

**PROPERTY OF
LIBRARY
STATE OF ALASKA
DIVISION OF
GEOLOGICAL SURVEY**

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

P. O. Box 1391
Juneau, Alaska

MINES BULLETIN

February, 1961

Vol. IX

No. 2

MINING ACTIVITIES

SECOND DISTRICT - The Far North Mining Company will not operate at Candle again in 1961. The operators, Fred Parker and Jack Raymond, are in South America investigating mining properties there.

THIRD DISTRICT - Bear Creek Mining Company, Kennecott subsidiary, has announced the opening of an exploration office in Anchorage. Mr. George A. Moerlein is in charge and will represent Bear Creek in all its Alaskan business except for the exploration at the Ruby Creek copper property. Until office space is obtained, Mr. Moerlein's business address will be 1413 Valarian, Anchorage, his home. The company states that this is a step toward intensification of its work in Alaska. This is the first establishment of a year-around mining exploration office in Alaska since the War, and is a good sign for the future of mining in Alaska.

FOURTH DISTRICT - Little Squaw Mining Company has purchased the tractors and other equipment of Hugh Matheson in the Chandalar District and will continue its development of the Mikado and Little Squaw gold lodes in the coming season. The second year of underground development and sampling brought very promising results. A total of 655 feet of drifting and cross cutting was done on the Mikado alone, and assay results indicate some blocks of ore that will be minable if results of further development are as good. In addition to more underground development, surface trenching and road building are planned with the bulldozers. The gold lodes of the Chandalar have been known almost since the turn of the century, but this will be the most ambitious project in that district to date. It is also the most ambitious lode gold project anywhere in Alaska for many years. Eskill Anderson of Spokane is directing the work, and Frank Birch, mining engineer, is in charge at the properties.

MINING REGULATION HEARINGS

This is the last call for the final hearings on our proposed new regulations for claim staking and mining activities on lands that will be owned by the State. The redraft of the proposed regulations resulting from the first round of hearings has been distributed to all who have shown an interest in the subject to date. The hearings are scheduled as follows: Juneau, February 6, 9:00 AM, Municipal Building; Anchorage, February 7, 9:00 AM, Loussac Library; and Fairbanks, February 8, 9:00 AM, Travelers Inn. Please note that the Juneau date has been changed since our last Bulletin was published. We hope for a good attendance and much testimony at these hearings, for some of these regulations are a rather broad departure from conventional U.S. and State mining law, and may set a trend in other mining States. We continue to emphasize that these proposed new regulations will not affect claims now in existence, nor claims staked in the future on Federal public domain.

HAVE YOU SENT US THE PINK PAGE FROM LAST MONTH'S BULLETIN?

If not, and if we do not hear from you by February 28, we will assume you are no longer interested in receiving the Bulletin and will drop your name from our mailing list.

OIL NEWS

During the month of January the Petroleum Branch of this Division approved the following applications for permit to drill:

Standard Oil Co. of Calif., Opr.	"Soldotna Creek Unit" 12-4 (12)
	"Soldotna Creek Unit" 12-3 (13)
	"Swanson River Unit" 41-33 (17)
Union Oil Co. of Calif., Opr.	"Kenai Unit" 44-18 (6)

This represents an increase of 300% over the same period during 1960 and reflects what is anticipated by this Division will be the general trend in drilling for 1961.

Standard Oil Co. of California, Operator, announced the completion of the ninth well in the Soldotna Creek Unit when well No. "SCU" 32-9 was completed on January 16, 1961 flowing at a calculated MER of 750 barrels per day. The number of wells completed from the Hemlock Zone now totals nineteen.

Union Oil Co. of California, Operator, has apparently defined the southern limits of the Kenai Gas Field. Well No. "Kenai Unit" 41-19 was abandoned after reaching a total depth of 5,653 feet and shallow sands in the upper Kenai formation found barren. The well was plugged back to 1,817 feet and redrilled and completed as well No. "Kenai Unit" 44-18.

Drilling Activity as of January 27:

<u>Operator</u>	<u>Well No.</u>	<u>Status</u>
Richfield	Kaliakh River Unit 2RD	Drilling @ 11,560'
SOCAL	Falls Creek 1	T.D. 8,608' fishing
SOCAL	SCU 32-8	Drilling @ 8,354'
SOCAL	SCU 43-33	Drilling @ 7,250'
SOCAL	SRU 23-27	Drilling @ 11,323'
SOCAL	SRU 41-33	T.D. 3,035', 13-3/8 cem. 2,104', standing cemented
Union	Kenai Unit 44-18	T.D. 6,020', 7" cem. 6,006' Testing WSO, preparing to complete

Leases dropped - Since the first of January this year, approximately 250,000 acres covered by Federal oil and gas leases have been relinquished primarily for nonpayment of the fourth year rental. The majority of this acreage is in the Cook Inlet and Copper River Basins. A good portion of this acreage is being picked up by the major oil companies. It is interesting to note that the new leases are at the new rate of 50¢ per acre per year.

Different gas rate offered - The City of Anchorage City Council has decided to build a 6500 KW gas turbine generation plant either in the city or on the Kenai Peninsula near the source of the gas. Standard Oil Co. of California has reportedly offered 16¢/MCF as a wellhead price while the Anchorage Natural Gas Corporation quoted 55¢/MCF for similar volumes of gas delivered in Anchorage.

Shell drops contract - On December 19, 1960, the Shell Oil Company in a letter to the Secretary of the Interior advised that the company was terminating its Kuskokwim Development

Contract. The contract area covered approximately 450,000 acres along the Bering Sea near the mouth of Kuskokwim Bay. A company spokesman explained that Shell suspended its search for oil in the contract area because "preliminary explorations were not as encouraging as expected." However, it is noted that Shell is retaining its acreage.

January lease sale results - On January 25th, the State Division of Lands held a special competitive oil and gas lease sale for the University of Alaska which involved 3 small tracts totaling 400 acres, all within the approved Falls Creek Unit area. Standard Oil Co. of California and Richfield Oil Corporation jointly submitted the high bids on the three tracts totaling \$271,614.40. The total bid on the same three tracts by Union Oil Co. of California - Ohio Oil Co. was \$32,020.35, while Texaco, Inc. bid \$24,200.00 on the same tracts. One individual bid \$1,500.00 on the smallest tract. The average per acre bid by the high bidder was \$679.04. The University Board of Regents has approved the issuance of the leases by the Division of Lands on the tracts offered.

Next lease sale - The State Division of Lands announces as follows regarding proposed sales in the Tyonek area: "If tentative approval (of State selection of lands involved) is received by March 1, this should permit holding the first sale not later than early June. In view of the need for definite information so that seismic and other exploratory work can be programmed, the State Division of Lands is hereby notifying all who are interested that the sale will not be held prior to May 15th. This sale will take the place of the July sale. There will be no other areas included in this sale unless nominations are received prior to announced closing date for nominations."

Mink, a luxury, is taxed 10%. The Federal tax alone on gasoline, a necessity, is 19%.

STATE LEGISLATURE ACTIONS

At the time of writing, the Second State Legislature is one week old. Among bills introduced which will be of interest to the minerals industries are the following which will serve the indicated purposes if passed. We will report further on them next month.

- SB 19: Provides for increased tax on motor fuel.
- SB 28: Increases minimum wage from \$1.50 to \$1.75 per hour.
- SB 29: Increases ESC benefit duration.
- SB 30: Increases ESC benefit amounts.
- SB 34: Repeals mining license tax law.
- SB 35: Provides \$5 incentive payment per ounce for gold.

- HB 7: Takes Pioneer Access Road function away from Department of Natural Resources
- HB 35: Blue Sky Law change. Requires registration of securities. Puts teeth in existing law.
- HB 40: Raises State income tax to 16% of the Federal.
- HB 43 to 47, incl.: Bonding issues totaling \$30.5 million.
- HB 60: Sets forth method of collecting unpaid taxes of the old 1949-53 property tax, including the unpaid taxes on many unpatented mining claims.

Several bills have been introduced for the establishment of boroughs, and more will come. Boroughs will be another level from which taxes can be assessed.

GOLD

Rep. Rivers (Dem-Alaska) has introduced H.R. 2573 in Congress to raise gold to \$70 per ounce and to require the Treasury to charge \$70 for the gold it sells. Other bills have been introduced calling for a free market for gold, to remove all restrictions against holding or treating it, and to ban the sale of Treasury-held gold for commercial use or for arts. Some bills would have the Treasury pay an incentive of \$35 per ounce above the established monetary value. A bill has also been introduced which would repeal the Silver Purchase Act of 1934 and other laws providing for Treasury purchases of silver at specified prices. See also State SB 35, above.

WITHDRAWALS

Secretary of the Interior, Fred A. Seaton, on January 17 asked Congress to approve his administrative action of December 7, 1960 when he established the Arctic National Wildlife Range in Alaska. Seaton, in a letter to House Speaker Sam Rayburn, said that when he established the Range he recommended legislative action, and he said Congress should give statutory protection to the Range and should allow mining under appropriate safeguard to protect conservation values. Members of the Alaskan Congressional Delegation and Governor Egan have requested the new Secretary of the Interior, Stewart L. Udall, to review Secretary Seaton's action in creating the withdrawal.

Alaska Representative Ralph J. Rivers introduced a bill on January 23rd in the House of Representatives to abolish NPR-4 and place the land under jurisdiction of the Department of the Interior. This would make it possible for the issuance of mineral leases. The measure would not affect the status of present permits and licenses on parts of the Reserve, and it would continue to allow Federal agencies at Barrow to use natural gas from the Barrow Gas Field without charge.

Rep. Rivers has also introduced bills in Congress to provide for the military withdrawals of 572,000 acres near Big Delta, 256,000 acres in the Ladd-Eielson area, 4,706 acres in the Campbell Creek area, 607,800 acres 40 miles east of Fairbanks, and 51,500 acres in the Granite Creek area. In each of these proposed withdrawals, if granted, mining and mineral leasing will be prohibited. The State of Alaska has requested its Congressional Delegation to amend these bills to require decontamination of the areas before they are restored to public use.

Bills for establishing a National Wilderness Preservation System are again being introduced in Congress. One of them is S. 174 by Senator Clinton Anderson, new chairman of the Senate Interior and Insular Affairs Committee. Senator Anderson has served notice he will do all he can to push this legislation. The new Secretary of the Interior, Udall, is quite interested in the passage of wilderness legislation, and has also stated that he believes in the multiple-use concept.

MINERAL PRODUCTION IN ALASKA

	1959		1960 (1)	
	Quantity	Value (Thousands)	Quantity	Value (Thousands)
Clay-----short tons	180	\$1	1,000	\$8
Coal, bituminous-----thousand short tons	660	5,869	669	5,950
Copper (2)-----short tons	36	22	17	11
Gold (2)-----thousand troy ounces	179	6,262	180	6,300
Mercury-----76-pound flasks	3,743	851	4,450	938
Natural Gas-----million cubic feet	133	16	225	26
Petroleum, crude-----thousand barrels	187	295	600	1,470
Sand and Gravel-----thousand short tons	5,859	5,265	5,892	5,345
Silver (2)-----thousand troy ounces	21	19	23	21
Stone-----thousand short tons	89	377	80	300
Undistributed (3)-----	---	1,517	---	975
Total-----	---	\$20,494	---	\$21,344

(1) All figures for 1960 are preliminary and subject to revision.

(2) Recoverable content of ores, etc.

(3) Undistributed includes gem stones, platinum group metals, uranium ore.

Note: Above statistics prepared under a cooperative agreement for the collection of mineral data between the Bureau of Mines, United States Department of the Interior, and the Division of Mines and Minerals, Department of Natural Resources, State of Alaska. The values of coal and undistributed commodities are presented on authority of the Division of Mines and Minerals only.

E. AND M. J. METAL MARKET PRICES

	Jan. 26, 1961	Month Ago	Year Ago
Copper, per lb.	29.0¢	30.0¢	33.8¢
Lead, per lb.	11.0¢	11¢	12¢
Zinc, per lb.	11.5¢	12¢	13¢
Tin, per lb.	100.4¢	100.6¢	100.4¢
Nickel, per lb.	74¢	74¢	74¢
Platinum, per oz.	\$81-85	\$81-85	\$77-80
Quicksilver, per flask	\$209-212	\$209-212	\$211-213
Silver, foreign	91.4¢	91.4¢	91.4¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢
Antimony ore, per unit	\$3.60-3.65	\$3.45-3.50	\$3.30-3.35
Chrome ore, per long ton	\$36-38	\$36-38	\$34-35
Titanium ore, per ton	\$23-26	\$23-26	\$23-26
Tungsten ore, per unit	\$22-24	\$22-24	\$22-24
Molybdenum conc., per lb.	\$1.25	\$1.25	\$1.25
Beryllium ore, per unit	\$46-48	\$46-48	\$46-48

HAVE YOU SENT US THE PINK PAGE FROM LAST MONTH'S BULLETIN?

If not, and if we do not hear from you by February 28, we will assume you are no longer interested in receiving the Bulletin and will drop your name from our mailing list.