Drilling
British Petroleum	WRU #3	Drilling
SOCAL	SRU 34-28	Drilling

Completions:

<u>Operator</u>	<u>Well Number</u>	<u>Status 4/26/63</u>
Aledo	Eureka #2	P&A
SOCAL	SRU 21-34	Producing oil well
SOCAL	SCU 43-9	Producing oil well
SOCAL	SCU 22A-32	P&A
SOCAL	SRU 14-9	P&A
SOCAL	BRU 233-27	Shut in gas well

Production, Swanson River Field, Hemlock Zone:

	<u>Producing Wells</u>	<u>Oil-Barrels</u>	<u>Gas (MCF)</u>
March 1963	45	894,241	213,562
Cumulative to April 1, 1963		20,016,590	3,903,149

Production, Kenai Gas Field:

	<u>Producing Wells</u>	<u>Gas (MCF)</u>
March 1963	2	347,249
Cumulative to April 1, 1963		2,671,781

Production, Sterling Gas Field:

March 1963	1	4,004
Cumulative to April 1, 1963		36,372

Production, Swanson River Gas Field, Kenai Zone:

March 1963	4	372,440
Cumulative to April 1, 1963		981,915

Gas Injection, Swanson River Field, Hemlock Zone:

	<u>Injection Wells</u>	<u>Injection (MCF)</u>
March 1963	3	524,071
Cumulative to April 1, 1963		1,426,463

TWO OIL AND GAS REGULATIONS HEARINGS

Part of the subject matter originally scheduled for a public hearing on May 9 by this Department will be delayed until a second hearing. Two hearings are now scheduled. At the first hearing on May 9, testimony will be taken on some revisions and additions to the Oil and Gas Conservation Regulations and some changes affecting Shorelands Preference Rights. At the second hearing on June 4 will be considered definitions and procedures concerning the certification of oil and gas discoveries.

DMM GEOLOGISTS AND GEOLOGY PROGRAM

Two mining (economic) geologists have joined the DMM staff to increase the Geology Branch to a total of three. No further additions are authorized except for three summer field assistants. The Geology Branch is stationed at Anchorage.

The new men and their backgrounds are as follows:

Morris A. Kaufman, unmarried, A.B. Geology Dartmouth, 1955; M.S. Geology and Mining Engineering, University of Minnesota, 1957. "Mo" worked three summers as geologist for Bear Creek Mining Company in eastern United States during and immediately following graduate school. Following this, starting in November 1957, he worked as senior mine geologist for Kermac Nuclear Fuels Corporation in the Ambrosia Lake district. Subsequently, from April, 1960, to November 1961, he was an exploration geologist with Giant Yellowknife Mines, Ltd. in Yellowknife. He was in charge of a 10-man helicopter geological reconnaissance party in Arctic Canada in the 1960 season and in charge of a 20-man geological-geophysical crew in 1961. From 1961 to the present he has been a geologist with Hunting Geophysical Service, Inc., working out of Tucson, Arizona.

Donald H. Richter, married, 3 children, B.S. Geology, New Mexico Institute of Mining and Technology, 1950; M.Sc. Geology Queens, 1952. Don worked two summers during and immediately following graduate school as party leader of geologic field parties for Jalore Mining Company and Falconbridge Nickel Mines exploring for iron and base metal deposits in eastern Canada. From 1952 to present was geologist for the USGS as follows: 1952-54, leader geothermometry project, Washington D. C.; 1954-56, Chief Geologist, Cuban Chromite exploration program; 1956-58, geologist, Defense Minerals Exploration Administration, Denver; 1958-59, Leader, Chemical Weathering project, Denver; 1959-62, geologist and Scientist in Charge, Hawaii Volcano Observatory, Hawaii; and up to present, Leader, Hawaii Volcano Observatory Project, Denver. Has published with various co-authors, 17 papers in professional journals and USGS publications.

The third member of the Geology Branch is Gordon Herreid, who has been with the Division for nearly two years.

Planned economic geological work for this summer includes detailed mapping and investigations in such selected mineral provinces as those existing on parts of Prince of Wales Island, Endicott Arm to Port Houghton, along the Denali Highway, the Slana area, western Prince William Sound, Chulitna, Kamishak Bay, and the Seward Peninsula. Some of these projects depend on available travel and subsistence money.

Our over-all geological work is planned generally along the following lines:

- (a) Geological assessment of area (photogeology, etc.) before field work,
- (b) Geological mapping of mineral districts and promising areas,
- (c) Geological mapping of mineral deposits and determination of relationship of mineral deposits to regional geology,
- (d) Economic appraisal of district as a whole with prospecting and exploration proposals or recommendations based on (b) and (c),
- (e) Evaluation of individual mineral deposits as accurately as possible by surface investigation and interpretation and,
- (f) Feasibility studies of mining possibilities where warranted if the economics appear favorable.

