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

DIVISION OF GEOLOGICAL SURVEY

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MINES AND PETROLEUM BULLETIN

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MINING ACTIVITIES

Central District - Dynamics Research, Inc. has announced plans for an extensive drilling program on Slate Creek in the Mt. Hayes Quadrangle. They intend to use the hydraulically operated "Klam" drill for development of the pay area.

News reports indicate that Richard W. Rowe of Fairbanks has been granted OME assistance to the amount of $12,300 for exploration of gold in the Chena River about 80 miles east of Fairbanks.

OIL NEWS

During March, 1962 the Petroleum Branch of the Division of Mines and Minerals approved seven applications for permit to drill of which six were for exploratory wells and one was for a Swanson River Field development well. The wells and their respective locations are: (1) Pittman 1, 1000' N and 525' W of the SE corner of Sec 33, T18N, R2W, SB&M, Union Oil Co. of Cal., Opr.; (2) SRS-State 1, 1320' N and 1320' W of the SE corner of Sec 24, T10N, R11W, SB&M, Shell Oil Co., Opr.; (3) White River Unit 2, NW/4 NE/4, Sec 27, T21S, R19E, CRB&M, Richfield Oil Corp., Opr.; (4) Malaspina Unit 1, 1050' S and 330' W of the NE corner of Sec 31, T24S, R32E, CRB&M, Colorado Oil and Gas Corp., Opr.; (5) Tyonek-State 1, SFC loc 1095' N and 1949' E of the SW corner of Sec 17, T11N, R11W, SB&M, BHL NW/4 NE/4, Sec 20, T11N, R11W, SB&M, Pan American Petroleum Corp., Opr.; (6) West Fork 233-16, 2490' W and 1590' N of the SE corner of Sec 16, T6N, R9W, SB&M, Standard Oil Co. of Cal., Opr.; (7) Swanson River Unit 12-22, 2440' S and 1120' E of the NW corner of Sec 22, T8N, R9W, SB&M, Standard Oil Co. of Cal., Opr.

Total applications approved this year to date number sixteen. For the first three months of 1961 there were a total of twelve applications approved.

Drilling Activity

Operator	Well Name & No.	Status 3-29-62
Union	Pittman 1	Drlg @ 2900'
Superior	Chuit-State 1	Drlg @ 9060'
British American	Bell Island 1	Drlg @ 2925'
SOCAL	Riou Bay 1	Drlg @ 1600'
SOCAL	SRU 211-15	TD 5709', WO test
SOCAL	SRU 222-21	Drlg @ 4921'
SOCAL	SCU 243-8	TD 6143', WO test
SOCAL	SCU 34-16	TD 11881', Plugged and abandoned
SOCAL	Chaix Hills 1-A	TD 10121', Plugged and abandoned
SOCAL	SCU 32-5	TD 11152', Producing oil well
Pan American	West Foreland 1	TD 13500', Gas shut in
Union	Nenana 1	TD 3062', Plugged and abandoned

Production, Swanson River Field, Hemlock Zone

	Producing Wells	Oil (barrels)	Water (barrels)	Gas (MCF)
February, 1962	48	768,203	17,968	137,355
Cumulative to March 1, 1962		8,693,799	240,643	1,674,005

Production, Kenai Gas Field

February, 1962	3	0	0	97,670
Cumulative to March 1, 1962		0	0	431,505

Port Moller Development Contract Approved - USGS announced approval on March 5, 1962, of Gulf Oil Corporation's Port Moller Development Contract located within T40-47S, R59-72W, Seward Meridian. The contract area encompasses 592,000 acres.

Nominations for July, 1962 Competitive Sale Opened - The Division of Lands announced that nominations for areas to be included in the State's eighth competitive oil and gas lease sale would open March 7 and close May 15. Areas to be offered in the sale will be announced about June 1. The exact date for the July sale has not yet been set.

Second Noncompetitive Sale Held - The Division of Lands held the State's second noncompetitive oil and gas lease sale on March 6 in Anchorage. The 144 tracts offered were in the Susitna River valley area and in the Katnu River, Drift River, and Kustatan River areas formerly within the Cook Inlet Bombing Range. A total of 12,055 applications were filed and each tract received at least one application. Of the applications filed, 87 were rejected for errors in filing.

