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

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MINES AND PETROLEUM BULLETIN

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MINING ACTIVITIES

Southeastern

The crew for the Kendrick Bay Uranium Mine passed through Ketchikan the middle of March enroute to the mine. It is assumed that production has commenced and they will soon ship their first barge load of ore.

John Brockway reports that the Chichagof-Alaska Mining Company will resume development of the Baker Peak copper deposit on Chichagof Island. They intend to rough out a road, haul in equipment and start underground exploration as soon as the weather moderates.

The Kelray Mining Company, formed by Joe Kelly, Jack Raymond and Jack Bullock, intend to placer mine on White River near Yakataga. They prospected the area during the summer of 1962. Early reports tell of sluicing on the White River as early as 1908 and along the beaches near Yakataga in prior years. The gold on White River was usually found in remnants of an old channel.

Granduc Mines Ltd.

It has been reported that Granduc Mines Ltd. have applied for 4,520 acres of land on the Canadian side near their Leduc River copper deposit. The land is for a townsite, plant, airport and mill site. Newmont Mining Corporation said the final decision to bring the operation into production has not yet been made.

It is understood that late plans include a road and terminal facilities at the mouth of the Unuk River on the Alaska coast.

DM&M NEWS AND ACTIVITIES

New DM&M Fairbanks Offices

We have just completed a move of our Fourth District field office and assay laboratory into the new State Court and Office Building at Fairbanks. Our room number is 105. The building is on Barnette between 6th and 7th. At the moment of writing, we have not been informed of our new phone number. The mailing address will remain Box C, College until further notice.

Miscellaneous

Wiley Robinson, State Coal Mine Inspector, reports that all coal mines were in good shape on his March 1 inspection trip. He also stated that coal sales were somewhat less than last year due to the milder winter. However, the weather the past week or so should have helped the coal producers.

Richard Denny, Assayer, reports from Ketchikan that his laboratory was busier than normal for this time of the year. Prospectors have been doing more geochemical prospecting and sending their samples to him for analysis.

DM&M Annual Report

A few copies of the 1962 DM&M Annual Report have been received and mailed. The bulk of the order should be received and mailed next week.

OIL NEWS

Two permits to drill have been approved by the Petroleum Branch since the last bulletin. They are as follows: (1) Standard Oil Company of California, SRU 34-28, 1530' FEL, 660' FSL, Sec. 28, T.8N, R.9W, SM; (2) Pan American Petroleum Corporation, Middle Ground Shoal #2, 1980' FNL, 660' FEL, Sec. 19, T.9N, R.12W, SM. This is the first offshore location in Cook Inlet for 1963.

Drilling Activity:

<u>Operator</u>	<u>Well Number</u>	<u>Status 2/28/63</u>
Aledo	Eureka #2	Drilling
Richfield	Wide Bay Unit	Drilling
Pan American	Cook Inlet #1	Burning
Pan American	Moose Creek #1	Drilling
SOCAL	BRU 233-27	Drilling
SOCAL	SCU 43-9	Drilling
SOCAL	SCU 22A-32	Drilling
SOCAL	SRU 14-9	Fishing
SOCAL	SRU 21-34	Drilling
British Petroleum	WRU #3	Moving in rig

Completions:

Halbouty	Fritz Creek #1	P&A
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Production:

Production, Swanson River Field, Hemlock Zone

	<u>Producing Wells</u>	<u>Oil-Barrels</u>	<u>Gas (MCF)</u>
February 1963	46	812,837	198,876
Cumulative to March 1, 1963		19,122,349	3,689,587

Production, Kenai Gas Field

	<u>Producing Wells</u>	<u>Gas (MCF)</u>
February 1963	2	272,432
Cumulative to March 1, 1963		2,324,532

Production, Sterling Gas Field

February 1963	1	3,400
Cumulative to March 1, 1963		32,368

Production, Swanson River Gas Field, Kenai Zone

February 1963	3	260,328
Cumulative to March 1, 1963		609,475

Gas Injection, Swanson River Field, Hemlock Zone

	<u>Injection Wells</u>	<u>Injection (MCF)</u>
February 1963	2	351,833
Cumulative to March 1, 1963		902,392

Oil production for February averaged 29,030 barrels per day as compared to 30,437 barrels per day for January.

Pan American Announces Plans for Cook Inlet Drilling

A news release issued by Pan American Petroleum Corporation on March 11, outlined the company's plans for drilling offshore in Cook Inlet and in the Copper River Basin early this year. The complete release is as follows:

"Pan American Petroleum Corporation has increased its staff in Alaska in preparation for the 1963 drilling program. A District Production Office, under the supervision of A. E. Piper, has been created to handle the increased activity this year.

"Three wells will be commenced during the early part of the year, two in Cook Inlet and one near Glennallen. The latter well, Moose Creek Unit #1, to be drilled by Trinity Drilling Company, should start drilling this week. Western Offshore Drilling and Exploration Company has been awarded the contract for a new well at Middle Ground Shoal. This location is in fifteen feet of water at low tide, about one-half mile north of the No. 1 abandoned well. A drilling platform will be erected at the location by the J. Ray McDermott Company. Materials are being assembled in Seattle and should reach the location early in April. Operations will be resumed to kill the blowout at Cook Inlet #1 well as soon as weather conditions permit. The relief well, Cook Inlet #1-A, was suspended last fall due to ice floes in the Inlet. Western Offshore Drilling and Exploration Company's WODECO II floating drilling vessel will again be used.

"Transportation facilities required for the drilling program include three supply vessels, one crew boat, helicopter and airplane service."

