

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

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GEOLOGICAL SURVEY

P. O. Box 1391  
Juneau, Alaska

MINES AND PETROLEUM BULLETIN

January, 1964

Vol. XII  
No. 1

Happy New Year

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MINING ACTIVITIES

Southwest - Interest in the Willow Creek District increased this past summer and resulted in two small mills being assembled. Aaga-Hanson is extending a drift on the Wolverine property. Vernon Wheeler had a small Gibson mill operating on Grubstake Gulch.

John Harvison opened up a cut 30 feet long on a 3 to 4' wide cinnabar deposit on the east side of George River. He started to sink on the ore shoot and intends to continue the development of the prospect next season. He reportedly recovered 5 or 6 tons of cinnabar from the summer's work. George Willis produced about 18 tons of cinnabar from the old Parks property.

OIL NEWS

Since the last report, the following applications for permit to drill were approved:

Mobil Oil Company - Salmon Berry Lake Unit #1, 920.9' south and 436.3' east of northwest corner; Section 24, 6N-6W C.R.M. This location lies just east of Lake Louise.

Humble Oil & Refining Company - Susitna State Unit #1, 660' north and 660' west of southeast corner; Section 18, 15N-4W S.M. This location lies about six miles east of Goose Bay and is the first well to be drilled on an approved State Unit containing 100% State-owned land.

SOCO - Beluga River Unit 14-19, 660' north and 660' east from southwest corner; Section 19, 13N-9W S.M. This location is a field extension on the northern portion of the Beluga River Gas Field.

All of the above locations are exploratory.

Drilling Activity:

<u>Operator</u>	<u>Well Number</u>	<u>Status 12/23/63</u>
Pan American	Romig Park #1	Drilling
Humble Oil & Refining Co.	Susitna State Unit #1	Rigging up
Mobil Oil Company	Salmon Berry Lake Unit #1	Rigging up
SOCO	Beluga River Unit #14-19	Rigging up
Gulf Oil Corp.	Sandy River Federal #1	P&A
Pan American	Tyonek State #2	Drilling
Superior	Happy Valley Unit 31-22	P&A
SOCO	Naptowne Unit 24-8	Location

Production, Swanson River Field, Hemlock Zone:

	Producing Wells	Oil-Barrels	Gas (MCF)
November, 1963	55	903,311	238,808
Cumulative to December 1, 1963		27,188,847	5,746,220

Production, Kenai Gas Field:

November, 1963	3		363,646
Cumulative to December 1, 1963			4,369,508

Production, Sterling Gas Field:

November, 1963	1		4,076
Cumulative to December 1, 1963			66,816

Production, Swanson River Gas Field, Kenai Zone:

November, 1963	5		402,415
Cumulative to December 1, 1963			4,483,293

Gas Injection, Swanson River Field, Hemlock Zone:

November, 1963	3		495,749
Cumulative to December 1, 1963			6,092,281

First Well to be Drilled on Unit Wholly Owned by the State of Alaska - Humble Oil & Refining Company is the operator of the Susitna State Unit #1, which, before the end of 1963, will be drilling on the first unit agreement made solely between a unit operator and the State of Alaska. All leases within the unit were obtained from the State in the 10th Competitive Oil & Gas Lease Sale held on May 8, 1963. All wells drilled offshore in Cook Inlet lay on State Oil & Gas leases but these leases were not unitized. A unit agreement in effect eliminates separate ownership of leases and the interested parties join in a pooling arrangement providing for developing the field in the most efficient manner and producing the greatest ultimate recovery of oil.

Heretofore the Petroleum Branch has approved all Federal Units but was not involved in further determinations or administration.

Rowan Drilling Company is the contractor and will use the rig which was used to drill Superior's Happy Valley Unit well. The rig was placed aboard the Alaska Railroad at Anchorage and shipped by rail to Wasilla where it was reloaded on trucks for delivery to the drill site.

PROSPECTOR ASSISTANCE PROGRAM

The results of the first year of the new Prospector Assistance Program are promising. Twenty-one claims were staked, some on placer and some on hardrock. Participating prospectors were active in such areas as Wrangell, Lost River, Denali, Brooks Range, Lower Kuskokwim and Hooper Bay. Several

have not yet sent in their reports and one intends to do his prospecting over the winter months when he can move his cat and drill around.

