

PROPERTY OF  
LIBRARY  
STATE OF ALASKA  
DIVISION OF  
GEOLOGICAL SURVEY

STATE OF ALASKA  
Department of Natural Resources  
DIVISION OF MINES & MINERALS

P. O. Box 1391  
Juneau, Alaska

MINES AND PETROLEUM BULLETIN

Circulation This  
Issue 1925

February, 1965

Vol. XIV  
No. 2

MINING ACTIVITIES

Central - A twenty cubic yard Hough Payloader has been shipped to the Usibelli Coal Mine at Suntrana. The front-end loader is reportedly the largest manufactured in the United States. It weighs 110,000 pounds and lifts 30,000 pounds.

Frank Birch, Superintendent, Keystone Mines, has shut down exploratory operations for the winter. The crew is continuing to mine and mill ores from that part of the mine not under OMB contract.

Southeastern - The White Pass & Yukon Route is investing \$8,000,000 in improvements at its terminal in Skagway, on a new 6,000 ton tanker-container ship, and on dock facilities at Vancouver, B.C. The White Pass and Yukon hauls asbestos, lead-zinc concentrates, and other mine products from mines in the Whitehorse area.

OIL NEWS

1964 Statistics Report - For the benefit of those who have an actual early need and use for Alaskan petroleum production and exploration statistics, we have compiled and are publishing an early, brief report of the statistics for 1964. The number printed will be limited but should be sufficient for those who actually need the information at an early date. The same statistics will be repeated with additional information in our regular Annual Report for 1964 which will be available in mid or late March. This 1964 petroleum statistics report is being printed now and will shortly be available over the counter at our Anchorage Office (800 "L" Street) or by mail from our Juneau Office (Box 1391).

During the month the following permit to drill was approved:

Birch Hill Unit #22-25, Standard Oil Company of California, operator. Located approximately 3,300' N and 1,980' E of S.W. corner of Section 25, T9N-R9W, S.M. This location lies about 21 miles north of Sterling, Alaska, and approximately 4 miles north of the established production limits of the Swanson River Oil Field.



OIL NEWS

Drilling Activity:

<u>Operator</u>	<u>Well Name &amp; Number</u>	<u>Status 1/22/65</u>
Standard Oil Co. of California	Birch Hill Unit #22-25	Location
Pan American Petroleum Corp.	West Foreland Unit #1	Suspended
Humble Oil & Refining Company	Tyonek Reserve #1	Suspended
B.P. Exploration	Itkillik Unit #1	Drilling

Production, Swanson River Field, Hemlock Zone:

	<u>Producing Wells</u>	<u>Oil Barrels</u>	<u>Gas (MCF)</u>
December 1964	54	940,232	277,377
Cumulative to January 1, 1965		39,159,790	9,146,517

Production, Kenai Gas Field:

December 1964	4		674,509
Cumulative to January 1, 1965			9,300,742

Production, Sterling Gas Field:

December 1964	1		11,382
Cumulative to January 1, 1965			129,293

Production, Swanson River Field, Kenai Zone:

December 1964	4		176,508
Cumulative to January 1, 1965			8,734,384

Gas Injection, Swanson River Field, Hemlock Zone:

December 1964	3		308,203
Cumulative to January 1, 1965			12,047,974



OIL NEWS (Contd)

The very severe weather and ice conditions during the month of December swept away the temporary drilling platforms used by the Pan American Petroleum Corporation group to drill MGS #1 and MGS #2. These structures have survived several winters but were not built or designed to withstand winter ice conditions. They were left in place with the sanction of the Division of Mines and Minerals, Petroleum Branch, and the Coast Guard, for the purpose of obtaining test data for the design of the permanent type drilling and production platforms now being constructed or designed for use in Cook Inlet. Shell Oil Company's permanent platform will become operational in the second quarter of 1965 and the Pan American Petroleum Corporation's platform is scheduled for completion in the latter part of 1965.

On wells capable of production, all wellhead fixtures are recessed below the ocean floor and temporarily plugged with cement until production facilities are completed.

RAMPART CANYON LANDS CLASSIFIED

Power site classification of nearly 9 million acres of public lands at the site of the proposed Rampart Canyon Power Project has been announced by the Department of the Interior. Such classifications are usual in such cases to control acquisition or use of public land involved while project proposals are being studied. The classification does not affect valid existing rights or prevent future mining claims, mineral leases, or nonmineral entries, except that nonmineral entries can be made only after determination by the Federal Power Commission that power site values would not be injured. All future claims, leases and entries will be subject to a reservation by the Government for possible power site use. Resources management continues under the Bureau of Land Management.

EXPLORATION COST DEDUCTIONS LIMITATION BILL INTRODUCED

U.S. Senate Bill 338 by Senator Gruening would permit full deduction of exploration costs for the computation of income taxes instead of the present limitation of \$100,000.00 annually and \$400,000.00 total as under existing law.

