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

P. O. Box 1391
Juneau, Alaska

MINES BULLETIN

Vol. VII

October 1959

No. 10

MINING ACTIVITIES

FIRST DIVISION - Alaska will again produce uranium. The JOT Mining Co. of Oklahoma City is planning to mine and ship several thousand tons of ore from the Kendrick Bay Mining Co. pit at Bokan Mountain this fall and winter. Shipping will be to the Dawn Mining Co. plant at Ford, Washington. Bokan Mtn. is on the southern part of Prince of Wales Island. Operations were scheduled to start during the last week of September.

John T. Brockway and Sid Ellis are planning to diamond drill the Cobol Group gold property, formerly held for many years by Mr. and Mrs. George Bolyan. The Cobol roup is on the west coast of Chichagof Island on Slocum Arm.

A drilling operation has been in progress this summer on a large iron deposit some distance from tidewater in the Bradfield Canal country north of Ketchikan. The deposit was discovered a few years ago by local Ketchikan prospectors. Standard Slag Co. and C. T. Takahashi, Seattle importer-exporter, are reported associated in the venture.

FOURTH DIVISION - The USSR&M Co. has moved the Pedro Creek Dredge, No. 4, to Chicken Creek in the Fortymile. The boat was scheduled to start digging in the new location by September 15. Dredge 2, sunk on Fairbanks Creek last spring by ice-blasting, is now repaired and digging again. Dredge No. 8 on Engineer Creek will be through on October 30, apparently for keeps. Dredge No. 5 has mined out the company's ground on Dome Creek and has come to a permanent stop, according to news reports.

The new power plant, taking its energy from the Davidson Ditch water at Chatanika, is now in operation. The plant is a well-engineered installation, utilizing the water under a 550-foot head which turns two Pelton wheels of 68 inch outside diameter at 360 RPM, generating 1600 to 1700 kilowatts. A six-month operation is planned, with the ditch being drained before each winter.

Arctic Alaska Fisheries and Exploration Co., Inc. is the title for the lode operation of Rudy and Adolph Vetter and John Sheldon on the old Homestake property at the head of Wolf Creek. They are trucking the ore to the Cleary Hill Mine mill.

The Miscovich Brothers on Otter Creek at Flat are using a portable conveyor belt to facilitate their placer mining in a deep pit.

OIL NEWS

October 12 to 18 has been proclaimed by Governor Egan to be Oil Progress Week in Alaska.

T. S. Petersen, President of Standard Oil of Calif., has stated that Standard and Richfield are studying the proposed construction of a pipeline from the Swanson River Unit wells to Cook Inlet. He indicated that it would probably terminate on the coastline north of the town of Kenai and would cost from three to twelve million dollars.

The 2-mile buffer zone between the Gubik Gas Field and Pet 4 is to be placed for competitive bids. It amounts to about 9,000 acres.

Drilling equipment has been landed at Nulato, 100 miles up from the mouth of the Yukon, and is being moved 14 miles overland to the site of Nulato Unit No. 1.

A development contract of 465,000 acres in the Kuskokwim - Bethel Basin has been awarded to Pan American Petroleum Corp. It is called the Napatuk Creek Div. Contract. Pan Am must spend a minimum of $950,000 for exploration and drill 3 wells, beginning the first well prior to March 1, 1961. After the second well is started, half the total acreage must be released.

It is reported that Richfield will soon be granted a second development contract of 571,000 acres in the Katalla-Yakataga area. This is the second part of the former contract held by Phillips-Kerr-McGee.

Drilling News: Standard-Richfield drilling below 6,300 feet in Swanson River Unit No. 12-27 and 10,000 in SRU No. 32-15. Union-Ohio below 14,800 in Kenai Unit Well No. 1 and reporting a gas show. Anchorage Gas and Oil Dev. Co. testing gas shows at 1,650 feet in Rosetta No. 4. Alaska Consolidated Oil at 11,000 feet in Iniskin-Antonio Zappa No. 1. General Petroleum-Great Basins at 11,080 feet in Great Basins No. 1 near Becharof Lake and reportedly bottomed in granite -- building road to site of Great Basins No. 2. Richfield has rig on beach and is building road to site of Kaliakh No. 1 near Yakataga.

