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

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**MINING ACTIVITIES**

**Southcentral** - Deposits of titaniferous magnetite iron ore estimated to contain several billion tons were found and staked by Pan American Petroleum Corporation near Chenik Mountain about 200 miles south of Anchorage on the Alaska Peninsula. The Company announced that the deposit contained about one billion tons of recoverable iron. It is 130 miles from a Pan Am shut in gas well and near the coast where ocean transportation is possible.

**Central** - Vetter Brothers have exposed 650 feet of a new gold bearing vein discovered at the head of Wolf Creek near Fairbanks. They intend to run a mill test on about a thousand tons this season. The Vettors were participating in the Prospector's Assistance Program, but decided not to request reimbursement because of the new discovery.

Forty tons of antimony concentrates were shipped by Earl Pilgrim from the Kantishna, according to the Anchorage newspapers. The ore was bound for Bombay, India via the Japanese vessel Shinsei Maru which loaded in Anchorage.

**OIL NEWS**

**Drilling Activity:**

<u>Operator</u>	<u>Well Name and Number</u>	<u>Status 9/24/64</u>
Pan American Petroleum	Cook Inlet #1-A	Shut in - Gas & condensate
Pan American Petroleum	Middle Ground Shoal #4	Testing
Pan American Petroleum	Middle Ground Shoal #3	Drilling
Pan American Petroleum	Middle Ground Shoal #6	Drilling
Shell Oil Co. of Cal.	North Cook Inlet #1	Completed oil well-shut in
Humble Oil & Refining Co.	Tyonek Reserve #1	Drilling

**Production, Swanson River Field, Hemlock Zone:**

	<u>Producing Wells</u>	<u>Oil Barrels</u>	<u>Gas (MCF)</u>
August 1964	55	940,175	278,296
Cumulative to September 1, 1964		35,451,834	8,062,442

**Production, Kenai Gas Field:**

August 1964	3	229,951*
Cumulative to September 1, 1964		7,552,991*

\*Adjustment of 23,148 MCF Jan.-July overstated lease consumption which reduces production figures by same amount.

Production, Sterling Gas Field:

	<u>Producing Wells</u>	<u>Oil Barrels</u>	<u>Gas (MCF)</u>
August 1964	1		3,221*
Cumulative to September 1, 1964			102,406*

\*Jan.-July adjustment of overstated lease consumption reduces production by 550 MCF.

Production, Swanson River Gas Field, Kenai Zone:

August 1964	4		283,058
Cumulative to September 1, 1964			7,843,776

Gas Injection, Swanson River Field, Hemlock Zone:

August 1964	3		443,101
Cumulative to September 1, 1964			10,852,914

No drilling permits were issued during the month of August.

Cook Inlet is in the limelight with two new wells that prove both Middle Ground Shoal and North Cook Inlet fields to be of major importance.

Pan American tested their Middle Ground Shoal #4 between 7,153' and 7,456' and obtained a flow rate of 957 barrels a day of 37.6° API gravity oil through a ½" choke. The well was deepened to 9,215' and the company claims to have penetrated a total of more than 1,500 feet of net pay. They report that the total sum of the rates from three intervals tested was over 3000 barrels a day. This well is about one mile northerly from Shell Oil Company's SRS Middle Ground Shoal #1 which tested about 600 barrels a day from intervals perforated between 7,483'-8,177'. Pan American is drilling two other wells in this field, one of them is nearing the completion stage.

The second confirmatory well was Shell Oil Company's North Cook Inlet #1 which tested through perforations between 11,001' and 11,026' at a rate of 2,270 barrels a day of 53° API gravity oil through a ¼" choke. This well is approximately 3 miles NNE of Pan American's Cook Inlet #1-A which made 660 barrels a day of 56° API gravity condensate with about 5,000 MCF/D of gas from perforations at 10,927' - 10,947'.

Both groups, Shell-Richfield-Standard and Pan American-Phillips-Sinclair-Skelly, are stepping up their drilling programs in this area. Shell is completing the year-around drilling platform capable of drilling as many as 32 wells. Pan American has completed plans and is ready to let the contract for building a year-around drilling platform of 16-well capacity.

Shell expects to complete handling facilities and start producing and ship-

ping oil sometime in 1966. Pan American plans to start producing early in 1967.

By the time both handling facilities are ready to ship oil both groups will have completed a number of wells and the initial shipments will be substantial.

