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Territory of Alaska
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MINING ACTIVITIES

FIRST DIVISION - Approximately three quarters of a million dollars was spent in Southeastern Alaska this past season by large mining companies in the exploration of mineral deposits. This compares favorably with a few thousand dollars spent four years ago. Interest has been centered chiefly on iron, copper, nickel, uranium, and lead & zinc. Limestone, molybdenum, gypsum, barite, and sulfur from pyrite have also received their share of attention.

SECOND DIVISION - Changes of ownership of two dredging properties on Seward Peninsula have been effected during the past season. Grant Nelson of Nome purchased the Casa de Paga operation on the Irmachuk River and spent part of the season operating one of the two dredges. When conditions permit, he plans to put the second dredge into operation. A group from Portland, Oregon known as the Lucky Syndicate has purchased the Gold Dust Mining Co. dredge on the Kougarok River, and has been flying in oil and other supplies and making preparations for a full digging season next year. This dredge was formerly owned by Jack Bullock of Kotzebue and associates, and has been idle for several years.

THIRD DIVISION - The Kenai Chrome Co. has nearly completed a \$70,000 mill at its Star-4 property on Red Mountain near Seldovia on the Kenai Peninsula. For the first three seasons, the company has been able to ship ore that meets the required specifications by hand sorting. The mill will add to the tonnage shipped by concentration of lower grade material, and will make a year around operation for about 10 of the 35 to 40 who are employed in the summer. Most of the operation will continue to be forced to close during the winter because of the extremely heavy snowfall at the mine. The mill should be in operation by December 1. Its capacity will be 50 tons per day. Trucks haul the ore down the mountain to the stockpile on the beach, from which it is loaded on barges for shipment by means of a belt conveyor.

OIL NEWS

The general picture of oil exploration in Alaska continues to grow. The total area now held under lease is slowly approaching the five million acre mark. Expenditures by all oil companies over the past three or four years probably add up to nearly \$12,000,000, of which better than half has been spent by Phillips Petroleum in the Icy Bay area of the Gulf of Alaska. Activities for the past season are briefly as follows:

- (1) Colorado Oil and Gas has conducted a complete summer's work on seismic and gravimetric surveys on the 1,200,000 acre area under their control, which lies between Icy Bay and Cape Fairweather to the southeast.
- (2) Texota Oil Company has been conducting geologic reconnaissance and mapping on a 1,000,000 acre area, 300 miles northwest of Fairbanks, known as the Kateel River area.

(3) On the Kenai Peninsula, some 2,000,000 acres are under lease to the following companies: Phillips Petroleum, Union Oil, Ohio Oil, Sunray-Midcontinent, Shell Oil, Standard of California, and General Petroleum.

(4) Standard Oil Company has a development agreement with the Secretary of the Interior on 165,000 acres in the Kenai-Moose Range.

(5) Richfield, Ohio, and Union have an agreement on a unit area of 71,680 acres also in the Kenai-Moose Range. Drilling under this agreement must commence by February 1, 1957, and Richfield is now in the process of building a 20-mile road into the Swanson River area where the first drill site is proposed.

(6) Shell Oil Company has continued their surveying and mapping of possible oil structures on the Alaska Peninsula.

SCHOOL OF MINES FIELD TRIP

The annual required field trip for seniors in the University of Alaska School of Mines was more extensive than ever this fall. This year's group visited the Fortymile and Sixtymile camps where the geology and placer operations were studied. A visit was paid to the Bear Creek camp of the Yukon Consolidated Gold Corporation, Ltd. where the hydro-electric plant and the dredging and hydraulic operations were studied, as well as the firm's accounting procedures. They also visited the underground and surface operations of the United Keno Hill Mines, Ltd. and the MacKeno Mines, Ltd. at Mayo and Keno Hill. At Carmacks, the coal mining operations were viewed. Museums were visited at Dawson and Whitehorse.

POSSIBLE ALASKAN OIL REFINERY

The Shamrock Petroleum Co., Ltd. of Edmonton is considering the possibility of building a major oil refinery at Haines, in the north part of Southeastern Alaska. Shamrock is understood to be a subsidiary of a major U. S. oil company. If built, it will be located on a 35-acre tract at Port Chilkoot, adjacent to Haines. If negotiations are successful, surveys will start shortly, construction in the spring, and production in the fall of 1957. An initial output of 3000 barrels a day is planned, which would be shipped from Haines by truck. An official announcement may be made this month.

AMERICAN MINING CONGRESS POLICY

From the American Mining Congress eight-page "Declaration of Policy" adopted at the Los Angeles Convention last month, we quote several random paragraphs which we think will be of interest to Alaskan miners and prospectors:

"We support the principle that Federal governmental activity should not extend to those matters which the people themselves, through private enterprise or their local or State agencies, are able to carry out.

"The present high tax rates leave inadequate incentive for investment, risk, economic effort and initiative. Their reduction will benefit the economy and yield increased revenues to the Government. In no case should the over-all rate on income of the individual or of the corporation exceed 50 percent and in due course should be reduced to not more than 35 percent.

"Exploration expenditures should be fully deductible and present limitations should be removed.

"New mines should be exempt from taxation for three years after the beginning of profitable operations.

"Capital gains should be taxed at more moderate rates.

"A reasonable and workable means of maintaining an adequate "mobilization base" in the production of critical and strategic metals and minerals must be worked out promptly. While each metal or mineral has different problems and each must be considered separately on its own merits, this mobilization base can be maintained in most minerals and metals by maintenance of a reasonable price. To accomplish this we favor enactment of excise taxes or flexible tariffs on imports, which may be suspended in whole or in part whenever prices are at an economic level that will permit the domestic mining industry to maintain such adequate mobilization base for national security. The use of direct subsidies will lead to eventual government control of industry. The nature of mining requires that the industry make long-range plans, and revocable or stopgap measures by the Government contribute little to the real problem.

"We believe continued operation of prospectors and small mining concerns is important because these smaller operations provide a pool of specialized knowledge and trained manpower available for the expansion of minerals production in the event of an emergency. Their activities also are the source of new mine discoveries of consequence.

"We oppose the withholding of public domain lands from mining location, either through creation of new withdrawals or maintenance of existing withdrawals, except in cases where the necessity therefore is clearly established. We further oppose the extension or continuation of any such needed withdrawal to any area in excess of that required to serve the particular purpose of the withdrawal. We consider as unwarranted many withdrawals precluding mining development on large areas even though undemonstrated objectives thereof may have been denominated as defense or conservation.

"We commend policies which open to mining location lands that had been closed, and urge careful review of contemplated or existing withdrawals to determine the extent to which the creating or maintaining of the withdrawals is actually needed, and also the extent to which lands to be included or retained in withdrawals may be opened to mining location under conditions which will protect the proper objectives of the withdrawal.

"We recommend an amendment to the General Mining Laws which will afford, prior to discovery, reasonable protection to one who is in good faith engaged in exploratory work.

"Correction of this gross (gold market) inequity by restoring to the American citizen the right to buy, sell and own gold without restriction, accompanied by termination of the sales of gold by the Treasury to industrial users, would be a simple step, involving no change in monetary policies with regard to gold, that would go far toward relieving the increasingly difficult plight of the gold-mining industry.

"It is necessary and desirable that mining ventures, whether in the prospecting, development or production stages, be permitted to raise funds for financing. Such financing should be done honestly, without misrepresentation or other abuses. Reasonable requirements to that end are appropriate but they should not be arbitrary nor should they unduly restrict honest efforts to obtain risk capital. We urge that the Securities and Exchange Commission fully recognize these objectives in redrafting its presently proposed Regulations, so that in endeavoring to prevent abuses it shall not prevent proper measures for raising needed capital for mineral ventures.

"We strongly urge that continued favorable action be taken to implement the sound recommendations of the Commission on Organization of the Executive Branch of the Government concerning the proper functions and policies of the executive departments and agencies. Only by such considered appraisal and evaluation can the competing and overlapping responsibilities be eliminated and economy and efficiency in the operation of our Government be achieved.

"If we are to bring about reduction of the cost of government to those who must support it, it is imperative that the essential functions of government be conducted without waste, extravagance or unnecessary expenditure."

E. AND M. J. METAL MARKET PRICES

	Nov. 1 <u>1956</u>	Month <u>Ago</u>	Year <u>Ago</u>
Copper, per lb.	35.8¢	39.6¢	42.8¢
Lead, per lb.	16¢	16¢	15-1/2¢
Zinc, per lb.	13-1/2¢	13-1/2¢	13¢
Tin, per lb.	112-1/4¢	103-1/2¢	96-1/4¢
Quicksilver, per flask	\$254-256	\$255-257	\$276-281
Silver, foreign, New York	91-3/8¢	90-3/4¢	91-5/8¢
Silver, domestic, per oz.	90-1/2¢	90-1/2¢	90-1/2¢
Platinum, per oz.	\$103-108	\$103-108	\$91-102
Nickel, per lb.	64-1/2¢	64-1/2¢	64-1/2¢
Molybdenum, per lb, in con.	\$1.18	\$1.18	\$1.05
Tungsten ore, per unit	\$55.00	\$55.00	\$63.00
Titanium ore (Ilmenite)			
per ton	\$26.25	\$26.25	\$20.00
*Chrome ore (48%, 3 to 1 ratio)			
per ton	\$115.00	\$115.00	\$115.00

*GSA guaranteed stockpile price. Not quoted by E. & M. J.