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Department of Natural Resources
DIVISION OF MINES AND MINERALS

GEOLOGICAL SURVEY

Pouch M

Juneau, Alaska 99801

MINES AND PETROLEUM BULLETIN

June 1967

MINING ACTIVITY

Central - Copper Basin Mining Company has announced that it will begin production from the old Nikolai mine eleven miles from McCarthy. The firm plans to mine high grade surface ore to begin with and eventually will become an underground operation. Initial shipments will be moved by charter aircraft to Chitina, then by truck.

The Busty Belle mine owners announced a high grade zinc-lead-silver ore shoot had been found while developing underground workings of its property near Fairbanks. The work is being carried out as part of a participating OME loan administered by the U.S. Geological Survey.

Southcentral - Wallace McGregor, consultant, will be active in the Knight Island area again this summer. Mr. McGregor has been active in base metal prospecting for several years in various parts of the State. He will have a crew of men working for him this year.

OIL AND GAS NEWS

Nine applications for drilling permits were approved by the Division's Petroleum Branch as follows:

Union Oil Company of California #A-5 Trading Bay State, API #50-133-20011. Surface location: 1605' FSL and 570' FEL, Sec. 4, T9N, R13W, S.M. Bottom hole location: 525' FNL and 2060' FEL, Sec. 9, T9N, R13W, S.M. This is a development location about three quarters of a mile south of the discovery well in the Trading Bay Field.

Pan American Petroleum Corporation #7 Granite Point State 18742, API #50-133-20012. Surface location: 729' FNL and 636' FEL, Sec. 12, T10N, R12W, S.M. Bottom Hole location: 1980' FSL and 660' FWL, Sec. 6, T10N, R11W, S.M. This location is for a development well in the Granite Point Field.

Pan American Petroleum Corporation #11 MGS State 17595, API #50-133-20013. Surface location: 1989' FNL and 588' FWL, Sec. 31, T9N, R12W, S.M. Bottom hole location: 1770' FSL and 1070' FWL, Sec. 31, T9N, R12W, S.M. This is a location for a development well in the Middle Ground Shoal Field.

Mobil Oil Corporation #33-13 Granite Point State, API #50-133-20014. Surface location: 2390' FNL and 1379' FWL, Sec. 13, T10N, R12W, S.M. Bottom hole location: 1870' FSL and 1820' FEL, Sec. 13, T10N, R12W, S.M. This location is for a development well in the southern portion of the Granite Point Field.

Pan American Petroleum Corporation #6 Granite Point State 18742, API #50-133-20015. Surface location: 2050' FSL and 2019' FWL, Sec. 31, T11N, R11W, S.M. Bottom hole location: 1980' FSL and 660' FWL, Sec. 31, T11N, R11W, S.M. This location is for a development well in the north part of the Granite Point Field.

The Superior Oil Company #1 Three Mile Creek State, API #50-283-20004. 1320' FNL and 1320' FWL, Sec. 3, T12N, R11W, S.M. This uplands location is for an exploratory well five miles west of the Beluga Gas Field.

Mobil Oil Corporation #13-13 Granite Point State, API #50-133-20016. Surface location: 2371' FNL and 1267' FWL, Sec. 13, T10N, R12W, S.M. Bottom hole location: 1980' FSL and 660' FWL, Sec. 13, T10N, R12W, S.M. This is a development well location in the southern portion of the Granite Point Field.

Shell Oil Company #A-42-11 MGS, API #50-133-20017. Surface location: 1685' FSL and 374' FEL, Sec. 11, T8N, R13W, S.M. Bottom hole location: 2050' FNL and 230' FEL, Sec. 11, T8N, R13W, S.M. This is a development well location in the Middle Ground Shoal Field.

Pan American Petroleum Corporation #9 Granite Point State 18742, API #50-133-20018. Surface location: 834' FNL and 676' FEL, Sec. 12, T10N, R12W, S.M. Bottom hole locations: 660' FSL and 1980' FEL, Sec. 12, T10N, R12W, S.M. This location is for a development well in the Granite Point Field.

