

**PROPERTY OF
LIBRARY
STATE OF ALASKA**

State of Alaska

Department of Natural Resources
DIVISION OF MINES AND MINERALS

**DIVISION OF
GEOLOGICAL SURVEY**

P. O. Box 1391
Juneau, Alaska

MINES AND PETROLEUM BULLETIN

January, 1966

Vol. XIV

No. 1

MINING ACTIVITIES

Southcentral - Valdez Mines Ltd. and Prosper Oil Ltd. had a crew of twelve men on the Spirit Mountain prospect, 60 miles east of Valdez late in the fall. Two diamond drills were used on the old nickel deposit as well as on a relatively new lead prospect near by. Additional work is planned for next year.

Northwestern - Engineering and Mining Journal reports that "Neal W. Foster of Nome an Alaskan State senator and veteran bush pilot, has staked 165 mining claims around a limestone replacement type deposit of silver-lead in the Seward Peninsula. His partner in the venture is Eskil Anderson, Spokane, Washington, mining geologist and engineer".

Ocean Mining A.G. completed approximately 290 miles of geophysical profiling traverses and considerable bottom testing of offshore areas off the coast of Nome and Platinum. Sampling was accomplished by shallow drill holes and diving.

PRELIMINARY ESTIMATE ALASKA MINERAL PRODUCTION, 1965

Mineral	Quantity	Value (thousands)
Gold-----thousand troy ounces-	43	\$ 1,505
Mercury-----76-pound flasks-	180	104
Natural gas-----million cubic feet-	10,700	2,940
Petroleum (crude)-thousand 42-gallon barrels-	11,130	33,835
Sand and gravel-----thousand short tons-	29,959	33,925
Silver-----thousand troy ounces-	5	6
Value of items that cannot be disclosed:		
coal (bituminous), copper, lead, gem stones		
platinum-group metals, uranium, stone, peat	-----	11,174
Total-----		\$83,489

Prepared by Area VIII Mineral Resource Office, U.S. Bureau of Mines,
Juneau, Alaska

OIL NEWS

During this month one application for permit to drill was approved by the Petroleum Branch as follows:

M.G.S. State 17595 #5, Pan American Petroleum Corporation, operator.
Surface location - 536' FWL, 1930' FSL, Section 31, 9N-12W, S.M.
(conductor #6 of Leg #1, Platform "B"). Bottom hole location -
600' E and 600' N of S.W. corner, Section 30, 9N-12W, S.M.

This is a platform development well.

The Petroleum Branch has advertised the following gas well location for an exception to the spacing regulations.

M.G.S. State 17595 #601 - Pan American Petroleum Corporation,
operator. 571' FWL, 1989' FNL, Section 31, T9N-R12W, S.M.
Conductor #8, Leg #2 of Platform "B".

First oil is pipelined from State owned leases, December 14, 1965 -
Governor William Egan gave a command by radio from Anchorage to open a production valve on the Shell Oil Company's platform "A" starting the flow of oil to the onshore treating facility north of Nikiski. Weather conditions prevented the pipeline dedication ceremony from being held at Kenai, Alaska.

Initial production from the Shell Platform is approximately 3,000 barrels per day. Three wells have been completed and further development drilling is progressing at the Shell platform. The Pan American platform, which is connected by pipeline to the Shell platform, will spud its first development well by mid December.

Two Gas Discoveries announced during December;- Standard Oil Company of California announced the completion of a new gas discovery at their North Fork Unit #41-35. Tests flowed at the rate of 3,370 MCF per day on a 1/2" choke. This discovery is only 10 miles northwest of Homer, Alaska. It lies in Section 35, T4S, R14W, S.M.

The Mobil Oil Company, operator for itself and Atlantic Refining Company, announced that gas from their completed Moquawkie #1 would be made available for noncommercial use by the Moquawkie Indians free of charge. The operator did not release specific test data and the Petroleum Branch cannot release its confidential well information until a 24-month statutory confidential period has expired. The Moquawkie #1 lies in Section 1, T11N-R12W, S.M.