#### SILVER NEWS

The Department of the Interior has announced that it has taken several steps to forestall a possible shortage of silver. It has: (1) Directed the Office of Minerals Exploration to increase the percentage of Federal financial assistance from 50 per cent to 75 per cent of the total cost of new private silver exploration ventures; (2) Instructed the Office of Mineral and Solid Fuels to determine potential silver supplies available to meet mobilization needs; (3) Ordered the Geological Survey to initiate a reconnaissance program to outline favorable areas for the occurrence of near-surface, high-silver deposits in Nevada; (4) Directed the Bureau of Mines to place emphasis on silver in mining and metallurgical research and also in its nationwide resource evaluation investigations.

#### A Summary of the Silver Situation:

The U.S. Treasury stock is approximately 1.4 billion ounces of silver. Domestic consumption is about 60 million ounces per year while coinage takes about 150 million ounces. U.S. production amounts to about 30 million ounces of silver a year. Coinage consumption has tripled in the last four years and if this trend continues the treasury stock will be depleted within a very few years. Treasury officials are considering reducing or eliminating the silver content of coins, and also the possibility of making coins of other materials such as plastic.

#### RESULTS OF VALDEZ MINERAL SURVEY AUCTION

The eight units of foreclosed mineral and special survey lands offered for sale at a public auction held in Valdez on August 27 sold for \$1,200 above the appraised value of \$6,350. The old patented claims were sold as follows:

USMS 669,737, & 879	193.354 acres	Landlocked Bay	\$1,200
USMS 736	110.977 acres	Drier Bay	600
USMS 779,1011 & 1097	293.268 acres	Port Valdez	1,700
USMS 783A & B	120.564 acres	Landlocked Bay	850
USMS 950	11.824 acres	Port Valdez	450
USMS 954	135.254 acres	Drier Bay	700

#### Nominations Requested on Foreclosed Mineral Surveys:

Persons interested in purchasing foreclosed mineral survey land (patent-

ed claims) should nominate such lands by survey number. Nominations may be made by letter to the Division of Lands, 344 Sixth Avenue, Anchorage, Alaska. Auctions will be scheduled in the recording district if there is sufficient interest. Prospective buyers must be present or represented by an agent.

#### NEW PUBLICATIONS

U.S. Geological Survey Map showing the location of geologic field projects as of July 1, 1964. The map shows the location of each project, status, project chief, and name of his headquarters. Copies are available for consultation at the Juneau and Anchorage offices of the Division of Mines and Minerals.

U.S. Geological Survey, Map MR-40, Iron Occurrences in Alaska, by E.H. Cobb. For sale by the U.S. Geological Survey, Washington, D.C. and available for consultation at the offices of the DM&M.

#### PROSPECTOR'S ASSISTANCE PROGRAM

Reports have been coming in from various participants in the Prospector's Assistance Program. These reports are required to be in the Juneau office by the end of September in order that reimbursement might be made. This deadline on the reports is necessary so that we may have the costs and results compiled before budget time.

At least one new discovery has been made this year as a result of the program.

#### E. AND M. J. METAL MARKET PRICES

	<u>September 25,</u> <u>1964</u>	<u>Month</u> <u>Ago</u>	<u>Year</u> <u>Ago</u>
Copper, per lb.	33.45¢	32¢	31.0¢
Lead, per lb.	14¢	13¢	11.75¢
Zinc, per lb.	13.5¢	13.5¢	12.5¢
Tin, per lb.	195¢	160.4¢	117.125¢
Nickel, per lb.	79¢	79¢	79¢
Platinum, per oz.	\$87-90	\$87-90	\$87-90
Mercury, per flask	\$335-340	\$295-300	\$190-193
Antimony ore, per unit	\$8.25-9.40	\$8.25-9.40	\$4.25-4.35
Chrome ore, per long ton	Not Quoted	Not Quoted	\$36-38
Beryllium ore, per unit	Not Quoted	Not Quoted	Not Quoted
Molybdenum conc., per lb.	\$1.55	\$1.55	\$1.40
Titanium ore, per ton	\$23-26	\$23-26	\$23-26
Tungsten ore, per unit	\$17-19	\$17-19	\$16-18
Silver, New York, per oz.	129.3¢	129.3¢	129.3¢
Silver, U.S. Treasury, per oz.	129.29¢	129.29¢	90.5¢