

MINES BULLETIN

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MINING ACTIVITIES

THIRD JUDICIAL DISTRICT - Plans are being formed to reopen the Fern Mines in the Willow Creek District. It will be a joint venture of the Drumheller interests of Spokane and Alaska Mineral Consultants of Anchorage. The Fern was one of the better Willow Creek producers. Caved openings will have to be cleared, and the original mill will have to be replaced.

According to a news report, John Baker, one of the discoverers of the Hayes Glacier molybdenum, announced that at least two mining firms have expressed interest in the property. Charles Herbert, Anchorage mining consultant, is quoted as saying that the size and quality of the showings on the surface justify a considerable amount of prospecting.

OIL NEWS

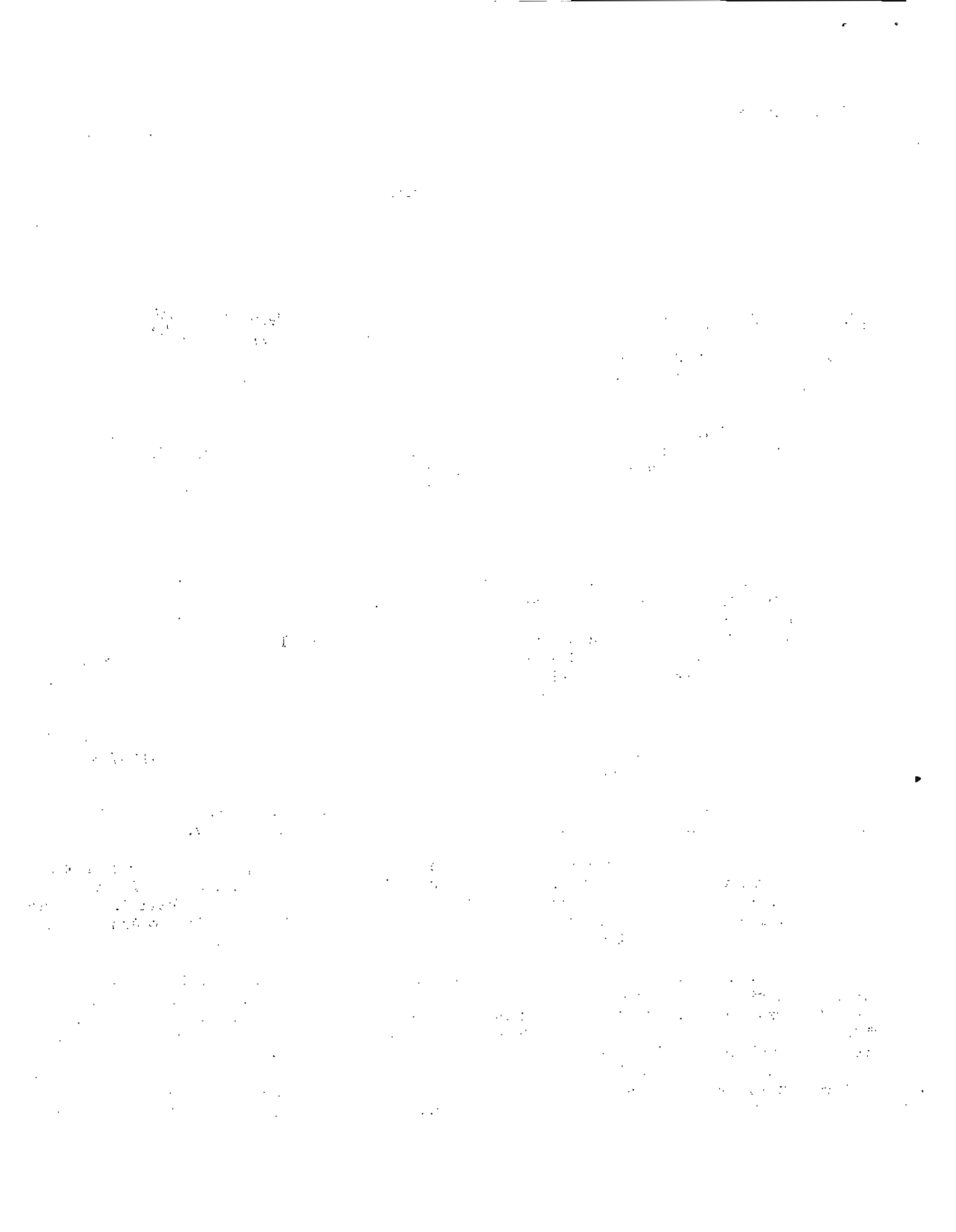
Requests for nominations for offshore leasing tracts have been distributed by the State Division of Lands to the petroleum industry. The present plan is to close nominations on March 31. Two sales will be held on the basis of these nominations--the first on July 13 and the second on December 7. Nominators should designate which areas they would prefer to have offered at which sale. The designated tracts to be offered at each sale will be announced on April 15. Further information should be obtained from the Division of Lands, 333 D Street, Anchorage.