Alaska Receives Mineral Payment - On February 23, 1962, Alaska received $2,050,060 for its share in bonuses, royalties and rentals from mineral leasing on Alaskan Federal Lands. The $2 million payment covers the period between July 1 and December 31, 1961. This brings Alaska's total of such payments to $16,986,032 since July, 1957.

Petroleum Products Pipeline To Be Expanded - The Department of Defense announced that plans to increase the pumping capacity of the Haines-Fairbanks petroleum products pipeline will begin this construction season. Plans call for addition of six pumping stations and modification of three existing stations. Three of the new stations will be in Alaska and three in Canada.

Release of Records - Pursuant to Section 2008.1 of Alaska Oil and Gas Conservation Regulations, well records of the following wells will be released: SRU 23-22, Standard Oil Co. of Cal., Opr., April 9, 1962; Soldotna Creek Unit 41-4, Standard Oil Co. of Cal., Opr., April 21, 1962.

REGLAMENTO MEXICANA

The Metals and Minerals Markets, March 22 issue reported that the Mexican Government had issued its reglamento setting forth the future size of concessions and limited new concessions to companies which are owned by a majority of Mexican citizens. In order to ease the process, the Mexican Treasury announced a 50% reduction in taxes to those companies qualifying as majority-Mexican. The mines must also be operated by Mexicans, i.e., the majority of the board of directors must be Mexican, or if administered by an individual, he must be Mexican.

Companies in existence before the issue of the reglamento will have two years in which to signify their desire to qualify for the tax reduction, and will have an additional period in which to reorganize. The amount saved by the tax incentive may not warrant the reorganization of some companies, but the idea that the government wishes to have the mines majority-Mexican owned will probably accomplish the reorganization before sterner measures are enacted.

This should result in Alaska being looked upon with more favor by the mineral exploration industry.

TIN

The same issue of Metals and Mineral Markets reported that tin prices had climbed as high as 124-3/8¢ in New York and then eased to 124¢. GSA's 50,000 ton stockpile release is not expected for some time and the ITC Buffer Stock is empty so the price is likely to climb some more.

U. S. News and World Report, February 19 issue, reported that tin supplies are very short in world markets. The tin price, at $1.21 a pound, is up 20% over last year but is still not enough for Bolivian tin mines to make money.

OFFSHORE MINING

Collier Carbon and Chemical Company announced that it is going to sea to search for some of its raw materials. Collier will be searching for commercial deposits of phosphorite on the ocean floor off Southern California at depths up to 1000 feet. Under-water TV was used to map the area. Methods of mining never used before will be tried.

This may be of interest to those concerned with offshore mining in Alaska. A map is shown elsewhere in this issue which indicates general locations of areas for which offshore prospecting permit applications continue to arrive. The latest number of applications on hand and being processed is 46.

