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Department of Natural Resources
DIVISION OF MINES AND MINERALS

GEOLOGICAL SURVEY P. O. Box 1391
Juneau, Alaska

MINES AND PETROLEUM BULLETIN

December, 1965

Vol. XIII
No. 12

MINING ACTIVITIES

Northwestern - The Kennecott Copper Corp. was down 175 feet with its exploratory shaft at Ruby Creek at mid-November. Three crews are working around the clock seven days per week. No unusual difficulties have been encountered thus far in the sinking. A modern, all-enclosed camp has been constructed, and since the establishment of a U.S. post office, the location is known as Bornite. The working force has averaged about seventy-five men through the year.

OIL NEWS

During this month five applications for permit to drill were approved by the Petroleum Branch. They are as follows:

Coal Bay State #1 - Texaco Inc., operator - Surface location 330' south along section line from NW corner, Section 16, T6S-R12W, S.M. Bottom hole location 750' N and 1,000' W from SE corner, Section 8, T6S-R12W, S.M. This location lies in Kaehemak Bay east of Homer Spit. It will be drilled this winter with the Polar Cub self-elevating drilling barge. The hole is being deviated because there is insufficient operating water depth directly above the bottom hole location.

Rainbow-Federal #1 - Atlantic Refining Company, operator - 491' FWL and 2417' FSL, Section 31, T8N-R5W, C.R.M. This location lies in the general area of Lake Louise. It will test a 189,000 acre block of Federal acreage recently taken by Atlantic and held under the Rainbow Development Contract.

M.G.S. State A-4-6 - Shell Oil Company, operator - Surface location 1627' N and 435' W of SE corner, Section 11, T8N-R13W, S.M. (conductor #6). Bottom hole location 1980' W and 1980' S of NE corner, Section 14, T8N-R13W, S.M. This is the fourth development well drilled from Shell's platform "A".

U.S.A. Edna May Walker #1 - Pan American Petroleum Corp. operator, 1980' FSL and 1980' FEL, Section 35, T16-R12W, S.M. This location lies about 13 miles east of Ninilchik.

Lorraine State #1 - Atlantic Refining Company, operator - 550' FNL and 1623.6' FEL, Section 21, T14N-R4W, S.M. This location lies on State acreage formerly in P.L.C. 861 just west of Lake Lorraine.

Year-around offshore drilling to commence this year - This year will mark the first time that offshore drilling equipment will be utilized on an annual basis in Alaska. Texaco, Inc.'s Coal Bay State #1 will be drilled this winter in Kachemak Bay. This year-around use of equipment will eliminate the costly idle time during the winter months when jack-up or floating drilling equipment cannot be used in upper Cook Inlet because of the ice floes. Contracts for four new permanent drilling and production platforms announced by Pan American Petroleum Corporation and its partners have announced that contracts have been let for permanent drilling and producing platforms to develop the south end of the Middle Ground Shoal field and Pan Am's portion of the Granite Point field. Union and Marathon have contracted a unique single leg platform to be used in developing and producing their Trading Bay field. Mobil Oil Co. has announced that a twin-rigged permanent drilling and producing platform is now being built for their Granite Point field.

In addition to the above-listed permanent platforms, an 8-legged self-contained mobile drilling platform, the John C. Martens, is presently being modified in Portland for use by the Atlantic Refining Company this coming summer in the Cook Inlet area.

Two new producing wells in Cook Inlet waters announced - Union Oil Company of California and Marathon Oil Company announced that their Grayling #1-A had flowed in excess of 1,000 barrels of oil per day through a 20/64" choke. The A.P.I. gravity of the oil is approximately 36°. The producing interval is between 9,475' and 9,970'. This well lies about 4 1/2 miles south of Union-Marathon's Trading Bay field.

Pan American Petroleum Corporation announced an absolute open flow test rate of 19 million cubic feet of gas per day from their Cook Inlet State 18740 #1. The test was made through perforations between 4,170' and 4,180'. This well is located about a mile and one-quarter southwest of the Cook Inlet State #1 drilled in 1960 and 1963.

The production tests on all these wells were witnessed by the Petroleum Branch of the Division of Mines and Minerals.

