

MINING ACTIVITIES

FIRST DIVISION

A new phase of the DMEA program has been entered into at the Funter Bay nickel-copper-cobalt property since the discovery of the high-grade portion of the ore body and the finishing of the exploratory drift. Diamond drilling is now to be done to determine the extent of the high grade.

Bureau of Mines engineers are currently examining copper prospects in the vicinity of Baker's Peak, Chichagof Island.

The QMI exploratory program on the Klukwan iron deposit near Haines has been temporarily halted. The first phase of the program consisted of building roads and concentrating measured amounts of material, taken from test pits in the alluvial deposit, by putting it through a sluice box. The results have been reported as favorable, but future work depends upon more contract negotiations.

The Yakobi Island nickel developments will be chiefly in court for a time. E. Miles Flynn and Hans Lundberg of Toronto claim to hold the ground as a result of staking it last fall and are suing S. H. P. Vevelstad and the Aurora Nickel Company of Seattle to oust them from the claims. Vevelstad claims to have been legally holding the ground when Flynn arrived there and is suing Flynn for \$20 million in damages. The case will be heard in the District Court at Juneau.

SECOND DIVISION

It has been reported that the prospecting program in the radioactive area of the Peace River country came to a halt this summer because of a bulldozer breakdown. It is presumed that this work will continue next year.

The Big Hurrah gold-quartz mine approximately 43 miles east of Nome and which has been flooded since 1907 has been unwatered. It was sampled and mapped. Results from this work have caused the owners to plan on rehabilitating the camp and putting the mine into production this winter. Supplies are now being shipped north. The operating company is the Alaskan Associates, Limited, of Portland, Oregon. The Big Hurrah property also carries scheelite.

The Zenda Gold Mining Company has ceased their drilling for placer tin near Cape Mountain for the season, but the Alaska Tin Corporation is reported to be continuing with their exploratory work at Ear Mountain.

At the Lost River Tin Mine, the 9000-foot pipeline which is to supply water for the operation during the winter is nearly complete. It is a seven-inch Transite pipe and is on the surface of the ground, but enclosed in a box and rock

wool for insulation. An electric heating coil runs through it as further precaution against freezing.

Some good looking chromite was submitted to the Department from Kotzebue lately.

Jack Bullock and Rhiny Berg have been having equipment trouble in connection with their prospecting activities in the Kobuk country.

THIRD DIVISION

The Kenai Chrome Company has driven two raises into the Star 4 chromite ore body at Red Mountain near Seldovia, and should be stoping soon. They are now constructing an ore bin at the mine, but have much other construction remaining to be done.

A small but quite high-grade gold vein has been located near Valdez. The owner is making plans for a small mill.

A large copper show has been staked recently on Moose Creek, north of Palmer. There are more details on this later in this bulletin.

The coal miners' examinations for certificates of competency to qualify them for responsible jobs will be given in Anchorage from October 5-9 at the new TDM building. The exams will be given to two groups at different dates so as not to interfere with coal mine operations any more than necessary.

FOURTH DIVISION

The holders of the MacLaren River copper prospect, near the new Cantwell Road, are reported to be arranging for equipment for further work on the show, but have apparently not decided whether to request DMEA assistance on the project.

Charley Lazeration and Vern Jokela, who have the only known steady gold lode operation in Alaska, are milling a batch of ore from their mine on Pedro Dome. They have also been prospecting by trenching with a bulldozer to find an extension of their vein beyond a fault which cuts it off.

The old Vuyovich gold-quartz prospect near Ester is being hand-mined by Billie Viucich, who is sacking the ore for shipment to the smelter.

Lloyd Lounsbury is working on a trial mill run of scheelite that he has taken from his property above the head of Steele Creek.

The Alaska Metals Mining Company is temporarily halting their underground work on the Gilmore Dome scheelite deposit, but is doing some prospect trenching below on Yellow Pup. Some very promising scheelite exposures have shown up as a result of this trenching.

DEPARTMENT ACTIVITIES

The Anchorage personnel have now moved into the new Territorial Department of Mines building on Second between C and D Streets. The assay office there is in full operation, and samples originating in the Third Division should be sent there rather than to the Department's College office as has been the custom during the last two years. The assayer's name is Roy Rowe and the mailing address is Box 2139. Other personnel there are Martin W. Jasper, Associate Mining Engineer, and Wiley D. Robinson, Coal Mine Inspector. Also, there is a Federal Bureau of Mines coal lab being set up in the building.

Further examination of the Moose Creek (north of Palmer) copper showings by Department personnel indicated that the deposit has commercial possibilities. Since the ground was open, the information was made public immediately. Although several parties declared an interest in the showings, a Juneau group was reportedly the first on the ground.

A trip into Jim Creek, which is southwest of Palmer, revealed that a reported copper show there is too small for commercial possibilities.

An examination was made of a reported gibbsite deposit on the South Fork of the Matanuska River. Further information will not be available until samples have been analyzed. Gibbsite is an aluminum-bearing mineral.

The QMI exploratory project on the Klukwan iron deposit near Haines was investigated.

CANADIAN STAKING RIGHTS

As a follow-up of the information given in the preceding TDM Bulletin, the Territorial Department of Mines received an opinion from the Office of the Territorial Attorney General stating in part:

"These acts by their terms are applicable to citizens of the United States, as well as to citizens of Canada. It follows that native-born citizens of the Dominion of Canada must be accorded mining rights in Alaska commensurate with those they may enjoy in British Columbia, with the limitations that they may not have any greater rights in Alaska than citizens of the United States or persons who have declared their intention to become such."