Drilling Activity

<u>Operator</u>	<u>Well Name and Number</u>	<u>Type*</u>	<u>Status (5-25-67)</u>
Atlantic Richfield Co.	Prudhoe Bay #1	E	Temp. Suspended
Atlantic Richfield Co.	Trading Bay State #1	E	Drilling
Citles Service Oil Co.	Painter Creek #1	E	Drilling
Hunt Oil Co.	Kalgin Island State #2	E	Location
Marathon Oil Co.	Beaver Creek #1	E	Abandoning
Marathon Oil Co.	Beaver Creek #1-A	E	Drilling
Mobil Oil Corp.	Tower #1	E	Abandoned
Mobil Oil Corp.	Granite Point State #13-13	D	Location
Mobil Oil Corp.	Granite Point State #31-13	D	Comp. Oil Well
Mobil Oil Corp.	Granite Point State #33-13	D	Drilling
Mobil Oil Corp.	Granite Point State #31-14	D	Drilling
Pan American Petroleum Corp.	Cook Inlet State 17593 #1	E	Location
Pan American Petroleum Corp.	Granite Point State 17586 #3	D	Drilling
Pan American Petroleum Corp.	Granite Point State 17587 #4	D	Drilling
Pan American Petroleum Corp.	Granite Point State 18742 #3	D	Comp. Oil Well
Pan American Petroleum Corp.	Granite Point State 18742 #4	D	Comp. Oil Well
Pan American Petroleum Corp.	Granite Point State 18742 #5	D	Drilling
Pan American Petroleum Corp.	Granite Point State 18742 #6	D	Location
Pan American Petroleum Corp.	Granite Point State 18742 #7	D	Drilling
Pan American Petroleum Corp.	Granite Point State 18742 #9	D	Location
Pan American Petroleum Corp.	MGS State 17595 #10	D	Drilling
Pan American Petroleum Corp.	MGS State 17595 #11	D	Drilling
Pan American Petroleum Corp.	North MGS State 18745 #2	E	Drilling
Pan American Petroleum Corp.	Redoubt Shoal State #1	E	Drilling

<u>Operator</u>	<u>Well Name and Number</u>	<u>Type*</u>	<u>Status (5-25-67)</u>
Placid Oil Co.	State 17580 #1	E	Drilling
Shell Oil Co.	MGS #A-33-1	D	Testing
Shell Oil Co.	MGS #A-42-11	D	Location
Shell Oil Co.	MGS #A-11-13	D	Drilling
Standard Oil Co. of Calif.	Beluga River Unit #14-3	D	Drilling
Superior Oil Co.	Three Mile Creek State #1	E	Location
Texaco, Inc.	Nicolai Creek Unit #3	E	Comp. Gas Well, S.I.
Texaco, Inc.	Point Possession Unit #1	E	Suspended until 6-18-67
Texaco, Inc.	Trading Bay State #2	E	Location
Texaco, Inc.	Trading Bay State #3	E	Location
Union Oil Co. of Calif.	Trading Bay State #A-3	D	Suspended
Union Oil Co. of Calif.	Trading Bay State #A-4	D	Completing
Union Oil Co. of Calif.	Trading Bay State #A-5	D	Completing

* "E" indicates an exploratory well, and "D" a development well.

Production - April 1967 (Gas now all at pressure base of 14.65 psi)

<u>Field</u>	<u>Zone</u>	<u>Prod. Wells</u>	<u>Oil, Bbls.</u>	<u>Gas, MCF</u>
Swanson River Field	Hemlock	31	985,111	733,864
	Injection Hemlock	2	66,232,169*	22,449,233* 2,292,776 55,418,744*
Middle Ground Shoal	Hemlock and Kenai	17	475,990	210,060
		(incl. 4 duals as 8 wells)	4,576,985*	2,044,672
Kenai	Kenai	16		2,600,545*
		(incl. 6 duals as 12 wells)		59,569,075*
Starling	Kenai	1		14,949
				473,680*
Trading Bay	Hemlock	1	22,381	11,545
			80,901*	37,306*
Granite Point		2	72,363	34,225
			94,592*	44,519*

* Cumulative to May 1, 1967.

