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

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MINES BULLETIN

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HEARINGS SCHEDULED ON PROPOSED MINING REGULATIONS

Public hearings on proposed State mining regulations will be held jointly by the Division of Lands and the Division of Mines and Minerals in five cities during November. The purpose of the hearings is to obtain the views and opinions of miners, prospectors, and other interested persons on the proposed regulations which will govern mining rights and mining leases on State-owned lands. The regulations will provide for the manner of staking and holding claims on lands where claim staking is allowed, and for mining leasing procedures and rentals on lands so classified that mineral rights must be leased. Mining leasing on tide and submerged lands will also be covered.

It is emphasized that the proposed regulations will affect only mineral locations on lands owned by the State, and will not affect claims or mining activities on Federal lands. Neither will they affect coal mining nor the other so-called "leasable minerals." Since the prospector will often not know whether his discovery in on Federal or State land, and to lessen the confusion between the requirements for the different lands, the proposed regulations have been drafted to be as similar as seems practical to the Federal requirements. However, we invite the comments of all who are interested in the future of mining on State lands. One item which will be of particular interest is a proposal to increase the assessment work requirements. Other subjects to be included in the regulations are: qualifications of locators, permittees and lessees; lode and placer claim staking; mining leasing on uplands and on tide and submerged lands; rental and royalty rates; mill sites; water rights; general regulations; and practice and procedure.

While not subject to regulation at this time, the subject of extra lateral rights will be discussed at the hearings. We hope to get a cross-section of the industry's opinion on whether this feature should be eliminated from the laws governing mining on State-owned lands. Such legislation could be introduced if the industry favors it.

Copies of the proposed regulations may be obtained by requesting them from the Division of Mines and Minerals at Box 1391, Juneau, Alaska or the Division of Lands at 340 Sixth Avenue, Anchorage, Alaska. Written comments by those who wish to submit them in advance or at the hearings will be gladly accepted and fully considered. If sent in advance, they should be mailed to the Division of Mines and Minerals. The hearings are scheduled as follows: Ketchikan on November 7 at 9:30 AM in the Council Chamber at the City Hall; Juneau on November 8 at 2:00 PM in Room 218 at the Municipal Building; Fairbanks on November 14 at 9:00 AM at the Traveler's Inn; Nome on November 16 at 9:30 AM in the Court Room at the U. S. Court House; and Anchorage on November 18 at 9:30 AM in the Loussac Library.

OIL NEWS

During the month of September the Division of Mines and Minerals approved applications for permits to drill the following eight wells:

Richfield Oil Corp., Kaliakh River Unit #2 Directional Redrill
Standard of California, Swanson River Unit #32-27
Standard of California, Soldotna Creek Unit #34-33
Union of California, Kenai Unit #13-4, #41-19, and #34-12
Union of California, Knik Arm #1 and #2

To date during 1960, this Division has approved a total of twenty-one applications for permits to drill, while at this time in 1959 only eight applications had been approved.

There were no completions during the month of September, however, one development well was completed during the last of August bringing the State's total to eleven oil producers. Standard Oil Company of California, Operator, Well No. Swanson River Unit 32-33, Sec. 33, T8N, R9W, was completed, flowing at an MER of 500 barrels per day of 34-degree gravity oil.

CURRENT DRILLING ACTIVITY

Operator	Well No.	Status
Colorado Oil & Gas	Dangerous River Unit	Drilling @ 6600'
Halbouty Alaska	Alaska Oil & Minerals King Oil Inc. 1-B, 24-21	Testing WSO. T.D. 14,019'
Richfield	Kaliakh River Unit 2 RD	Drilling @ 5900'
SOCAL	SCU 12-9	Drilling @ 10,410'
SOCAL	SRU 12-15	T.D. 11,383' testing WSO
SOCAL	SRU 12-34	Drilling @ 8539'
Union	Knik Arm 1	Preparing to run surface casing

NEW GAS FIELD DISCOVERY - On September 26, 1960, Mr. Thomas Kelly, Resident Manager for Halbouty Alaska Oil Company, announced that his company had made a new gas field discovery when Well No. "Alaska Oil and Minerals - King Oil Inc. 1-B" 24-21, Sec. 21, T6N, R9W, SB&M was completed, flowing gas at an estimated rate of 80,000 Mcf per day from a perforated interval 5020 to 4992 feet. Originally the well had been drilled to 14,019 feet to test the Hemlock zone and was subsequently plugged back and completed in an upper gas sand in the Kenai Formation of Eocene age.