In anticipation of increased drilling activity in the near future, Schlumberger Well Surveying Corp. has established a permanent office in Anchorage. The company is also increasing its facilities and equipment.

On January 1, General Petroleum combined with other members of the Socony Mobile Oil Company into a single nationwide firm named Mobile Oil Company.

Shell Oil Company received a development contract covering 450,000 acres on the coast line just west of the mouth of the Kuskokwim River. Upon obtaining 85% of the lands within the area, or such lesser amount that Shell deems sufficient, Shell is required to drill at least 3 exploratory wells and spend a minimum of \$950,000 prior to January 1, 1964. It must also relinquish one-half the acreage prior to that date.

Rep. Ralph Rivers (Dem., Alaska) has suggested in congressional hearings that Alaska be divided into 4 zones in each of which a company or individual could hold up to 246,080 acres, and also that the distinction between leases and options be eliminated. This is part of Alaska's continuing effort to get the maximum allowable acreages raised. The Department of Interior has not yet reported its views on this latest proposal, but it is well known that Interior is of the opinion that development contracts will cause more exploration and development to be done than will increased acreage allowances. Some interesting statistics in this connection are that since February of 1953, 10 wells have



been drilled within development contracts, 18 wells have been drilled outside of development contracts but within drilling units, and 6 wells have been drilled outside of both.

Drilling News - Standard-Richfield drilling below 11,150 feet in Swanson River Unit No. 14-27, 11,320 in SRU 23-22, and 10,990 in Soldotna Creek Unit No. 41-4. Richfield is below 11,000 in Kaliakh No. 1 near Yakataga. Benedum and Associates are below 4,580 in Nulato Unit No. 1 in the Koyukuk Basin. Four Seismic crews are busy on the Kenai Peninsula. Seismic work might be progressing by now in the Cook Inlet Bombing Range (about to be released) except that the swampy ground has never frozen hard enough this winter to support the equipment.

STATE LEGISLATIVE NEWS

We hoped to give a further report on the progress of proposals for boroughs this month, but we cannot. Several bills reflecting several theories on the subject have been introduced, and from where we sit, there seems to be no particular progress. We repeat our suggestion that this is a matter of importance to the future of the minerals industry and should be closely watched by miners and oil men.

HB 264 for a revolving mine loan fund is not yet out of committee. This bill was reported on last month.

HB 334 to broaden the scope of the 1959 Access Road Act has made no progress either, but HB 343 by Mrs. Fischer and Mr. Hurley was introduced calling for access roads into other natural resources areas in addition to those rich in minerals and for an appropriation of \$1,000,000. Then HB 366 by a Special Committee on Pioneer Access Roads broadened possibilities even further, but left the approval of construction, relocation, or repair of pioneer roads to the Commissioner of Natural Resources and construction to be done by the Department of Public Works. HB 308 was introduced by Rep. McCombe and Rep. Fischer for a \$100,000 appropriation for the Act as passed last year.

HB 333 to repeal the Uranium Bonus Act passed the House.

HB 339 to allow for geophysical, geochemical, and geological assessment work came out of one committee with a "do pass" and is now in the House Judicial Committee. SB 150 to change the assessment work date to September 1st to conform with the Federal law was passed by the Senate and is also now in the House Judicial Committee.

SB 153 to amend the Oil and Gas Conservation Act with respect to the filing and holding of confidential drilling and well information passed the Senate and is now in the House Judiciary Committee. This bill will undoubtedly be amended before going further. It will require well drilling information to be filed with the State within a 30-day period, but will also require the State to keep confidential information as such for 24 months.

SB 181 to relieve the oil and gas industry from paying the mining license tax passed the Senate and is now in the House Finance Committee. The oil companies pay a production tax of 1% of the value of the oil and gas at the well head and also a conservation tax of 5 mills per barrel of oil and 50,000 per cu. ft. of gas. The purpose of the bill is to insure that the industry is not charged with the mining license tax also.

SB 190 to change the examination and certification of construction industry explosives handlers from the Division of Mines and Minerals to the Department of Labor was introduced.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for the transparency and accountability of the organization. This section also outlines the various methods and tools used to collect and analyze data, ensuring that the information is reliable and up-to-date.

2. The second part of the document focuses on the implementation of internal controls and risk management strategies. It details how these measures are designed to prevent fraud, minimize errors, and protect the organization's assets. The text provides a comprehensive overview of the risk assessment process, including the identification of potential threats and the development of mitigation plans.

3. The third part of the document addresses the role of the audit committee and the external auditors. It explains how the audit committee oversees the financial reporting process and ensures that the organization's financial statements are accurate and compliant with applicable laws and regulations. The text also discusses the scope and objectives of the external audit, highlighting the importance of independent verification of the financial data.

4. The fourth part of the document discusses the importance of communication and reporting. It emphasizes that clear and timely communication is essential for the effective management of the organization. This section outlines the various channels and methods used to disseminate information, ensuring that all stakeholders are kept informed of the organization's performance and activities.

5. The fifth part of the document discusses the importance of continuous improvement and monitoring. It emphasizes that the organization must regularly review its processes and procedures to identify areas for improvement and implement changes as needed. This section also outlines the various metrics and indicators used to monitor the organization's performance and ensure that it remains on track to achieve its strategic goals.

HB 341 to amend Chapter 122 of last session to change the Division of Economic and Tourist Development from the Department of Natural Resources to the Department of Commerce was given a committee "do pass" and is now in the House Finance Committee. This bill would also take from Natural Resources certain authority to contract for research projects.

A bill to allow the Department of Natural Resources to make and enforce rules and regulations in the field of mining operations for purposes of safety and mineral conservation is expected to be introduced shortly. The regulations, of course, would be made and adopted under the provisions of the Administrative Procedures Act which allow for public notice and hearings.

RB 363 by Mr. Hurley would allow for the sale or lease of State coal or oil lands to public utilities at less than the appraised values.

CONGRESSIONAL NEWS

S. 2587 is a bill which would require an act of Congress to approve public land withdrawals in excess of 5,000 acres for any project or facility of any department or agency of the government. It originally was introduced by Senators Gruening and Bartlett of Alaska, but now has an additional 35 Senators co-sponsoring it. Early hearings on the bill are being requested. Similar bills in the House are H.R. 9021 by Aspinall (Dem., Colo.) and H.R. 9772 by McDowell (Dem., Del.).

H.R. 9352, a bill by Moulder (Dem., Mo.), would repeal sections 611, 612, 613, and 614 of the Internal Revenue Code. This would repeal not only the deductibility of percentage depletion, but also the deductibility of cost depletion.

H.R. 9597 by Baring (Dem., Nev.) would require the Secretary of the Interior to impose import quotas and make incentive payments and/or authorize barter contracts as necessary to maintain or increase domestic mineral production when he determines (1) that such production is being reduced by competing imported products or economic conditions and (2) that maintenance or increase of such production would benefit the national defense and/or economy.

H.R. 9598 by Baring (Dem., Nev.) would arrange for financial assistance for the owners of shutdown mines under certain circumstances having to do with how the loss of the minerals concerned would affect the national economy and defense and other matters. A similar bill in the Senate is S. 2858 by Murray (Dem., Mont.).

S. 2885 by several Senators would establish an Office of Coal Research within the Dept. of Interior to provide for and encourage research to determine improved means of producing and utilizing coal.

Hearings were held on H.R. 3375, which would empower the Secretary of the Interior to contract for coal research and to authorize an appropriation of \$2 million for it. The Dept. of Interior supports the bill and states that the money would be requested. The House Interior Committee reported the bill out favorably.

S. 2549 would set up a Council of Resources and Conservation Advisors to report annually to Congress on means for the purpose of creating and maintaining conditions under which there would be conservation, development, and utilization of the Nation's natural resources.

H.R. 4251 by Baker (Rep., Tenn.) would liberalize the rules for allowing tax deductions on exploration expenditures.

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NEW REPORT

The U.S. Bureau of Mines has published Information Circular 7926, Placer Mining in Alaska. It covers methods and costs at operations using hydraulic and mechanical excavation equipment and also nonfloating washing plants. It is well illustrated with diagrams and photographs, which add to the text in the descriptions of how it's done. Unit costs of moving gravel are cited. Maintenance, fuel, and other costs are also given. This report was the result of a cooperative enterprise between the University of Alaska School of Mines Research Department and the USEM. It may be obtained from the U.S. Government Printing Office, Washington, D.C. for a price of 30¢.