TRENDS IN ALASKA'S MINERAL INDUSTRY

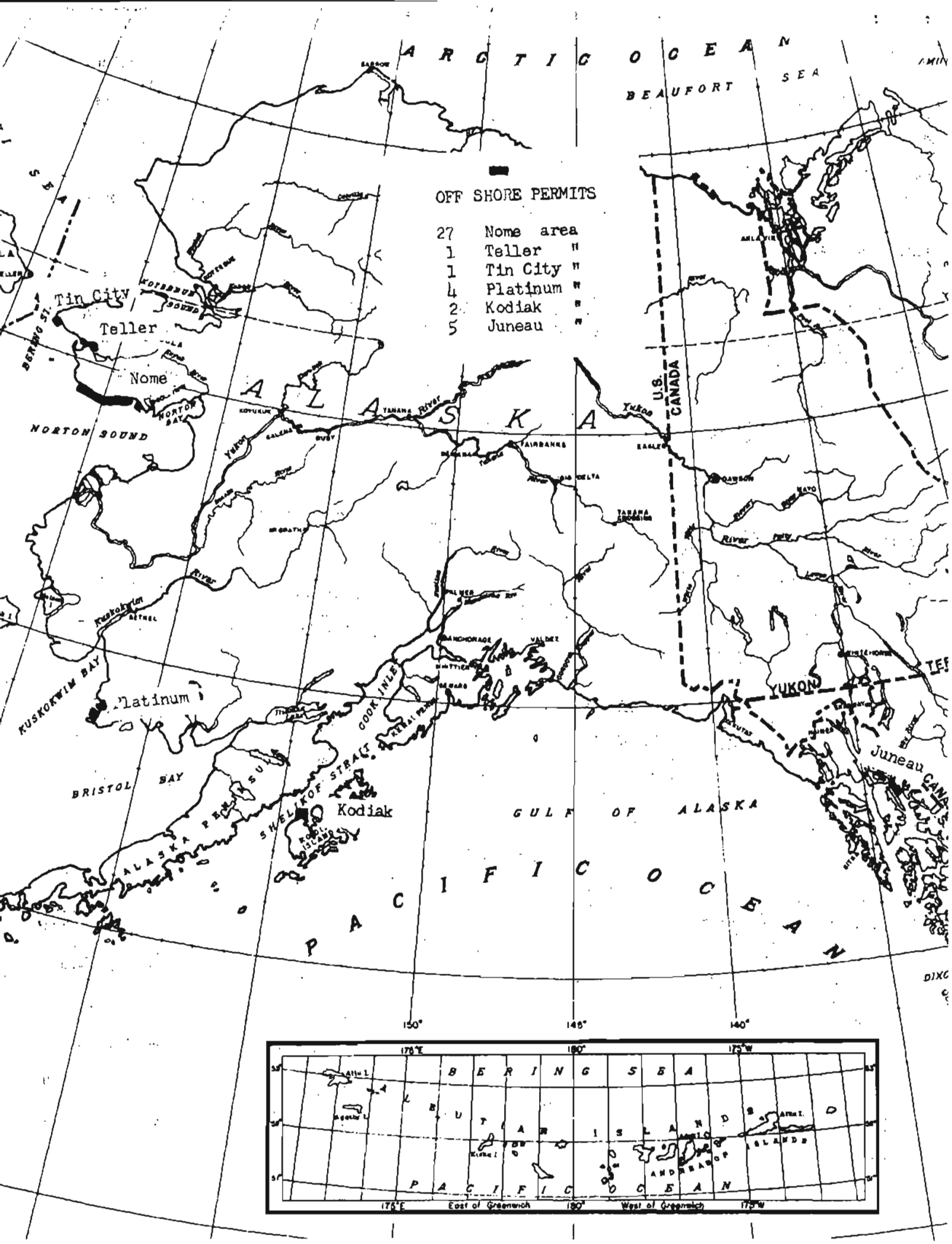
The above Information Circular Number 8045, by Alvin Kaufman, has been published by the U. S. Bureau of Mines and is available free from the U. S. Bureau of Mines Distribution Section, 4800 Forbes Street, Pittsburgh, Pennsylvania. The report is the result of a study by the Bureau of Mines to delineate the problems and to forecast the growth of the mineral industries in Alaska.

JAPANESE COAL TRADE

The Department of the Interior reports that Japan imported 8,876,600 metric tons of anthracite and bituminous coal during the first 10 months of 1961. Of this amount, 56% or about five million tons, was shipped to Japan from the U. S., and 19% was from Australia. Canada contributed 6%. Coal shipments to Japan are increasing. October 1961 was a record month for both U. S. and Australian shipments: 694,006 and 259,356 metric tons respectively. Australia's coal trade with Japan is growing steadily. A metric ton is 2,204.6 pounds.