Our mining engineers will enter into phases (d), (e) and (f) where their experience and training can be used to an advantage. Maps and reports for public distribution will be published as available funds and facilities permit.

This work will not overlap or duplicate that of the U. S. Geological Survey. Rather, it will supplement that of the USGS. The USGS geological mapping is generally on a small scale of 1" = 4 miles over large areas or quadrangles. This is valuable work on which to base our planned localized large scale (1" = 1 mile or less) mapping of promising areas and known mineral districts. Larger scale maps and accompanying investigations are of greater use and value to prospectors and mining exploration companies.

#### USGS ALASKAN MAP AND REPORT SERVICES

To Margaret Erwin, USGS Inquiries Specialist in Anchorage, we are indebted for the following information as to that agency's services in making maps, bulletins and other publications available to the public:

The USGS Map Distribution Section at 520 Illinois Street, Fairbanks, is one of three distribution centers for USGS maps in the U. S. The maps are sold both by mail and over-the-counter, but mail orders from out of the State for Alaskan maps should be directed to the Denver Distribution Center at the Denver Federal Center.

The Surface Water Branch offices of the Geological Survey at Juneau and Palmer have maps for over-the-counter sale.

The Public Inquiries Office in the Cordova Building at Anchorage provides a contact point for obtaining information on the work of the Survey, as well as reports and maps. This office also maintains a library of Survey publications for reading. Maps and reports are both sold over-the-counter, but reports only are for sale by mail, and these only to individuals within Alaska on small orders. This office acts as agent for the Government Printing Office in Washington 25, D. C., which prints and sells USGS publications other than maps.

#### BIDS CALLED ON NEW COAL CONTRACTS

Invitations to bid on 632,000 tons of coal to supply military bases in Alaska were issued this week by the Defense Petroleum Supply Center. Proposals for one-year contracts are to be submitted by April 29.

Included in the total tonnage are: 120,000 tons for Elmendorf Air Force Base, 120,000 tons for Fort Richardson, 196,000 for Fort Wainwright, 120,000 tons for Eielson Air Force Base and 76,000 tons for Clear.

#### SOVIETS WORKING ON POLAR TIN MINING PROJECT

E&MJ Metal & Mineral Markets, April 22 issue, reports that TASS, the Russian news bureau, released information on a Soviet polar tin project. The report states that a group of 200 Soviet scientists and engineers will conduct studies for a large nonferrous ore concentrating combine in the Polar region north of Verchojansk. Open pit mining of tin-bearing ore and a year around water supply will be programmed. TASS said firm plans exist to utilize the polar tin deposits.

#### NEW GEOLOGICAL SURVEY PROFESSIONAL PAPER RECEIVED

Seismic and Gravity Surveys of Naval Petroleum Reserve No. 4 and Adjoining Areas, Alaska, Part 4, Geophysics, Geological Survey Professional Paper 304-A, is available for reading at the DM&M offices in Juneau, Anchorage and Fairbanks.

## STOCKPILE CHECKS RED CHINESE CONTROL OF TUNGSTEN

The Ore Bin, published by the Oregon Department of Geology and Mineral Industries, March issue, carried an interesting article on the world tungsten picture. A two-day closed door meeting of 28 members of the United Nations revealed the following situation: Red China has by far the largest known deposits of tungsten ore. It is high grade. They consume only a small portion of an estimated production of 20,000 short ton units and the rest is being dumped on the Free World markets at below market prices.

The Chinese discount as much as 20% to sell. This practice if allowed to continue unchecked would eventually force Free World producers to close their mines. The Chinese then would be able to put the price at any level. However as long as the U. S. has a large stockpile of tungsten to offset any sag in supply the Chinese will be unable to control the price completely. It is for this reason that the price will probably continue at low levels for some time.

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

	<u>April 29, 1963</u>	<u>Month Ago</u>	<u>Year Ago</u>
Copper, per lb.	31¢	31¢	31¢
Lead, per lb.	10.5¢	10.5¢	9.5¢
Zinc, per lb.	11.5¢	11.5¢	11.5¢
Tin, per lb.	115.0¢	109.250¢	121.4¢
Nickel, per lb.	79¢	79¢	81.3¢
Platinum, per oz.	\$77-80	\$80-85	\$80-85
Mercury, per flask	\$184-187	\$187-190	\$192-195
Antimony ore, per unit	\$4.25-4.35	\$4.10-4.25	\$4.50-4.75
Beryllium ore, per unit	Domestic price not quoted.		\$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	\$16-18	\$16-20	\$20-22
Silver, foreign, per oz.	127.100¢	127.640¢	101.5¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