TYONEK BOMBING RANGE SELECTION MADE - On August 29, 1960, the State of Alaska filed for 841,482 acres of the 1,210,000 acres within the former Tyonek Bombing Range which was released from Federal control by the Secretary of the Interior on July 18, 1960. Of the total acreage selected by the State, 687,155 acres were filed under the general grant authorized by the Statehood Act and 154,327 acres were filed for the Mental Health program.

The Mental Health selections were made within an area over which most of the geological field party work and seismic shooting has been accomplished. Following approval

of the State's selections by the BLM, the State will hold a competitive oil and gas lease sale covering a portion of the Mental Health lands. Conditional leases will be issued the successful bidders pending patent of the lands following perimeter surveys.

PAN-AM PLANS TEST FOR NAPATUK CREEK DEVELOPMENT CONTRACT AREA - The Pan-American Petroleum Corporation's Canadian Division, which administers the company's Alaskan operations, announced this week they are planning a further program of exploration of the Napatuk Creek Development Contract area including the "possible" drilling of a test well. A National 125 drill rig, owned and operated by Rowan Drilling Company, left Seattle on a converted LST of the Foss Launch & Tug Company of Seattle and arrived at the confluence of the Johnsen and Kuskokwim Rivers south of Bethel on September 8. The well will be drilled after freeze-up so that the rig and other heavy equipment can be trucked over the marshy terrain to the test site, some 20 miles from the rig unloading point. The area is lake-dotted and 60% under water.

The Bethel Basin is a typical Mississippi deltaic-type area with a veneer of vegetation underlain by siltstone with few surface outcrops. Pan-Am has carried on considerable exploratory work, starting with a preliminary program during 1957. In 1958, the company conducted both aerial magnetometer and surface geology work. A seismograph crew operated in the area with swamp buggies during the summer of 1959, and Pan-Am has had a Western Geophysical seismic crew in the area this summer.

ALASKA GULF OIL AND GAS WELL NO. 1 WELL RECORDS RELEASED - During September 1960, the DM&M released the core record, sample description, and electric log of the subject well which is located in Sec. 4, T15N, R3W, SB&M and which was drilled to 3855', after being spudded on June 26, 1955. These records are for sale through the two oil industry reporting services in Anchorage.

TRUCK-MOUNTED RIG DRILLING KNIK ARM NO'S. 1 AND 2 - A Failing 2500 truck-mounted rig owned by the Tri-City Drilling Company of Edmonton, Alberta, Canada is presently being used to drill Union Oil Co. of California's Knik Arm No. 1. The well was spudded on September 23, 1960. The drilling of this well fulfills Union's first well obligation under the Knik Arm Development Contract. The sites of Knik Arm No's. 1 and 2 are 20 miles due north of Anchorage, just south of Big Lake.

READING AND BATES BRINGS NEW RIG TO ALASKA - Standard Oil Company of California has announced that a National 110 rig owned by Reading and Bates of Tulsa, Oklahoma, is being moved from Mississippi to the Kenai Peninsula and will be used to drill in the Swanson River Field. The rig is scheduled to arrive the first week of October.

ARCTIC WILDLIFE RANGE

A new move has been made regarding the future of the long-discussed proposal to set aside 8½ million acres in the northeast corner of Alaska for an Arctic Wildlife Range. Governor Egan has requested Secretary Seaton to take such action as is necessary to make the desired lands available for State selection. He made the request by letter dated September 24, and pointed out that our State laws and regulations have the necessary flexibility to manage the area in the interest of true conservation. If Secretary Seaton agrees to the Governor's request, the State will open the area to mineral exploration for a limited period of time and under such safeguards "as will keep the area unspoiled and will not permit the destruction of wildlife and wild values." Governor Egan further pointed out that our State Constitution says, "The Legislature shall provide for the

utilization, development, and conservation of all natural resources belonging to the State, including land and water, for the maximum benefit of the people" and then went on to say that it is doubted that such administration can be attained under existing Federal laws and regulations as they apply to Alaska.