OIL NEWS (Continued)

State ownership in Lower Cook Inlet extended, Yakutat Bay case decided for the State of Alaska - The U.S. Court of Appeals in San Francisco reversed a decision by a district court judge and ruled that the State of Alaska has title to the water bottoms of Yakutat Bay. The U.S. District Court had ruled that the State did not possess the water bottoms but this decision was appealed by the State. After the California tidelands decision of the U.S. Supreme Court of May 17, 1965, which ruled that States own water bottoms of bays within closing lines of 24 miles or less, the circuit court ruled for the State of Alaska.

The important effect of this decision is to extend State ownership to the 24-mile headland line in lower Cook Inlet making a greater portion of this area available for oil and gas leasing.

Drilling Activity

| <u>Operator</u> | <u>Well Name & Number</u> | <u>Status 11/24/65</u> |
|--------------------------------|-------------------------------|------------------------|
| Atlantic Refining Company | Rainbow-Federal #1 | Building road |
| Atlantic Refining Company | Lorraine State #1 | Building road |
| Shell Oil Company | S.R.S. So Cook Inlet St. #2 | Suspended |
| Shell Oil Company | M.G.S. A-3-4 | Completing |
| Wallace Mining Company | Wallace-Knutson #1-A | Fishing |
| Mobil-Atlantic | Moquawkie #1 | Drilling |
| Pan American Petroleum Corp. | U.S.A. Edna May Walker #1 | Prep. to spud |
| Pan American Petroleum Corp. | Cook Inlet St. 18741 #1 | Abandoned |
| Standard Oil Company of Calif. | North Fork Unit 41-35 | Drilling |
| Union Oil Co. of California | Grayling #1-A | O.W. -S.I. |
| Texaco, Inc. | Nicolai Creek St. #1 | Drilling |
| Texaco, Inc. | Trading Bay St. #1 | Location |
| Texaco, Inc. | Coal Bay State #1 | Location |
| Pan American Petroleum Corp. | C.I. State 18740 #1 | Gas well-S.I. |
| Pan American Petroleum Corp. | Tyonek St. 18742 #2 | Drilling |
| Sinclair Oil & Gas Company | Colville State #1 | Drilling |

Production, Swanson River Field, Hemlock Zone:

| | <u>Producing Wells</u> | <u>Oil Barrels</u> | <u>Gas (MCF)</u> |
|--------------------------------|------------------------|--------------------|------------------|
| October 1965 | 52 | 942,602 | 362,923 |
| Cumulative to November 1, 1965 | | 48,394,418 | 12,206,107 |

Production, Kenai Gas Field:

| | | | |
|--------------------------------|---|--|------------|
| October 1965 | 3 | | 556,492 |
| Cumulative to November 1, 1965 | | | 13,266,427 |

OIL NEWS (Continued)

Production, Sterling Gas Field:

October 1965 1 12,904
Cumulative to November 1, 1965 218,373

Production, Swanson River Field, Kenai Zone:

October 1965 2 149,362
Cumulative to November 1, 1965 10,539,157

Gas Injection, Swanson River Field, Hemlock Zone:

October 1965 3 346,351
Cumulative to November 1, 1965 15,601,416

COAL AND OFFSHORE MINING REGULATIONS

Proposed coal and offshore regulation changes - The Division of Lands is proposing amendments and additions to the Alaska Coal Leasing Regulations and the Alaska Mining Rights Regulations, to be considered at a public hearing starting at 9:30 a.m., A.S.T., December 17, 1965, in the office of the Division of Lands, 344 6th Avenue, Anchorage, Alaska.

The proposed changes will affect coal leasing and offshore prospecting permits and leases in that they will provide for a simultaneous filing period for expired permits and ease the survey requirements.

Any interested person may present relevant statements orally, or in writing, at the hearing. Written statements are acceptable prior to the hearing. All statements will be given full consideration before adoption of amended regulations.

Copies of the proposed changes are available from Minerals Officer, State Department of Natural Resources, Division of Lands, 344 6th Avenue, Anchorage, Alaska, 99501.

PROPOSED KANTISHNA WITHDRAWAL

The Fairbanks office of the U.S. Bureau of Land Management announced during the month that it would conduct an informal meeting of persons interested to ascertain whether a formal public hearing is warranted on the proposed withdrawal of the Kantishna mining district for the purpose of adding it to Mt. McKinley National Park. The date of this meeting is December 3, 1965. The BLM requested notice from interested persons as to whether they would attend.