DM&M - U OF A GEOLOGICAL MAPPING

A preliminary geologic map is now available as the first result of a cooperative geological program of the Division of Mines and Minerals and the College of Earth Sciences and Mineral Industry (formerly the School of Mines) of the University of Alaska. This program is one in which the Division finances, on contract basis, geological study and mapping of selected areas by graduate students of the U of A. The Division exercises supervision in


ARCTIC OCEAN
BEAUFORT SEA
OFF SHORE PERMITS
27 Nome area
1 Teller "
1 Tin City "
4 Platinum "
2 Kodiak "
5 Juneau "
Tin City
Teller
Nome
NORTON SOUND
ALASKA
U.S.
CANADA
YUKON
Platinum
KUSKOKWIM BAY
BRISTOL BAY
COOK INLET
SHELIKOF STRAIT
Kodiak
GULF OF ALASKA
Juneau
PACIFIC OCEAN
150°
145°
140°
BERING SEA
ALEUTIAN ISLANDS
PACIFIC OCEAN
East of Greenwich
West of Greenwich

respect to the objectives and orientation of the studies. The completed work must be acceptable to the Division as contributing information of benefit to future searches for and development of economic mineral deposits, as well as acceptable to the University as a qualifying thesis for an advanced degree in geology. The maps and theses may be published by the Division.

The first project is a study of the basement rocks of the Fairbanks Mining District by graduate student James Brown under the direct supervision of Dr. Robert Forbes of the University faculty. Field work for the project was done last summer. Area mapped includes Cleary Summit, Pedro Dome and vicinity, areas paralleling Goldstream Valley and Murphy Dome Road, and Ester Dome. Known mineral deposits in the area in addition to gold include scheelite, antimony, lead and silver. The investigation has led to the finding of a previously unreported belt of calcareous schists and impure marbles which is important as a stratigraphic marker and as possible host rock for mineralization. Structural analyses may show systematic relationships important to the localization of ore deposits. Radioactive dating of the rocks will lead to a better understanding of the origin of the ore deposits.

A preliminary map, including a description of rock units and structure has been completed and is now available. The full text of the thesis, complete with final map, will be published by the DM&M as time and funds permit after its acceptance by the University and the DM&M as outlined above. It probably will not be available for the 1962 field season. For this reason we decided to publish a preliminary map at the earliest possible time. The map is entitled "A Preliminary Map of the Bedrock Geology of the Fairbanks Mining District, Alaska," DM&M Mineral Investigation Report 194-1. The price is $1.00. It can be purchased "over the counter" at the DM&M district office in the Mines Building at the University of Alaska, or by mail from the Juneau office, Box 1391.

Future similar cooperative projects are presently planned for investigations and mapping in the Rainbow Mountain-Gulkana Glacier area, the Kantishna District, and a second phase in the Fairbanks District. Other areas are under consideration.

COAL RESEARCH

The U. S. Department of the Interior publication News Release, announced that the Office of Coal Research has awarded a contract of $129,185 for the development and design of a totally new, completely integrated, coal-fired industrial heating plant of an intermediate size range. They want a totally new plant with a capacity range of 10,000 to 60,000 pounds of steam per hour and one that can be operated with a minimum of attendance, space, initial cost and operating cost. The Office of Coal Research is currently studying new products, marketing, and the technology of pulverized coal preparation, utilization, and transportation.

The outcome of these studies could significantly change the economics of our Alaskan coal deposits. The transport of pulverized coal (especially coking types) from Alaskan beds to Japan appears to be economically feasible.

MATCHING FUND LOANS

The Office of Minerals Exploration announced that January was a banner month. Twelve applications were received proposing exploration work amounting to $1,707,000 in nine States. Three contracts were executed for work totaling $151,260 of which the Government put up $75,630. A discovery was certified on one DMEA contract, and repayment was completed on three other DMEA contracts. Seven more OME contracts were awaiting operators' signatures, and 47 applications were under consideration.

More information can be had from: The Office of Mineral Exploration, Department of the Interior, Region I, South 157 Howard Street, Spokane 4, Washington.

LAND SELECTION BY THE STATE

The State Division of Lands announces current land selection totals as follows: 11,584,687 acres applied for, 2,601,132 acres tentatively approved and 313,917 acres patented.

ATOMIC ENERGY COMMISSION

The Atomic Energy Commission signed a new contract with Mines Development, Inc. for the purchase of 700,000 pounds of U_3O_8 per fiscal year prior to September 1, 1963, and 650,000 pounds per fiscal year thereafter until December 31, 1966. The contract provides for the purchase of 449,639 pounds of U_3O_8 from Mines Development's own ore supplies and the addition of independent ores for the balance.