PLANNED MOVE OF THE DIVISION

Pending proper space arrangements at the University of Alaska, the Division of Mines and Minerals, except for the petroleum personnel, will move to the University of Alaska campus. Nearly adequate space in a maintenance warehouse has been made available, and preliminary plans are now being drawn up for the required office and

lab facilities. These plans will be submitted to an architect for refinement and addition of mechanical details. Following agreement between the Division, the architect, and the University, the University will construct the facilities according to the plans. Then the lab equipment will be removed from the Anchorage lab and installed at College along with the Anchorage personnel. Following this, the Juneau offices and personnel will move when sufficient space is available.

To provide prospectors, mining company representatives, and other visitors to Juneau and Anchorage with an outlet for preliminary information, we plan to retain mineral information offices at Juneau and Anchorage. These will each be staffed with a clerk of sufficient experience and ability to disseminate the necessary elementary information. Each of these two offices will be provided with duplicate Kardex files copied and kept current from the central recording file which will be at College. This file is an inventory of all known mineral deposits in Alaska which also shows current mining claim status and ownership information as well as references to all known reports relating to the deposits. Libraries of U.S. Geological Survey bulletins, U.S. Bureau of Mines reports, and other information and publications will also be maintained at Juneau and Anchorage for the use of the mining public. The two clerks will provide information from these files and libraries as well as give assistance, distribute Division publications, and forward samples and the more technical correspondence to the College office.

No time schedule for the move is possible at present. The steps will be taken as rapidly as practicable. The move should be completed by this fall.

The purpose of this move, as outlined by Governor Hickel, is to help create an Arctic Minerals Center at the University where all the government and university technical mining people (lab and field) will be located. The U.S. Bureau of Mines and the U.S. Geological Survey are expected to locate additional personnel there also. It is expected that a minerals building will be constructed in a few years which will house all personnel and facilities of the State and Federal agencies and the University College of Earth Science and Mineral Industries. This consolidation of the technical mining personnel of the State on the campus will allow for the coordination of research and field projects and the best use of qualified people for specialized purposes or problems. It will be the one place in the State where those in need of mining information or assistance can go to get all the available data to the best advantage. Also, as pointed out by Governor Hickel, the close association with the University will qualify the Division to utilize Federal grants and participating funds for expanded mineral programs which will help accelerate the growth of the Alaskan mining industry.

U.S. JUDGE RULES BLM POLICY CONTRARY TO MINING LAW INTENT

U.S. District Court Judge Hatfield Chilson, Denver, Colorado, ruled the key federal public land policies are contrary to the intent of the mining law. The ruling voided and set aside BLM rulings and appeals which invalidated claims of the DeLuxe and Master DeLuxe claims of C.F. Snyder of Dove Creek, Colorado, for lack of discovery. Judge Chilson declared the standards to be applied in determining what a prudent prospector would or wouldn't do aren't those of a trained engineer or geologist and aren't even necessarily determined by the prudence of a skilled miner. He stated "While the test used by (BLM) witnesses may be in accord with BLM policy, it goes far beyond the requirements (of established mining law), and "This federal regulation circumvents and frustrates the law." The agency had been upheld in its attempt to invalidate the claims by the Interior Department in appeals held during 1961 and 1964.