The remainder of the opinion quotes the laws already given in the previous Bulletin. This should make it clear to all concerned that Canadians may locate and hold mining claims in Alaska.

GRAVEL DECISION

Wide publicity has been given to Judge Folta's decision in the Third Division District Court that gravel is not a mineral and that a proper discovery cannot

be made where gravel is exposed all around. Following this reasoning, it was held that the gravel claims located on the school lands near Anchorage were illegal. It is not known at present whether this decision will be appealed.

MINING CONGRESS RESOLUTIONS

The American Mining Congress at its Seattle meeting September 21-24 passed several resolutions of interest to Alaskans. The most pertinent follow in part:

1. Gold and Monetary Policy. . . . "We urge:

(1) That the restrictions on the purchase, sale and ownership of gold by American citizens be immediately removed;

(2) That the gold standard be restored at the earliest practicable time;

(3) That Congress fix the ratio at which the dollar and gold are to be made fully convertible and determine other technical procedures involved in the restoration of the gold standard, after receiving the recommendation of a Commission of its creation, to which men skilled in appraisal of the world's potential gold supplies as well as men of competence in domestic and international finance and trade should be appointed by designated Government authorities.

While these steps are being taken, the Treasury should cease its sales of gold to the so-called domestic industrial market, and thereby terminate the present enforced and unfair subsidy to industrial consumers at the expense of the gold miners."

2. Taxation. "Our Federal tax system must be revised as to its basis, its policies and its rates, if it is to continue to yield the revenues needed and permit the continuance of the system of private enterprise and individual initiative under which our country has developed its great resources, its productivity, and the prosperity and welfare of its people."

. . . We emphasize that further measures are still needed, including the following:

Present limitations on deductibility of exploration expenses should be removed.

Tax exemption should be granted a new mine for three years after beginning of profitable operations.

Depreciation should be more adequately allowed. Depreciation claimed by the taxpayer should not be denied unless clearly unreasonable in amount and in method. Technicalities

should not prevent a reasonable recovery and the tax benefit rule should be fully applied. Early recovery of inflated replacement costs should be permitted.

Losses of loss years should be computed on the same basis as taxable income; and deductions for percentage depletion and credits for dividends should not be denied either in the year of loss or in the year against which the loss is applicable.

In taxing the stockholder on dividends received, allowance should be made for taxes paid by the corporation; and depletion should be carried through to the stockholder.

Capital gains should be taxed at more moderate rates.

The over-all rate on income of the individual or the corporation should in no case exceed 50%.

Greater incentive for the creation of income and greater revenues to the Government will result if these recommendations are adopted. Investment in high risk enterprises such as mining is to be expected only if the investor can see opportunity to recover his capital and receive a return commensurate with the risks assumed. Unless there is incentive for investment and effort the Government will lose the revenues resulting from such activities, from the employment they give, the purchases they make, and the flow of their production through our economy." . . .

3. Mine Financing. "We recommend that Congress reconsider the whole question of Securities and Exchange laws, rules and regulations, to the end that the desirable objectives of the present law be maintained and that obstructive or unnecessary features be corrected by appropriate amendment or repeal.

. . . We recommend that the newly created Small Business Administration, which succeeds the Reconstruction Finance Corporation, grant loans to worthy mining companies, and that the loan activities of the Defense Minerals Exploration Administration be continued while public and private financing are not available for mine development."

4. Interior Department Policy. "We support the newly established program of the Secretary of the Interior, under which committees composed of Department and industry experts are to study the functions and administrative procedures of the Department's agencies concerned with public lands and their resources. This program should include inquiries into the duties and responsibilities of mineral land examiners, and should make recommendations as to the agency which should make mining

claim examinations, and as to the procedure and the agency to determine the sufficiency of mineral discoveries." . . .

It is interesting to note that all of the above subjects were covered by Governor Heintzleman in his address to the American Mining Congress; and that the resolutions as passed closely parallel the Governor's recommendations as to policy changes which would benefit the Alaska mining industry.

MISCELLANEOUS INFORMATION

The University of Alaska School of Mines at College, Alaska, is currently working on several projects of interest to prospectors and miners. One is a prospector's mineral identification kit which they have designed, and there will be about 75 of these placed on sale at the school shortly for a price of between \$20 and \$30 each.

Another project is a very complete Handbook for the Alaskan Prospector which is scheduled for publication next spring. It will give full treatment to all phases of prospecting in Alaska. Price is not yet determined.

The Territorial Department of Mines is on the regular mailing list for open file U.S.G.S. reports, which are preliminary reports of geological investigations that are not yet published, but may be read by the public in certain specified places. In the future, receipt of these reports will be announced in the TDM Bulletin for the benefit of those who might be interested in reading them or inquiring about them.

Also, it is planned to include mineralogical information, such as tests for certain minerals or metals, in the TDM Bulletin as space and opportunity permit.

Anyone that is interested in mining and prospecting, and wishes to receive this monthly bulletin, will be placed on the mailing list by writing to the Juneau office and requesting it. We will also be glad to hear from anyone who has mining news or information to contribute.

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