OIL NEWS (Continued)

Drilling Activity:

<u>Operator</u>	<u>Well Name & Number</u>	<u>Status 12/24/65</u>
Atlantic Refining Company	Rainbow-Federal #1	Abandoned
Atlantic Refining Company	Lorraine State #1	Prep. spud
Shell Oil Company	M.G.S. A-4-6	Drilling
Shell Oil Company	M.G.S. A-3-4	Completed
Wallace Mining Company	Wallace-Knutson #1-A	Changing to rotary
Mobil-Atlantic	Moquawkie #1	Gas well - S.I.
Pan American Petroleum Corp.	U.S.A. Edna May Walker #1	Drilling
Standard Oil Co. of Calif.	North Fork Unit 41-35	Gas well - Testing
Texaco, Inc.	Nicolai Creek State #1	Drilling
Texaco, Inc.	Trading Bay State #1	Location
Texaco, Inc.	Coal Bay State #1	Location
Pan American Petroleum Corp.	M.G.S. 17595 #5	Drilling - 1st well on platform
Pan American Petroleum Corp.	Tyonek State 18742 #2	O.W. - S.I.
Sinclair Oil & Gas Company	Colville State #1	Drilling
Standard Oil Co. of Calif.	Naptowne #24-8	Rigging up

Production, Swanson River Field, Hemlock Zone:

	<u>Producing Wells</u>	<u>Oil Barrels</u>	<u>Gas (MCF)</u>
November 1965	52	914,089	318,168
Cumulative to December 1, 1965		49,308,507	12,524,275

Production, Kenai Gas Field:

November 1965	6 (incl. 2 dual)	680,008
Cumulative to December 1, 1965		13,946,435

Production, Sterling Gas Field:

November 1965	1	14,530
Cumulative to December 1, 1965		232,903

Production, Swanson River Field, Kenai Zone:

November 1965	2	147,165
Cumulative to December 1, 1965		10,686,322

Gas Injection, Swanson River Field, Hemlock Zone:

November 1965	3 (including 666,694 from Kenai)	369,694
Cumulative to December 1, 1965		15,971,110

Production, Middle Ground Shoal Field:

November 1965	1 (on test)	1,159
Cumulative to December 1, 1965		1,159

COAL NEWS

Evan Jones Coal Company has closed its Anchorage administrative office.

COAL NEWS (Continued)

This office is now located at the mine. The address is Jonesville, Alaska.

The Usibelli Coal Mine Corporation has presented the first of three grants to the University of Alaska to create the Emil Usibelli Memorial Laboratory for coal research. The new research facility is named in the honor of Emil Usibelli, founder of the coal company, who was killed at the mine at Healy in 1964.

KANTISHNA LAND WITHDRAWAL MEETING HELD

The large attendance and strong opposition to the 9,000 acre withdrawal for facilities at Mount McKinley Park resulted in considerable reduction in acreage requested. The 9,000 acres would take in the town and many claims at Kantishna.

The U.S. Bureau of Land Management later informed Senator E.L. "Bob" Bartlett that "there appeared to be no serious opposition if the known mineral potential area was to be deleted from the proposed withdrawal". The BLM letter of December 21 to Senator Bartlett went on to say, "With the information obtained from those in attendance at this informal hearing, it is unlikely that more would be gained by holding a 'formal' hearing. We therefore plan to submit a formal staff report to our Washington office around the middle of January. We will suggest that the National Park Service be contacted for deletion of the mining area. This would eliminate some 5,000 acres from the present proposal, cutting out Kantishna proper as well as lands to the north and the Eureka Creek mining area".

Senator Bartlett will welcome comments from all interested parties on the above recommendation of the BLM.

RUSSIA PROPOSES GOLD PRICE INCREASE

B.V. Maiorov, Deputy Chief of the Foreign Exchange Department in the Soviet Ministry of Foreign Trade suggested to the United Nations Conference on Trade and Development that a world-wide increase in the price of gold would provide more capital with which to aid the poorer countries. He suggested also that such an increase would ease the international liquidity position, stimulate world trade, and create additional possibilities for the financing of economic development of developing countries.

U.S. GEOLOGICAL SURVEY EARTHQUAKE COLOR SLIDES

Seventy-five color and black and white slides of the March 27, 1964 earthquake have been placed on file at the Photographic Library, U.S. Geological Survey, Federal Center, Denver, Colorado. A descriptive list of the slides has been prepared and will be furnished by the Photographic Library on request. Orders may be placed for the entire set (\$37.50) or for individual slides (\$.50). A copy of the descriptive list will be enclosed with each order.

DIVISION OF MINES AND MINERALS PERSONNEL NEWS

Mr. O.K. Gilbreth, Jr., of Hobbs, New Mexico, has been appointed to fill the vacant position of Petroleum Engineer. He will arrive with his family and join the Division in our Anchorage office about January 24. Mr. Gilbreth was with Gulf Oil Corporation at Midland, Texas, from 1947 to 1962 and with the firms of Bateman-Whittsitt, Inc., and C.W. Trainer of Hobbs, New Mexico since 1962. He is a graduate of the University of Oklahoma. Contrary to apprehensions voiced by some, Mr. Karl VonderAhe is not leaving the Division.