OFFSHORE PROGRAM PLANNED IN ALASKA BY THE U.S. BUREAU OF MINES

The U.S. Bureau of Mines has announced that its converted Navy tug "Virginia City" will spend about a month and a half off the coast of Alaska in the vicinity of Nome during the summer experimenting with underwater drilling techniques. The Bureau's offshore program is part of a heavy metals program being undertaken by the Department of the Interior. The U.S. Geological Survey is also participating in a heavy metals investigation in central Alaska. In addition to the work offshore at Nome, other offshore projects are planned for the Goodnews Bay and Gulf of Alaska areas.

PHILLIPS PETROLEUM COMPANY AND MARATHON OIL COMPANY ORDER LIQUID GAS TANKERS

Phillips Petroleum Company and Ohio-Marathon Oil Company placed an order for two 450,000-barrel tankers with a Swedish shipbuilder. The ships will cost approximately \$43,000,000 to build and be used to haul natural gas from the Kenai Peninsula to Japan. The gas will be transported at minus 259 degrees of atmospheric pressure. The low temperature will be held by allowing some of the gas to boil off. This will be used to supply steam for the ships' 20,000 horsepower turbines.

1967 ALASKA PURCHASE CENTENNIAL MINERALS CONFERENCE

The conference sponsored by the AIME and CIMM proved to be a highly successful meeting of United States and Canadian engineers and geologists. Approximately 150 registered for the four-day meeting held on the University of Alaska campus. Topics were generally based on exploration and a comparison of Canadian activity with the lack of activity on the Alaskan side of the border. The consensus was that favorable geology does exist on the Alaskan side, however, risk capital is lacking. The lack of risk capital results in only the largest of mining companies being able to afford coordinated exploration. The planned move of the Division of Mines and Minerals should provide information and incentive which will at least partly alleviate this problem.

NEW PUBLICATIONS

U.S. Geological Survey

Open file report, Results of Stream Sediment Sampling and Bedrock Analyses in the Eastern Part of the Iliamna Quadrangle, and at Kasna Creek, Lake Clark Quadrangle, Alaska, by Bruce L. Reed.

Open file report, Profiles Showing Configuration and Probable Bottom Deposits as Interpreted from Fathometer Traverses Across and Along Parts of Gastineau Channel, near Juneau, Alaska, by Robert D. Miller.

Open file reports are available for reading at various U.S. Geological Survey and Division of Mines and Minerals offices in the State.

Map I-453, Map of Eastern Prince William Sound Area, Alaska, Showing Fracture Traces Inferred from Aerial Photographs, William H. Condon. Available from U.S.G.S. Map Distribution Offices.

U.S. Bureau of Mines

IC 8331, Production Potential of Known Gold Deposits in the United States, by Bureau of Mines field staff. Available from the U.S. Bureau of Mines, Pittsburg, Pennsylvania.

E. AND M. J. METAL MARKET PRICES

	<u>May 29</u> <u>1967</u>	<u>Month Ago</u>	<u>Year Ago</u>
Copper, per lb.	38¢	38¢	36¢
Lead, per lb.	14¢	14¢	15¢
Zinc, per lb.	14¢	15¢	15¢
Tin, per lb.	153.9¢	153.5¢	165.87¢
Nickel, per lb.	85.25¢	85.25¢	77.75¢
Platinum, per oz.	\$109-112	\$109-112	\$100
Mercury, per flask	\$450-455	\$487-500	\$355-360
Antimony ore, per unit	\$5.20-6.20	\$5.20-6.20	\$4.90-6.00
Beryllium powder, 98¢ per lb.	\$54-66	\$54-66	\$54-66
Chrome ore, per long ton	\$31-35	\$31-35	\$31-35
Molybdenum Conc., per lb.	\$1.62	\$1.62	\$1.55
Titanium ore, per ton	\$21-24	\$21-24	\$21-24
Tungsten, per unit	\$43.00	\$43.00	\$43.00
Silver, New York, per oz.	130.10¢	129.3¢	129.3¢
Silver, U.S. Treasury per oz.	129.29¢	129.29¢	129.29¢