WITHDRAWALS

The congressional bill authorizing the nine-million-acre withdrawal for wild-life in the NE corner of Alaska passed the House. Senator Bartlett (Dem., Alaska) has declared that the bill will not move out of his committee until he receives answers to questions on the following points:

1. Size
2. How game can be best protected
3. Whether State or Federal government will administer it
4. Will mining really be permitted, or hamstrung by regulations

Bartlett has been trying to arrange a conference with Interior Secretary Fred A. Seaton on these issues.

Senator Bartlett and Rep. Rivers (Dem., Alaska) introduced bills in the Senate and House, respectively, more than a year ago to open Naval Petroleum Reserve No. 4 to mineral leasing and exploration. President Eisenhower, the Navy, and the Dept. of Interior are all in favor, and progress was apparently being made when the Budget Bureau called a halt to the matter. A scheduled hearing on the legislation was cancelled as a result of the Budget Bureau's unexpected opposition. Senator Bartlett blames election year politics for the holdup. Pet 4 contains 24 million acres.

GOLD

The interest continues to grow. Petitions are being circulated in Interior Alaska for \$105 gold. A memorial has passed the State House of Representatives for a gold subsidy. More and more questions and speculations are being heard as to what effect various raises in the price of gold would have. The extra-large outflow of gold from the U.S. Treasury is pointed out by many as a reason why the price should be raised.

One authority says that gold has mostly gone to Europe where it has helped stabilize the currencies there, which is good, but that this has resulted in the U.S. making payments that we cannot afford indefinitely. These large gold payments have brought about an entirely new situation in world finance that calls for a new appraisal of domestic and international financial and economic policies. The willingness of the people of other countries to hold dollars rather than gold depends upon their confidence in the U.S. and the U.S. Federal Reserve System. Now that the economies of other industrial nations are strong, the U.S. is discovering that it is not as easy to settle its accounts as formerly, and that it is subject to balance-of-payments discipline the same as the other nations.

With regard to the Federal Reserve System (or Board), another authority has pointed out that it has been able to help us out of the recessions of 1949, 1954, and

1957 by reducing interest rates--thereby making money and credit easier and cheaper. Then in inflationary times, the FRB has put clamps on money and credit to slow things down. Now, however, under the new international picture as sketchily illustrated in the preceding paragraph, the FRB may no longer be able to carry out these manipulations. If we should have a recession, and the FRB should again lower interest rates, the action could cause foreigners to withdraw their balances, especially if interest rates are higher in other countries. At the same time, holders of dollars all over the world could lose confidence in U.S. financial affairs and start a money panic. The rush to convert dollars to gold would commence. So the FRB will have to make future moves much more carefully and may find it has lost its power to counteract recessions.

ETCETERA

The University of Alaska School of Mines is giving the highlights of its Mining Extension Course on TV in Fairbanks at 6 to 6:30 each Thursday. Subjects covered are prospecting, mining, geology, mineralogy, and metallurgy.

A press release states that \$3,532,000 worth of Mission 66 park development projects have been completed or are underway in Mt. McKinley National Park and that another \$4,664,000 worth are planned. A second release states that visitors to the Park numbered 25,906 in 1958 and 25,819 in 1959.

E. AND M. J. METAL MARKET PRICES

	<u>Feb. 25</u> <u>1960</u>	<u>Month</u> <u>Ago</u>	<u>Year</u> <u>Ago</u>
Copper, per lb.	33.1¢	33.8¢	30.1¢
Lead, per lb.	12¢	12¢	11¢
Zinc, per lb.	13¢	13¢	11¢
Tin, per lb.	101.1¢	100.4¢	104.8¢
Nickel, per lb.	74¢	74¢	74¢
Platinum, per oz.	\$82-85	\$77-80	\$67-75
Quicksilver, per flask	\$213-216	\$211-213	\$218-223
Silver, foreign, New York	91.4¢	91.4¢	90.5¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢
Antimony ore, per unit	\$3.30-3.35	\$3.30-3.35	\$3.10-3.20
Chrome ore, per long ton	\$35-36	\$34-35	\$40-42
Molybdenum conc., per lb.	\$1.25	\$1.25	\$1.25
Titanium ore, per ton	\$23-26	\$23-26	\$23-26
Tungsten ore, per unit	\$22-24	\$22-24	\$19-22