Statistics on the program to date are as follows:

Nineteen applicants approved by the screening boards. Eight have completed their programs. Three have yet to send in their reports. The balance either didn't go prospecting or haven't sent in their reports.

Twenty-one claims were staked.

Ninety-one samples sent in for assay to the DM&M assay offices.

Total money reimbursed to date has been \$6,679.42.

The Department of Natural Resources has advised this office that funds will be available for the program during 1964, but everyone must have their reports in by the end of September in order to be reimbursed. Applications are now being accepted for the coming season and those having applications on file will receive notification of the above decision shortly.

British Columbia has had a Grub-stake Program in effect for twenty years. According to their Mines and Petroleum Resources Report, 1962, they grubstaked 52 men during the year and these men staked 189 claims or nearly four claims per man. However, the first nine years of the program resulted in about two claims per man which indicates that Alaska didn't do too badly the first year, and that if the program can be continued, the number of claims staked per man should increase as the prospectors gain experience and more knowledge of the mineral provinces.

#### U.S.G.S. CHOOSES ANOTHER POWER SITE

The Geological Survey proposes to classify 21,085 acres of the Nenana River as a power site. The announcement said studies indicated a dam 260 feet high would generate about 17,000 kw. of continuous power. It is believed this dam would necessitate moving parts of the Denali Highway, but would not affect any existing mineral claims. The site would be open to mineral exploration, but the United States would not be liable for damages incurred if the dam is constructed and the area flooded.

#### NOTICE TO MINING CLAIMANTS

Six more areas have been designated by the U.S. Forest Service for the determination of surface rights on mining claims under Public Law 167 of July 23, 1955. These are in addition to many earlier areas within the Tongass and Chugach National Forests, all reported in earlier DM&M Bulletins. Holders of claims staked prior to the date of the Act have 150 days from the starting date of publication to file verified statements if they wish to retain exclusive surface rights to their claims. First publication will be January 8, 1964, in the Ketchikan Daily News, Daily Sitka Sentinel and the Petersburg Press.

The six areas in general are: 1) The South Baranof Island Area--all land south of an east-west line crossing the head of Redoubt Lake and extending to the waters of Chatham Strait, excluding Deep Cover Area and Port Alexander Townsite; 2) The Heckman Lake-Patching Lake Area--all land that drains into Patching Lake, the northern drainage of Salt Lagoon, the southern portion of Heckman Lake, and a narrow strip of land that extends west from Heckman Lake to and including Moser and Stack Islands in Behm Canal; 3) The Black Mountain-Carroll Area--all land on the west half of the peninsula which separates Carroll Inlet and Thorne Arm and extending north to the head of Shoal Creek; 4) The Walker Cove-Saks Cove Area--all land bounded on the west by the waters of Behm Canal, on the south by a line running east from Hut Point on Walker Cove, for a distance of 10 miles, and on the north by a line running east from marker Tane No. 2 on Burroughs Bay for a distance of 21 miles. In general, this area includes all of Walker Cove, Gilbert Lake, the mouths of the Chickamin and Leduc Rivers, and Fitzgibbon Cove; 5) The LeConte Bay Area--that land bounded by the immediate shores of LeConte Bay, and including the northeast shores of Frederick Sound to the southeast end of Horn Cliffs; 6) The Thomas Bay-Ruth Area--all land surrounding Thomas Bay, including Ruth Island, Scenery Cove, Powell Peak, Wind Point, and Spurt Point.