OIL AND GAS CONSERVATION REGULATIONS

The oil and gas conservation rules and regulations adopted Oct. 1, 1958 are now included in the Alaska Administrative Code, Title 11 (eleven). The wording of each regulation remains the same, but the system of numbering is changed. Each rule is now a section. The regulations are not yet printed in Code form, but information sheets are available indexing the new numbering system so that the regulations may be properly cited from their present mimeographed form. These sheets may be obtained from DM&M offices at Anchorage and Juneau.

Section 2061.1 of 11 Alaska Administrative Code states in part: "No well drilled for oil shall . . . . . be located closer than 500 feet to any boundary line of a governmental quarter section or governmental lot corresponding thereto . . . . ." Relief from this requirement may be requested, and a hearing will be held after proper notice. If no objections are presented, the section will be waived for the particular well site involved. The procedure is set forth in Section 2061.4.

OIL AND GAS LEASING INFORMATION

The Alaska State regulations for oil and gas leasing on State lands became effective September 14, 1959. A key map has been published showing the areas within which competitive bids for lease of tidelands will be held sometime near November 30. Township protractions for the areas shown on the key map are also published and available by purchase. Complete folios of the above items can be obtained from the Alaska Stationery and Publishing Co., P. O. Box 240, Anchorage, Alaska at the following prices: $3.50 each if picked up, $3.85 each if mailed to Alaskan points, and $5.25 each if sent by airmail to any point in the U. S. Considering the amount of material included, it's a real bargain.

Before October 20, the State Division of Lands would like to receive from the industry nominations of areas which are desired for lease. The nominated areas should be described by section, township, and range from the protraction sheets. After study of the nominations, the Division of Lands will decide which areas will be offered and what size the tracts will be. The nominated areas will be made public, but the identity of the nominees will be kept confidential. For further information, contact the State Division of Lands, 333 "D" Street, Anchorage, Alaska.

WITHDRAWAL INFORMATION

In our August Bulletin, we reported that the Army wanted a 607,000-acre withdrawal for missile shooting in the winter only, but that the withdrawal request stated that the withdrawal would be closed to all forms of entry. As a result of this item, we now have a letter from the Army stating that the U.S. BLM is being requested to change the notice so that it will state specifically "that the Army 3-month use will not restrict during the remaining nine months any normal filings or use appropriate under the Public Land Laws". This was the original intent of the Army, but for awhile it did not look as if it were working out that way.

Alaskans are finally going to be able to testify in their own State on the proposed 9-million-acre Arctic Wildlife Range. This has come about through the efforts of our Congressional delegation. The hearings will be conducted by the Senate Committee of Interstate and Foreign Commerce, Senator Bartlett presiding. Under consideration at the hearings will be several bills regarding transportation, and S. 1899, the bill that would establish the Wildlife Range. The presently proposed schedule of hearings is as follows: Oct. 20 at Ketchikan, Oct. 22 at Juneau, Oct. 24, 25, 26 at Anchorage, Oct. 27 at Seward, Oct. 28 at Valdez, and Oct. 29, 30, 31 at Fairbanks. It would certainly be advisable for all Alaskans interested in this matter to attend these hearings and present their views.

Alaska Senators Bartlett and Gruening introduced S. 2587, a bill to require an Act of Congress for any withdrawal of over 5000 acres by any Federal agency. This would put the same restrictions on other proposed withdrawals as are now applied to military withdrawals. We're for it.

On the National Wilderness Preservation System proposal before Congress, we quote the following information from the AMC Bulletin for Sept. 8:

> "WILDERNESS BILL ACTION POSTPONED: The Senate Interior Committee has postponed until next year any action on proposed legislation to carve from national forests and other public domain areas a vast wilderness system for virtually the exclusive use of well-heeled outdoor enthusiasts.
>
> "This decision, made known August 27, was preceded within less than a day by two developments of particular interest to mining men. The day before, Senator Dworshak (Rep., Idaho), ranking minority member of the Committee, announced his intention of offering amendments at the next Committee meeting which would provide, in effect, that nothing in the Act could affect the application of the mining laws to any lands included in the Wilderness system.
>
> "This was followed by a letter from Senator O'Mahoney (Dem., Wyo.), a member of the Committee, to Chairman Murray (Dem., Mont.) stating that "I think this matter (wilderness bill) is tremendously important and should not be finally handled until the next session....

When one considers the events of the last few years one knows that we are entering a new age and that nobody can determine what will be discovered in the way of natural resources in the near future in this vast area (of federally owned land)....I think we should hesitate to lock this up, or any part thereof, upon the plea of preserving a wilderness...."

Back on the proposed Arctic Wildlife Range again, the Federal Bureau of Sports Fisheries and Wildlife has requested further modification of the notice of withdrawal to preclude mining locations until on or after Sept. 1, 1960. This is the second or third time this has been done to keep prospectors out until the land is either withdrawn or turned back to public domain.

LAYCOCK GOLD CASE

Mrs. Gladys Laycock of Grant County, Oregon has been challenging in the courts the right of Congress and the Secretary of the Treasury to regulate the sale of gold. The U. S. Court of Appeals has upheld the decision of a lower court that the actions of the Treasury under the Gold Reserve Act of 1934 and the congressional actions were all constitutional and legal. Mrs. Laycock's allegation "that the price has ruined the gold mining industry, even if true, is beside the point," the appeals court said.

P. L. 167 AREAS FOR DETERMINATION OF SURFACE RIGHTS

Two more areas have been designated by the U. S. Forest Service for the determination of surface rights on mining claims under Public Law 167 of July 23, 1955. These are in addition to many earlier areas within the Tongass and Chugach National Forests, all reported in earlier issues of the Bulletin. Holders of claims staked prior to the date of the Act have 150 days from the starting date of publication to file verified statements if they wish to retain exclusive surface rights to their claims. Descriptions of the new areas follow:

Cleveland Peninsula Area: In general, all lands on Cleveland Peninsula south of an east-west line through the head of Spacious Bay.

Sitklan Island Area: In general, all lands south of a line through Ledge and Surprise Points, west of Bartlett Point, north of Garnet Point and east of Craig Rock.

ETCETERA

Copper, lead, and zinc are all up a bit. A few lead-zinc mines are starting or increasing production again. Tungsten went up suddenly, but late reports indicate that the flurry is about over and the tungsten price is likely to drop off again.

According to TIP (Timely Information on Petroleum), (a) in 1859, machines did only 38% of the Nations work....today petroleum lubricated machines do 99% of our work, and (b) with only 6% of the worlds population, we account for 39% of the world's commercial energy consumption.

Northern Pacific Railway is having 2570 square miles of its property in Idaho and Montana mapped by Photogeology.

The Alaska Reporting Service, P. O. Box 1082, Juneau is starting a weekly news bulletin covering State government activities, plans, hearings, etc.

The Office of Minerals Exploration has issued a new phamplet explaining its program of Federal assistance in mine financing. Up to 50% of the cost of exploration using sound procedures (including standard geochemical and geophysical methods) will be borne by the U. S. Copies may be obtained from OME, South 157 Howard Street, Spokane 4, Wash.

Precious metals are being used as ref lectors of infra-red radiation, according to the E&MJ. It says that gold, platinum and palladium are sprayed or painted on vulnerable surfaces of rockets, engine shrouds, drag-chute containers, tailcone assemblies, and blast shields. After baking, a metallic film four-millionths of an inch thick is left.

The U. S. Bureau of Mines has published Report of Investigation 5493, "Tin Placer and Lode Investigations, Ear Mountain Area, Seward Peninsula, Alaska." The purpose of the study was to outline the more favorable spots to help guide future prospecting. Analyses of drilling and sampling results are given. The report can be obtained from the Distribution Section, Bureau of Mines, 4800 Forbes Avenue, Pittsburgh 13, Pa.

E. AND M. J. METAL MARKET PRICES

	Sept. 24, 1959	Month Ago	Year Ago
Copper, per lb.	31.4¢	30.0¢	26.5¢
Lead, per lb.	13¢	12¢	11¢
Zinc, per lb.	12¢	11¢	10¢
Tin, per lb.	102.4¢	102.6¢	92.8¢
Nickel, per lb.	74¢	74¢	74¢
Platinum, per oz.	$76-80	$76-80	$55-60
Quicksilver, per flask	$223-226	$229-232	$237-240
Silver, foreign, New York	91.4¢	91.4¢	88.6¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢
Antimony ore, per unit	$3.10-3.20	$3.10-3.20	$3.00-3.10
Chrome ore, per long ton	$35-36	$35-36	$44-46
Molybdenum conc., per lb.	$1.25	$1.25	$1.18
Titanium ore, per ton	$23-26	$23-26	$23-26
Tungsten ore, per unit	$22-25	$19-22	$15-22