We are still recruiting to fill the vacant positions of Petroleum Geologist and Assayer Chemist. These vacancies are at Anchorage. For further details, please write to James A. Williams, Director, Division of Mines and Minerals, P.O. Box 1391, Juneau, Alaska, 99801.

E. AND M.J. METAL MARKET PRICES

	<u>December 27</u> <u>1965</u>	<u>Month Ago</u>	<u>Year Ago</u>
Copper, per lb.	35.8¢	35.9¢	34.12¢
Lead, per lb.	16¢	16¢	16.5¢
Zinc, per lb.	15¢	15¢	14.5¢
Tin, per lb.	173.6¢	174.9¢	155¢
Nickel, per lb.	77.75¢	77.75¢	79¢
Platinum per oz.	\$97-100	\$97-100	\$87-90
Mercury, per flask	\$535-540	\$540-550	\$475-490
Antimony ore, per unit	\$5.50-6.50	\$5.50-6.50	\$8.00-8.75
Beryllium powder, 98% per lb.	\$54-66	\$54-66	\$54-66
Chrome ore, per long ton	\$31-35	\$31-35	Not Quoted
Molybdenum conc., per lb.	\$1.55	\$1.55	\$1.55
Titanium ore, per ton	\$21-24	\$21-24	\$23-26
Tungsten ore, per unit	\$29.75-30.25	\$29.75-30.25	\$17-19
Silver, New York, per oz.	129.3¢	129.3¢	129.3¢
Silver, U.S. Treasury, per oz.	129.29¢	129.29¢	129.29¢

NOTICE TO FORMER OPERATORS OF GOLD MINES NOW CLOSED

We have received little response to our December item on proposed gold mining assistance. To achieve better circulation of the request for data to present to Congress, we decided to run it in this issue of the Bulletin rather than a separate mailing. As mentioned last month, we have received lengthy correspondence from Mr. Kenneth C. Kellar in which he details his efforts to obtain assistance from Congress for the gold mining industry. Mr. Kellar is Chief Counsel for Homestake Mining Company of South Dakota. He is looking to the industry for information to help further efforts. He has aroused interest in certain bills which he helped draft and is convinced that the Treasury Department will consider measures that will not be interpreted as causing an increase in the price of gold.

One bill, S.2562, would provide an incentive for reopening gold mines by providing the operators with a subsidy amounting to 125% of the new production after reopening. This would provide an additional \$44 per ounce and would be the equivalent of mining gold for \$79 per ounce.

Another bill, S.2596, would raise the gold mining depletion allowance from 15% to 23% and raise the depletion allowance limitation from 50% of the operating profit to 75%.

Anticipating one or more hearings on S.2562, S.2596, and other related bills after Congress convenes in January, Mr. Kellar wants to present reliable information from as many former operators of closed mines as possible on how many mines would reopen and how much additional production would result if the bills were passed. He would also like to establish how many more additional mines might reopen at what additional production above the estimates for \$79 if additional subsidies were provided to allow the miner \$105 per ounce. In other words, realizing that \$79 is a good start but not the final answer, he would like to present additional testimony on estimated differences between what would happen at \$79 and at \$105.

He also wants to know what the effect of the proposed increased depletion allowances would be on reopening mines and increasing production from its present level.

If you desire to help on this project, please give these questions careful thought and send your estimates to us at Box 1391, Juneau, soon for forwarding to Mr. Kellar. To avoid errors that might be caused by receiving more than one estimate covering the same properties, and for your convenience, we are attaching a form as the last sheet of this Bulletin which you will find useful for your reply. The location of each property should be given as closely as practicable unless it is well known by its name.

NAME _____

COMPANY _____

- (A) List properties here that would reopen if S.2562 were passed, which would provide the equivalent of an additional \$44 per ounce for a total of \$79 per ounce. Estimate the probable annual production in ounces for each property.

PROPERTIESANNUAL PRODUCTION
IN OUNCES

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

- (B) List here properties not listed above which would reopen at \$105 per ounce and the probable annual production in ounces of each.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

- (C) How much more would the properties listed under (A) above produce each year if the total amount received went from \$79 to \$105 per ounce?

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

(D) List here the properties that would reopen and the probable production if the proposed increased depletion allowances under S2596 were passed but with no subsidies or price increases.

<u>PROPERTIES</u>		<u>ANNUAL PRODUCTION</u> <u>IN OUNCES</u>
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

(E) Factual comments on other benefits that would result if the proposals were put into effect:

Signature _____
Date _____