STATUS OF PIONEER ACCESS ROAD PROGRAM

Feasibility and cost studies of recommended projects under the PAR Program are being made by Department of Public Works personnel. Field investigations are conducted by John Larsen of that agency and he is now being assisted by Public Works engineers in the various districts throughout the State. In some cases it appears that project costs will be much higher than original estimates because of existing field conditions and/or inability of applicants to provide participating equipment or labor. In these cases, justification of the project on a benefit-cost ratio must be reviewed by the Department of Natural Resources.

The Maclaren River project (under the 1959-60 Fiscal Year program) will be about half completed by the time winter weather halts construction. Alternate routing of the Goose Bay-McKenzie Point road is being studied. The Soldotna airport-recreation project is about complete, and the Eagle River project should be completed this fall. Work should start soon on the Pittman-Fishhook, Gilmore Trail, North Pole-Midacres, and Goldstream Valley projects. The Eureka-Rampart, Teller-Lost River, and Delta-Clearwater projects are currently under field examinations.

GOLD

Various news reports have made us more concerned than ever about the gold situation. Foreign buyers reduced America's gold hoard by another $181 million in the past week (the highest weekly withdrawal since 1931), and some officials foresee a heavier drain in the weeks ahead. The Federal Reserve reported on September 23 that U. S. gold stock stood at $18,758,000,000. This represents a drop of $564 million since July 1, compared with a decline of only $134 million in the first six months of the year. Since $11.5 billion of gold is required to back the nation's money, there is a surplus of $7.2 billion which can be used to fill foreign orders.

Higher interest rates in Europe attract American dollars, a certain portion of which, in the hands of European banks, buy American gold. The persistent deficit in the U. S. balance of international payments contributes to the accelerated purchase of gold from the U. S. For the third consecutive year, the U. S. is spending, lending, and giving away several billion dollars more than it receives from foreign sources. Some of this surplus is also being converted to gold. Until recently buyers were able to buy gold cheaper from London. Now the London price is above the statutory American price, which may prompt more gold purchases from the U. S.

All told, foreign nations have about $21 billion in short term claims against the U. S. Theoretically, they could turn all these into gold. If and when the Federal Reserve Board decides the time has come to take strong anti-recession measures it will find itself in a new position. It will no longer have the complete freedom it once had to push interest rates down to push business up. In doing so, it might further increase the worrisome outward flow of U. S. gold.

ETCETERA

The Bachner Company, 845 L Street, Anchorage is calling for sealed bids until 3:00 PM October 15 for the purchase of buildings or milling equipment located at Jakolof Bay, 20 miles east of Seldovia. This is the installation which was used for concentrating the chromite in the recently-closed Kenai Chrome Company operation. Further information should be obtained from The Bachner Company.

News items have it that six cars of coal per day are being shipped from Healy to the new Clear site power plant, and that the consumption will be increased.

An Anchorage firebrick firm has been investigating the clay possibilities in the Healy region.

Coal needs for the City of Fairbanks and the Independent School District will be supplied this winter by Usibelli Coal Sales Corp. at $14.08 per ton.

S. 3469, which passed the Senate but died in the House when Congress adjourn provided for the sale by the Secretary of the Interior of public lands that are mineral in character, with reservations of the mineral rights to the government. Under existing law, while sales of lands are permitted at public auction, the regulations do not cover mineral lands in Alaska. Interior recommended passage of the bill.

The USGS has published a "Progress Map of the Geology of the Wiseman Quadrangle" in open-file form. It can be seen in the usual offices and reproductions will be made at private expense at the Alaskan Geology Branch, U.S.G.S. 345 Middlefield Road, Menlo Park, California.

E. AND M. J. METAL MARKET PRICES

	Sept. 22, 1960	Month Ago	Year Ago
Copper, per lb.	33.0¢	33.0¢	31.4¢
Lead, per lb.	12¢	12¢	13¢
Zinc, per lb.	13¢	13¢	12¢
Tin, per lb.	102.3¢	102.5¢	102.4¢
Nickel, per lb.	74¢	74¢	74¢
Platinum, per oz	$81-85	$81-85	$76-80
Quicksilver, per flask	$209-212	$209-212	$223-226
Silver, foreign, N.Y.	91.4¢	91.4¢	91.4¢
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	$36-38	$35-36	$35-36
Titanium ore, per ton	$23-26	$23-26	$23-26
Tungsten ore, per unit	$24-25	$24-25	$22-25
Molybdenum conc. per lb.	$1.25	$1.25	$1.25
Beryllium ore, per unit	$46-48	$46-48	$46-48