Beluga River Gas Field

It has been reported that Standard Oil Company of California has completed four wells on the Beluga gas field and considers it shut-in.

They have no further plans for the gas field but are continuing feasibility studies on piping the gas across Cook Inlet to the Swanson River oil field.

COAL LEASING

The Division of Lands publication, Alaska Land Lines, reports that high bidders on the competitive coal lease sale No. 1 held March 15, of three tracts (previously the site of the Eska Mine) in the Matanuska Field, netted bids totaling \$15,550. High bidders were the Evan Jones Coal Company and Mrak Coal Company.

Priority for coal prospecting permits in two areas near Fairbanks was established March 15 at the Division of Lands Fairbanks Office. James A. Carroll and Robert A. Reichardt were successful in drawing first priority on each of the two lots.

Land selection by the State totaled 12,801,400.53 acres of which 3,180,311.19 acres had been tentatively approved, and 743,411.55 acres patented.

WHITEHORSE RESOURCE MEETING

The meeting, "Yukon Resources Today and Tomorrow", sponsored by the Whitehorse Board of Trade in cooperation with the Yukon Chamber of Mines was held in Whitehorse March 20-22. Approximately 300 persons attended the meeting from various parts of Alaska and Canada. Talks and papers were given on subjects such as "Financing Northern Development", "Crest Iron Ore Development", "The Effect of Mining on the Economy of the Territory", "Minerals of the Yukon", "Drilling in the Yukon", "Oil and Gas Potential of the Yukon", "Future Placer Mining in the Yukon", "Rampart Power Project", "Potential Hydro Power Resources in Yukon", "Labour's Role in Development of Northern Resources", "Transportation in the Yukon", "Tourism in the Yukon".

Two symposiums, one on tourism and one on the role of government in the Yukon were held. Phil Holdsworth discussed "Alaska's Resources and Relation to Yukon". His Excellency H. E. Nobuhiko Ushiba, Japanese Ambassador to Canada, presented the address "Japanese Development and Mineral Requirements".

The paper on the Crest iron ore deposit disclosed the following information: The deposit contains billions of tons of iron ore with an iron content of 45 to 50%. The ore zone is exposed for 30 miles, and varies from 90 to 340 feet in thickness. It is 420 miles from the nearest seaport. The deposit will be drilled and evaluated. Feasibility studies will be made to determine the economics of the deposit. Crest believes they have one of the world's larger deposits of iron but do not know at this time when it will be marketable.

INTERNATIONAL GOLD PANEL - PORTLAND CONFERENCE

The program has been announced for the 16th Annual Pacific Northwest Metals and Minerals Conference to be held in Portland, Oregon, April 25 through 27.

The second gold and money session of the conference will have as speakers: Evan Just, head of the Department of Mineral Engineering, Stanford University; Henry Hazlitt, Contributing Editor of Newsweek magazine; John Exter, Senior Vice President of the National City Bank of New York; Donald H. McLaughlin, Chairman of the Board Homestake Mining Company; Dr. W. J. Bussachau, Chairman of Gold Fields of South Africa, Ltd., and Director of the South African Reserve Bank, who will speak on "How to Deceive in Banking Without Really Trying". Chairman of the session is Hollis Dole, Director of the Oregon State Department of Geology and Mineral Industries.

Inquiries for the conference should be directed to John Moller, 4332 N. E. 24th Avenue, Portland, Oregon.

MINERALS, MATERIALS AND FUELS HEARING

Senator Ernest Gruening, Chairman of the Subcommittee on Minerals, Materials, and Fuels of the Senate Interior Committee, has announced that hearings will be held April 9. The Subcommittee will look into four points: (1) conditions of the domestic minerals industry; (2) present governmental programs and policies affecting the mineral industry; (3) recommendation for remedial action; (4) relative status of the U. S. minerals situation compared to the Communist Bloc.

Senator Gruening hopes that testimony will be presented that will be productive of some good for Alaska mining.

WILDERNESS HEARINGS

Wilderness hearings were held by the Senate Interior Committee February 28-March 1. Dr. James Boyd, President, Copper Range Company, and John A. Wolfe, President, Colorado Mining Association, testified against the bill (S. 4) and recommended it be amended so that prospecting and development of mineral resources within wilderness areas would be allowed. Senator Gordon Allott called attention to the provision of the bill which would permit the President to authorize prospecting and mining. However, spokesmen for the mining industry felt that the bill itself should be amended so as to make certain of the intent of the legislation.

E. AND M. J. METAL MARKET PRICES

	<u>Mar. 25, 1963</u>	<u>Month Ago</u>	<u>Year Ago</u>
Copper, per lb.	31¢	31¢	31¢
Lead, per lb.	10.5¢	10.5¢	9.5¢
Zinc, per lb.	11.5¢	12¢	12¢
Tin, per lb.	109.250¢	108.1¢	124.1¢
Nickel, per lb.	79¢	79¢	81.3¢
Platinum, per oz.	\$80-85	\$80-85	\$80-85
Mercury, per flask	\$187-190	\$187-190	\$192-195
Antimony ore, per unit	\$4.10-4.25	\$4.25-4.50	\$4.50-4.75
Beryllium ore, per unit	Domestic price not quoted.		\$46-48
Chrome ore, per long ton	\$36-38	\$36-38	\$36-38
Molybdenum conc., per lb.	\$1.40	\$1.40	\$1.40
Titanium ore, per ton	\$23-26	\$23-26	\$23-26
Tungsten ore, per unit	\$16-20	\$16-20	\$20-22
Silver, foreign, per oz.	127.640¢	125.60¢	101.5¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢

