

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 ACTIVITY

Northwest - Pumping tests of the flooded shaft at Bornite, Alaska, during the last four months have proved encouraging according to officials of the Kennecott Copper Corporation. Large pumps flown in four months ago are being used to determine the amount of flow entering the shaft by quantity-time studies. However, the company expects it will be late May before the tests will be concluded.

Martin Dredging, Inc., expect to have a new and larger suction dredge operating on offshore leases near Nome by June of this year. The dredging equipment is being built into a converted mine sweeper.

Southeastern - Dynasty Exploration Ltd., of Vancouver, B.C., will have a crew investigating the area staked by James Walper on the south end of Prince of Wales Island near Ketchikan last fall. A geochemical and geophysical program will be carried out this summer in conjunction with a geological study.

OIL AND GAS NEWS

Blowing Gas Well Under Control - The Beaver Creek No. 1 well has bridged and only a small amount of gas is now escaping. Operations are proceeding to clear the location of the debris from the blowout and to trim the exposed damaged casing for the installation of control equipment. A small fire at the well site was quickly brought under control during the clean up. The Beaver Creek No. 1-A well is drilling about one half mile west of the blowout location and will be used as a relief well in the event that a rig cannot be located over the No. 1 well. This well lies on a Federal Government lease in Kenai National Moose Range.

One application for a drilling permit was approved by the Division's Petroleum Branch during the month as follows:

Beaver Creek No. 1-A - Marathon Oil Company, operator - Surface location: 117' FSL and 1338' FEL, Sec. 33, T7N, R10W, S.M. Bottom hole location: 1523' FSL and 3400' FWL, Sec. 34, T7N, R10W, S.M. This location is one half mile west of the No. 1 well which blew out several weeks ago. It will be used to aid in the abandonment of the No. 1 Beaver Creek if it is necessary.

One drilling permit, already approved, requested a different bottom hole location as follows:

Trading Bay State No. A-4 - Union Oil Company of California, operator - Surface location: 1611' FSL and 558' FEL, Sec. 4, T9N, R13W, S.M. Bottom hole location: 1970' FSL and 600' FWL, Sec. 3, T9N, R13W, S.M. This location is an east offset to a producing well in the Trading Bay Field.

## Drilling Activity

<u>Operator</u>	<u>Well Name and Number</u>	<u>Status 3-27-67</u>
Cities Service Oil Company	Painter Creek #1	Location
Hunt Oil Company	Kalgin Island State #2	Location
Marathon Oil Company	Beaver Creek #1	Abandoning
Marathon Oil Company	Beaver Creek #1-A	Drilling
Mobil Oil Corporation	Union-Mobil State 31-13	Drilling
Mobil Oil Corporation	Union-Mobil State 31-14	Drilling
Pan American Petroleum Corp.	Chuitna River State #1	Abandoned
Pan American Petroleum Corp.	Cook Inlet State 17593 #1	Location
Pan American Petroleum Corp.	Granite Point 17586 #3	Drilling
Pan American Petroleum Corp.	Granite Point 17587 #3	Comp. Oil Well
Pan American Petroleum Corp.	Granite Point 17587 #4	Drilling
Pan American Petroleum Corp.	Granite Point 18742 #3	Drilling
Pan American Petroleum Corp.	Granite Point 18742 #4	Drilling
Pan American Petroleum Corp.	MGS 17595 #10	Drilling
Pennzoil Company	Starichkof State #1	Testing
Shell Oil Company	MGS A-33-1	Drilling
Shell Oil Company	Middle River State #1	Abandoned
Standard Oil Co. of California	Beluga River Unit 14-3	Drilling
Texaco, Inc.	Nicolai Creek Unit #3	Drilling
Texaco, Inc.	Point Possession Unit #1	Drilling
Texaco, Inc.	Trading Bay State #2	Location
Texaco, Inc.	Trading Bay State #3	Location
Union Oil Co. of California	Kookpuk #1	Abandoned
Union Oil Co. of California	Trading Bay State A-3	Suspended
Union Oil Co. of California	Trading Bay State A-4	Drilling

## Production - February 1967 (Gas now all at pressure base of 14.65 psi)

<u>Field</u>	<u>Zone</u>	<u>Prod. Wells</u>	<u>Oil, Bbls.</u>	<u>Gas, MCF</u>
Swanson River Field	Hemlock	41	1,051,231 64,192,553*	1,051,525 20,831,818*
	Injection Hemlock	7		3,145,312 51,702,007*
Middle Ground Shoal	Hemlock and Kenai	16 (incl. 4 duals as 8 wells)	474,953 3,596,230*	211,080 1,613,880*
Kenai	Kenai	17 (incl. 6 duals as 12 wells)		3,398,579 55,126,873*(1)
Sterling	Kenai	1		16,253 442,085*
Trading Bay	Hemlock	1	10,099 36,171*	4,572 14,922*

\*Cumulative to March 1, 1967

(1) Correction in last month figure 51,728,294

## RESULTS OF STATE CLAIMS SALE

The March 16 land sale held in Ketchikan of various state lands in that area resulted in oral bids totaling \$34,250 for ten foreclosed patented mineral surveys. Bids were higher than anticipated because of logging interests which purchased over half of them. The average sale value was approximately \$100 per acre.

## NEW DEPUTY COMMISSIONER

Dale Wallington of Anchorage is the new Deputy Commissioner of the Department of Natural Resources effective April 1, 1967. Mr. Wallington was formerly with the American Stratigraphic Company. He has been managing its Anchorage office since 1960. Prior to coming to Alaska he served as manager and stratigrapher for the company in Saskatchewan, Montana, and Wyoming. He is a graduate petroleum geologist from Michigan State University.

## OIL COMPANIES IN MINING

Oil companies continue to diversify, and getting into mining is apparently becoming more popular with them as time goes on. The latest to come to our attention is Humble Oil and Refining Company, a major company that is very active in Alaska. Humble is interested in learning of Alaskan mining possibilities. The company's Alaska address is Box 440, Anchorage, Alaska, 99501.

## CANADIAN ACTIVITY

A 1500-foot long cable skyline designed to haul freight across the Yukon River during freeze-up and break-up has been completed by the Cassiar Asbestos Corporation, Ltd., at its asbestos mine 60 miles north of Dawson. Two thirds of the total cost will be paid by the Canadian Federal Government and will become the property of the Yukon Territory Government which will operate it as a public utility.

Anvil Mining Corporation, a subsidiary of Cyprus Mines Corp. has announced plans to proceed with production from its lead-zinc-silver ore body in the Vangorda area of the central Yukon Territory, Canada. They intend to invest about \$56 million in mining facilities over the next two years. Eventual production of about 1000 tons per day of concentrates is planned and it is likely that these will be shipped through the Lynn Canal ports of Haines or Skagway.

## HEARING ON OIL AND GAS CONSERVATION REGULATIONS

The following notice was published in the Anchorage Daily News on March 23, 1967:

"Notice is hereby given that the State of Alaska, Department of Natural Resources, Division of Mines and Minerals will hold a public hearing Wednesday, April 26, 1967, starting at 9:00 a.m. in the council chambers at the Loussac Library, Fifth and F Streets, Anchorage, Alaska, for the purpose of receiving testimony on proposed amendments, deletions, and additions to the Alaska Oil and Gas Conservation Regulations.

"The authority for promulgating these regulations is AS 31.05.030(c). They are part of AAC, Title 11, Division 2, Chapter 1. The proposals include but are not limited to revisions of regulations concerning drilling, plugging, production, well spacing, reports, required well logs, definitions, and other related items.

"Any interested person may present relevant statements or arguments verbally or in writing at the hearing. Written statements in duplicate are acceptable prior to the hearing. One copy should be sent to the Division of Mines and Minerals, Pouch M, Juneau, Alaska, 99801, and one to the Division of Mines and Minerals, 3001 Porcupine Drive, Anchorage, Alaska, 99504. All statements will be given full consideration before adoption and filing of final regulations.

"Copies of the proposals will be available from either of the above offices of the Division of Mines and Minerals upon request approximately three weeks prior to the hearing."

Signed: "James A. Williams, Director"

#### GOLD SUBSIDY BILLS

Gold subsidy bills have again been introduced by Senator Gruening of Alaska and Representative Aspinall of Colorado. These bills were designed to stimulate the production of gold so as to increase our national supply and improve our balance-of-payments situation. They would establish a domestic program of payments to American producers based on the difference in cost of gold production in 1966 over 1939, computed on an individual gold mine basis.

New gold mining enterprises or those with no history on production in the last quarter of 1939 could qualify for similar aid through establishment of constructive costs, taking into account costs in the same or adjacent mining district.

Payments would be made only for gold produced and would be restricted to mines whose primary production is gold. The bills do not call for an increase in price of gold above the present price of \$35 an ounce, nor do they have any bearing on the value of the dollar from an international monetary standpoint.

Observers predict that each bill will probably be passed by the respective House in which it originated, but that neither will be passed by both Houses. Backers of the bills feel, however, that progress is being made each year toward the goal of giving the much-deserved boost to the production of gold.

#### NEW PUBLICATIONS

##### Division of Mines and Minerals

History of Mines and Prospects, Ketchikan District, Prior to 1952, by John Bufvers. A 32-page report of 44 mines and prospects in the Ketchikan area as known by Bufvers, a pioneer, who was active in mining in Alaska from 1913 to 1952. Price \$1.00.

Geologic Report No. 23, The Geology and Geochemistry of the Inmachuk River Map Area, Seward Peninsula, Alaska, by Gordon Herreid. Twenty-five pages of text, maps, tables and graphs. The Inmachuk map area covers 110 square miles in northern Seward Peninsula, ten miles south of Kotzebue Sound and 25 miles southwest of Deering. The known mineral deposits in the area are lead-zinc lodes and gold placers in the vicinity of Hannum Creek, two gossan areas about eight miles southeast of Hannum Creek and reported placer tin in the creek, two to five miles south of the gossans. Price \$1.00.

Geologic Report No. 32, Geology of an Area on the Upper Talkeetna River, Talkeetna Mountains Quadrangle, Alaska, by Arthur W. Rose. Nine pages of text, maps, tables and graphs. Three minor copper occurrences were found during the mapping, and stream sediments derived from a pyritic phyllite unit are moderately to strongly anomalous in copper content. Price \$1.00.

DM&M Reports at the Printers:

Geologic Report No. 28, Geology of the Upper Chistochina River Area, Mt. Hayes Quadrangle, Alaska, by Arthur W. Rose. Price to be \$1.00.

Geochemical Report No. 8, Geochemical and Geological Investigations of Admiralty Island, Alaska, by William H. Race, and Arthur W. Rose. Price to be \$1.00.

Annual Report for the Year 1966, by Division of Mines and Minerals staff. Covers status of minerals industries and activities of the Division.

U.S. Geological Survey:

Open File Report, Mineral Appraisal of the Bering Sea, Bogoslof, Simeonof, Semidi, Tuxedni, St. Laxaria, Hazy Island, and Forrester Island National Wildlife Refuges, Alaska, by Edward H. Cobb, Alexander A. Wanek, Arthur Grantz, and Claire Carter.

Open File Report, Geologic map of the Gulf of Alaska Tertiary Province, Alaska, by George Plafker. One map and explanation.

U.S. Bureau of Mines:

RI-6892, Investigations of the White Mountain Mercury Deposit, Kuskokwim River Basin, Alaska, by Raymond P. Maloney.

Division of Mines and Minerals' publications are available at \$1.00 from the Juneau office or the Anchorage office. Mail orders should be sent to the Juneau office.

U.S. Geological Survey Open File Reports are available for reading only at its offices as well as those of the Division of Mines and Minerals.

U.S. Bureau of Mines reports are available from its office at 4800 Forbes, Avenue, Pittsburgh, Pennsylvania.

LOW GRADE GOLD FOUND BY U.S.G.S.

A huge mass of gold-bearing rock, estimated to total 50 cubic miles or more in the Jackson Hole area of northwest Wyoming, is a special target of investigation by scientists of the Geological Survey. A preliminary report reveals that gold in sandstone and conglomerate amounting to as much as \$3.00 per cubic yard has been found. The Survey developed a cyanide-atomic absorption method of detecting gold as little as ten parts per billion, an amount equivalent to one-and-a-half cents per cubic yard of rock. Copies of the report entitled, "Gold-bearing Sedimentary Rocks in Northwest Wyoming - a Preliminary Report" by J.C. Antweiler and J.D. Lowe, published as Geological Survey Circular 541, are available free on request from the U.S. Geological Survey, Washington, D.C., 20242, and over the counter at their Public Inquiries Offices.

# E. AND M.J. METAL MARKET PRICES

	<u>March 27 1967</u>	<u>Month Ago</u>	<u>Year Ago</u>
Copper, per lb.	38¢	38.1¢	36¢
Lead, per lb.	14¢	14¢	16¢
Zinc, per lb.	14.5¢	14.5¢	15¢
Tin, per lb.	153.5¢	154.75¢	175.75¢
Nickel, per lb.	85.25¢	85.25¢	77.75¢
Platinum, per oz.	\$109-112	\$109-112	\$97-100
Mercury, per flask	\$505-515	\$515-525	\$395-415
Antimony ore, per unit	\$4.80-5.80	\$4.70-5.70	\$5.25-6.50
Beryllium powder, 98¢ per lb.	\$54-66	\$54-66	\$54-66
Chrome ore, per long ton	\$31-35	\$31-35	\$31-35
Molybdenum Conc., per lb.	\$1.62	\$1.62	\$1.55
Titanium ore per ton.	\$21-24	\$21-24	\$21-24
Tungsten, per unit	\$43.00	\$43.00	\$43.00
Silver, New York, per oz.	129.3¢	129.3¢	129.3¢
Silver, U.S. Treasury, per oz.	129.29¢	129.29¢	129.29¢