PROPOSED WITHDRAWAL (Continued)

As we "go to press", a letter from Secretary Udall to Senator Bartlett is received in which Mr. Udall assures the Senator "that a public hearing will be held locally before any withdrawal order affecting the lands in question is issued". No hearing date is mentioned. Secretary Udall also states in his letter, "The proposed withdrawal is for the purpose of retaining the lands in Federal ownership pending completion of comprehensive studies as to the need and suitability of any of such lands for public facilities in connection with the management of the Park".

FIRE ASSAY OFFICE OPEN AT COLLEGE

The Fire Assay Office of the Division of Mines and Minerals is now open on the campus of the University of Alaska. Samples submitted for fire assay of gold and silver should be sent to: Division of Mines and Minerals, Fire Assay Office, Box "C", College, Alaska, 99735.

Samples for which more complex analyses are desired should be mailed to our Anchorage laboratory at 3001 Porcupine Drive, Anchorage, Alaska, 99504.

PROPOSED GOLD MINING ASSISTANCE

We have just received a long detailed letter from Kenneth C. Kellar, Vice President of Homestake Mining Company, describing his efforts with Congress to obtain a subsidy and/or a greater depletion allowance. Three Congressional Bills with which he has been concerned were attached. Mr. Kellar asks if this Division can contact former Alaskan gold operators and enlist their aid in developing evidence of the effect the bills would have, if passed, in reopening gold properties. For his presentation at probable hearings early next year, he is hoping for information that will include the number of properties which might reopen together with their estimated annual production in ounces at a price of \$79 per ounce (incorporated in one of the bills) and also how many more mines with what annual production would reopen at \$105 per ounce.

We will endeavor to condense the information received from Mr. Kellar and mimeograph it for distribution to those who might help provide the requested data. If you would like to give this matter serious consideration and help provide the estimates that are needed, write to us at Box 1391, Juneau.

NEW PUBLICATIONS

U.S. Geological Survey, Bulletin 1201-B, Quaternary Geology of the Mount Chamberlin Area, Brooks Range, Alaska. Available from the U.S. Government Printing Office, Washington, D.C.

U.S. Geological Survey, A Preliminary Report on some Magnetite-Bearing Rocks near Frying Pan Lake, Iliamna D7 Quadrangle, Alaska, by Bruce L. Reed and Robert L. Detterman. Available for reading at the various offices of the U.S. Geological Survey and Division of Mines and Minerals with the State.

E. AND M.J. METAL MARKET PRICES

| | <u>November 29 1965</u> | <u>Month Ago</u> | <u>Year Ago</u> |
|--------------------------------|-----------------------------|------------------|-----------------|
| Copper, per lb. | 35.9¢ | 35.15¢ | 34¢ |
| Lead, per lb. | 16¢ | 16¢ | 15¢ |
| Zinc, per lb. | 15¢ | 14½¢ | 14.5¢ |
| Tin, per lb. | 174.9¢ | 182.4¢ | 191¢ |
| Nickel, per lb. | 77.75¢ | 78¢ | 79¢ |
| Platinum per oz. | \$97-100 | \$97-100 | \$87-90 |
| Mercury, per flask | \$540-550 | \$600-610 | \$490-505 |
| Antimony ore, per unit | \$5.50-6.50 | \$6.00-7.25 | \$8.00-8.75 |
| Beryllium powder, 98% per lb. | \$54-66 | \$54-66 | Not Quoted |
| Chrome ore, per long ton | \$31-35 | \$31-35 | Not Quoted |
| Molybdenum conc., per lb. | \$1.55 | \$1.55 | \$1.55 |
| Titanium ore, per ton | \$21-24 | \$21-24 | \$23-26 |
| Tungsten ore, per unit | \$29.75-30.25 | \$27.25-27.75 | \$17-19 |
| Silver, New York, per oz. | 129.3¢ | 129.3¢ | 129.3¢ |
| Silver, U.S. Treasury, per oz. | 129.29¢ | 129.29¢ | 129.29¢ |