A similar bill introduced previously was objected to by the Treasury Department because exploration costs represent a capital investment. The present bill provides certain recapture provisions. The taxpayer would, when a mine reaches the production stage, be required to comply with provisions resulting in payment of taxes representing the difference between those which would have been levied if the expenses had been capitalized and amounts actually paid under the new provisions. In the case of disposition of mining properties, the taxpayer would be subject to adjustment of tax on any realized gain to prevent conversion of ordinary income into capital gain.



.....BILL INTRODUCED (Contd)

The American Mining Congress has long sought for total deduction of exploration costs.

MINERAL PRODUCTION

Mineral production for 1964 (see following table) is estimated to be \$71,000,000 compared to \$67,000,000 for 1963. This represents an increase of about 5% and is the result of increased oil, gas and sand and gravel production. The cumulative production for Alaska has reached \$1,571,000,000 (at present prices).

Revenue obtained by the State from the minerals industries for the year amounted to approximately \$15,000,000. This includes production taxes, royalties, and sale of sand and gravel, but does not include income and license taxes in connection with the minerals industries.

	1963		1964 (1)	
	Quantity	Value	Quantity	Value
		(thousands)		(thousands)
Coal-----thousand short tons	853	\$ 5,910	800	\$ 5,536
Gold-----thousand troy ounces	99	3,485	63	2,188
Mercury-----76 pound flasks	400	76	340	104
Natural Gas-----million cubic feet	4,498	1,111	5,982 (2)	1,610
Petroleum, crude-thousand barrels	10,740	32,650	11,030	33,880
Sand & Gravel, thousand short tons	16,926	22,005	21,000	23,300
Silver-----thousand troy ounces	14	18	7	9
Undistributed (3)-----		2,589		4,395
		<u>\$67,840</u>		<u>\$71,022</u>

(1) All figures for 1964 except petroleum and natural gas are preliminary and subject to revision. Petroleum, natural gas, and coal value figures are by this Division. The remainder of the 1964 figures were released by the U.S. Bureau of Mines.

(2) Includes only gas sold. An additional 5,479 million cf was used on the leases for pressure maintenance and power, or was unavoidably lost.

(3) Undistributed includes gem stones, platinum-group metals, uranium ore, clay and copper.



MORE ARCTIC LAND OPENED FOR OIL LEASING

The Bureau of Land Management has announced that the Department of the Interior has released 1580 leasing blocks on the North Slope to simultaneous filing for oil and gas. The land lies to the south and east of the lands opened last March, and are generally in the foothills of the Smith Mountains between the Kavik and Canning Rivers. About 60,000 acres of the released land lie within the Arctic wildlife range. Drawing cards may be obtained at land offices in Fairbanks or Anchorage. The filing period will end March 31 at 10:00 a.m.

E. AND M. J. METAL MARKET PRICES

	<u>January 25 1965</u>	<u>Month Ago</u>	<u>Year Ago</u>
Copper, per lb.	34.	34.12	31.0¢
Lead, per lb.	16.0	16.5	13.0
Zinc, per lb.	15.0	14.5	13.0
Tin, per lb.	152 7/8	155¢	134.25
Nickel, per lb.	79¢	79¢	79¢
Platinum, per oz.	97-100	87-90	\$88-
Mercury, per flask	480-495	475-490	240-244
Antimony ore, per unit	7.90-8.50	8.-8.75	4.80-5.50
Beryllium ore, per unit	Not Quoted	Not Quoted	29-32
Chrome ore, per long ton	30-35	\$30-35	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	129.29¢



TABULATED RESULTS OF THE 1964 PROSPECTOR ASSISTANCE PROGRAM

Name	Locality Prospected	Man Days	Claims Staked	Samples Assayed	Cost of Travel	Cost of Food	Equipment & Misc.	Total Cost	Cost/Man Day	Cost to State
Julius Sirilo	Taylor Mtns.	100	2	38	\$ 216.00	\$ 272.06	\$ 145.14	\$ 633.20	\$ 6.33	\$ 474.90
Jim Fuksa	Kantishna	.60	14	15		181.44	136.36	287.80	4.79	215.85
Ora P. Schoonover	Talkeetna	45	10	7	1200.00	314.05	88.08	1602.13	35.60	1201.60
Moser & Mauman	Flat	60	0	1	1204.11	268.34	230.45	1702.90	28.38	911.78
August Palm	Sitka	31	1	3	714.00	177.64	345.84	1237.48	39.92	928.11
Tury Anderson	Livengood	62	0	20	875.00	693.98	1334.00	2902.98	46.82	2177.23
Edward Durand	Slana	72	6	10	2097.00	392.62	640.28	3129.90	43.47	2347.43
Arne Murto	Rainy Pass	30	0	6	180.00	104.46	128.68	413.14	13.78	309.86
Bill Huff	Wrangell	60	0	26	990.00	117.65	130.38	1238.03	20.63	928.52
Average **		520	33	126	\$6074.27	\$2492.24	\$3179.21	\$13,147.56	\$25.28**	\$9495.28

Average \*\*