#### PRELIMINARY ANNUAL MINERAL PRODUCTION IN 1963

The U. S. Bureau of Mines under a cooperative agreement with the Alaska Department of Natural Resources has released its preliminary mineral production figures for Alaska during 1963. The Bureau estimates mineral production in Alaska increased 21 per cent over 1962 due to the increased production of oil and gas as well as sand and gravel. Coal production dropped from second to third rank and gold output decreased to 99,000 ounces, the smallest quantity since 1894 with the exception of the World War II years. The Bureau's complete preliminary estimate is as follows:

<u>Mineral</u>	<u>Quantity</u>	<u>Value (thousands)</u>
Coal, (bituminous)-----thousand short tons	825	(1/)
Gold-----thousand troy ounces	99	\$ 3,465
Mercury-----76-pound flasks	400	75
Natural gas-----million cubic feet	4,059	1,072
Petroleum (crude)-thousand 42-gallon barrels	10,800	32,700
Sand and gravel-----thousand short tons	15,023	19,634
Silver-----thousand troy ounces	12	16
Value of items that cannot be disclosed:		
coal, gem stones, peat, platinum-group		
metals, stone-----	---	8,346
Total-----	---	\$65,308

1/ Included with value of items that cannot be disclosed.

## MINING CLAIMS QUESTIONS AND ANSWERS

The U. S. Bureau of Land Management has published a 20-page pamphlet titled "Mining Claims - Questions and Answers." It provides the answers to the most commonly asked questions about how the mining law of 1872 applies to the individual. Copies of the guide may be obtained from the state offices of the Bureau of Land Management, or from headquarters in Washington, D. C. BLM's Anchorage office is currently out of them, but have more on order.

## CONGRESSIONAL MINING LAW ACTIVITY

The Department of the Interior asked Congress to "liberalize" the 1958 Act under which the Office of Minerals Exploration provides exploration assistance. The proposed legislation would (1) change the Federal Government's method of providing assistance from a loan basis to a joint-venture basis, (2) raise the limit on the Government's participation in any one contract from \$250,000 to \$500,000 and (3) include "related development" as well as exploration under the terms of the contract. The Interior Department endorsed this bill and urged rejection of S. 2125 to assist the domestic gold mining industry. The Interior Department also urged rejection of Senator Gruening's amendment to the tax reduction bill (HR 8363) dealing with the deduction of exploration expenses.

The Senate Interior Committee favorably reported Senator Gruening's bill (S. 2125) "to revitalize the American gold mining industry," out of committee. As stated above, the Interior Department opposed the bill maintaining, as does the Treasury Department, that the bill creates a two-price system for gold. The Bureau of the Budget advised the Senate Interior Committee that it concurred with the views of the Interior Department.

## NATIONAL INDUSTRIAL CONSERVATION CONFERENCE

The National Association of Manufacturers has announced it will hold a National Industrial Conservation Conference January 31 in the St. Francis Hotel in San Francisco. The keynote speaker will be Governor George D. Clyde of Utah. The main objective of the conference will be a frank evaluation of the past and present efforts of industry in conservation, development and management of natural resources, and the major future problems confronting industry in this field. Panelists will include representatives of the lumber, paper and pulp, petroleum, steel, chemical, mining and canning industries. Among topics to be discussed are land management for multiple uses, industrial water use, problems arising from mingled private and government land ownership, industrial conservation practices, industrial efforts to control air and water pollution, and public recreation on private and public lands. Samuel S. Johnson of Redmond, Oregon, chairman of the NAM Conservation and Management of Natural Resources Committee, will preside.

# E. AND M. J. METAL MARKET PRICES

	<u>Dec. 30,</u> <u>1963</u>	<u>Month</u> <u>Ago</u>	<u>Year</u> <u>Ago</u>
Copper, per lb.	31¢	31¢	31¢
Lead, per lb.	12.5¢	12.5¢	10¢
Zinc, per lb.	13¢	12.5¢	11.5¢
Tin, per lb.	132.375¢	128.125¢	110.8¢
Nickel, per lb.	79.0¢	79.0¢	79.0¢
Platinum, per oz.	\$83	\$83	\$80-85
Mercury, per flask	\$225-230	\$204-207	\$186-189¢
Antimony ore, per unit	\$4.50-4.75	\$4.25-4.35	\$4.25-4.50
Beryllium ore, per unit	Domestic Prices 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	\$16-18	\$16-18	\$16-20
Silver, New York, per oz.	129.300¢	129.300¢	120.33¢
Silver, U.S. Treasury, per oz.	129.29¢	129.29¢	90.5¢