The price paid for concentrates delivered to the AEC will be $8.45 per pound prior to April 1, 1962, and $8.00 per pound from April 1, 1962 through December 31, 1966.

GOLD SUBSIDY HEARING

The Director of the Division of Mines and Minerals urged the adoption of Senate Joint Resolution 44 at a hearing on the resolution held in Washington, D. C. on March 15, 1962. S. J. Res. 44 calls for a maximum gold subsidy of $35 per ounce to be paid to the miner when he sells his newly-mined gold to the U. S. Treasury. The hearing was held by the Subcommittee on Minerals, Materials, and Fuels of the Senate Committee on Interior and Insular Affairs. The purpose of the resolution is to increase U. S. gold production by incentive payments in order to help counteract the outflow of gold from the Treasury. A subsidy is proposed rather than a price raise to overcome the objections of those who believe a price raise will upset the monetary system.

In addition to Williams, James Crowdy of Nyac, and all three of Alaska's Congressional delegation appeared for Alaska in favor of the legislation. Representatives of other mining states and mining associations and the American Mining Congress also testified. At the start of the hearing, seven or eight Senators were in attendance on the Subcommittee, nearly all of whom were favorable to the resolution.

Williams testified that practically no business could exist today on a 1934 price for its product. He estimated that a $35 bonus or subsidy would double present Alaskan production to over 200,000 ounces per year. Since production will decrease to below 45,000 ounces after the USSR&M Company dredges shut down in 1963, this would represent an increase of over 150,000 ounces per year after that time. Another point made was that areas that would receive the most benefit are areas of present unemployment, so that the State's problems of welfare and unemployment compensation would be partly alleviated.

Mr. Crowdy testified that a greater increase would result than the above estimate. He pointed out that with today's mechanized methods, production would accelerate much quicker with an increase in value received for gold than it did after the price raise in 1934.

Senator Gruening answered those who have said that a subsidy would upset the U. S. balance of payments by pointing out that the Canadian subsidy of long standing has not hurt anything and has helped the Canadians considerably.

Senator Bartlett spoke of the injustice of an industry being forced to operate at today's costs under a controlled market where the price was set in 1934 and the seller cannot take his product elsewhere. "No other industry has thus been discriminated against," he said.

Representative Rivers urged passage of the resolution, but with amendments. He urged that the subsidy be paid at the same rate to all, and not in varying amounts or on a sliding scale or some other plan.

Idaho representatives testified at length on silver problems. Robert Hardy, President of Sunshine Mining Co. brought out the interesting point that the current policy of replacing silver certificates with Federal Reserve notes to free more silver for coinage is creating an ever greater burden on the dwindling gold reserve because more currency is thereby being created which must be backed by gold. In this regard, it is actually depleting the gold reserves further.

Subcommittee Chairman Carroll of Colorado announced that the hearings will be resumed at a later date at which time the Executive Departments will be requested to comment on the industry testimony.

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E. AND M. J. METAL MARKET PRICES

	Mar. 29, 1962	Month Ago	Year Ago
Copper, per lb.	31¢	31¢	29.0¢
Lead, per lb.	9.5¢	9.5¢	11¢
Zinc, per lb.	12¢	12¢	11.5¢
Tin, per lb.	124.1¢	121.4¢	103.9¢
Nickel, per lb.	81.3¢	81.3¢	74¢
Platinum, per oz.	$80-85	$80-85	$81-85
Mercury, per flask	$192-195	$192-195	$206-209
Antimony ore, per unit	$4.50-4.75	$4.30-4.50	$3.60-3.65
Beryllium ore, per unit	$46-48	$46-48	$46-48
Chrome ore, per long ton	$36-38	$36-38	$36-38
Molybdenum conc., per lb.	$1.40	$1.40	$1.25
Titanium ore, per ton	$23-26	$23-26	$23-26
Tungsten ore, per unit	$20-22	$20-22	$22-24
Silver, foreign, per oz.	101.5¢	102.0¢	91.4¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