

### FUTURE OF THE TDM

The First State Legislature has just convened, and the first order of business, we presume, is the reorganization of the various Departments into the new State Government. We recounted last month what the PAS proposes be done with us. Other proposals have been, and will be, presented and considered. We might even end up being called the Department

Economic Development, or DED for short, which would be a most unfortunate abbreviation for what we intend to be a real live agency. Perhaps in our next installment we can report the final details. In the meantime, we trust that our readers will allow us to continue using our old designation, TDM.

### COAL NEWS

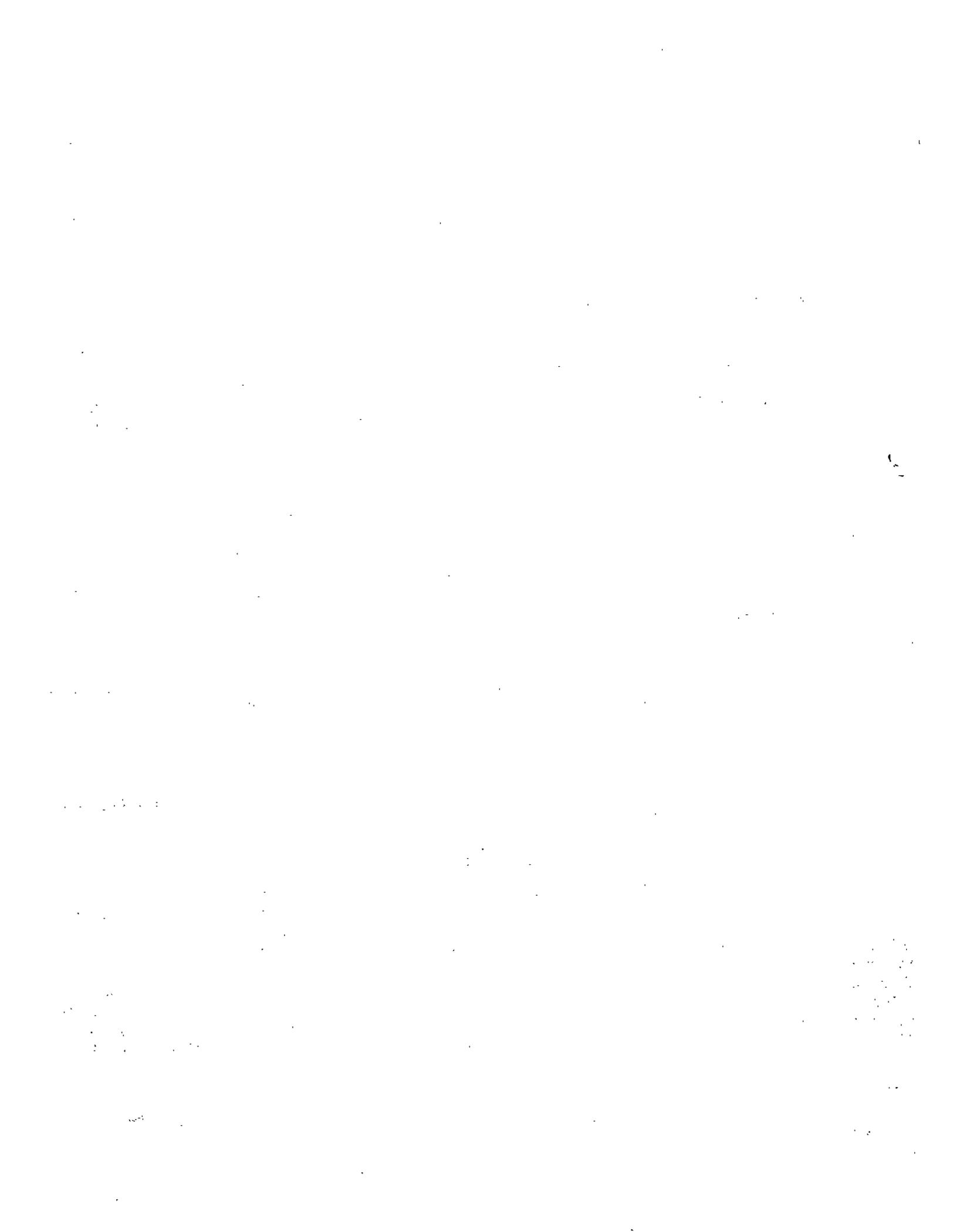
Suntrana Mining Company and Usibelli Coal Mines, Inc. have been involved in a court contest for some time over alleged flooding damages to Suntrana caused by Usibelli dumping stripping wastes into the Healy River upstream from Suntrana. The latest move in this drawn-out affair is a compromise agreement between the firms whereby they will both help pay for the construction of a diversion channel. This new channel should safely carry the deposited wastes downstream without further obstructing the normal stream flow. If the details are not worked out by a deadline set for next August 1, the matter will once again be in the hands of the court.

The U. S. Bureau of Mines has published a report on its preliminary investigations of coal beds in the Beluga Lake area, 60 miles NW of Anchorage. The area is considered to have good possibilities for coal mining. There are many coal outcrops there which indicate beds 5 to 20 feet thick, and at least two beds were found to be more than 30 feet thick. "Although the region is uninhabited, has no roads or trails, and is largely unexplored, the bureau's reconnaissance study reveals low-cost, open-cut mining, coupled with on-site generation of electricity, may prove feasible," is stated by R. P. Maloney, engineer for the USBM and author of the report.

### OIL NEWS

Secretary of the Interior Seaton has approved a development contract with Richfield Oil Corporation for the development of about 490,000 acres in the Katalla-Yakaga area on the shores of the Alaska Gulf. The area involved covers about half the area originally covered by a contract with Phillips Petroleum Company. Under the earlier contract, Phillips drilled three wells and then abandoned the area in 1957. Richfield has also applied for a second contract covering the remainder of the original 1,060,000 acres which were held by Phillips. Under its present contract, Richfield must (1) spend \$150,000 in geophysical and geological work during 1959, (2) commence drilling in 1959, (3) spend \$250,000 during 1961 on drilling or other operations exclusive of the well referred to in

HAVE YOU SENT IN LAST MONTH'S PINK SLIP? If not, and if we don't hear from you before the end of February, this will be your last Bulletin.



), (4) spend \$500,000 during 1962 on drilling, and (5) furnish the U.S.G.S. with copies of all geological reports and maps reflecting its interpretation of data gathered. Negotiations for this contract took nearly a year.

There is a common misconception that in a special development contract like the above, the government just gives the oil company the large acreage mentioned in the contract. Such is not the case. The contract merely makes it legal for the company to hold the large acreage, which is considerably larger than it could legally hold without the contract. After securing the contract, the company must acquire the acreage in the usual manner by purchase, lease, etc. The purpose of a development contract is to give a company sufficient incentive to spend the necessarily large amounts of money for exploration of an unproven area.

The Alaska Petroleum Directory turned out to be quite a fund of information. It lists names and addresses of individual lease holders and applicants; names, addresses, and key personnel of active oil and land companies in Alaska; names and addresses, etc., of government and state agencies; companies and individuals offering services, supplies, brokerage, consulting, transportation, etc.; and other useful information. This 96-page directory sells for \$7.50 at Petroleum Publications, Inc., 427 G Street or Box 399, Anchorage.

Senator Bartlett of Alaska has introduced a bill in Congress to release Naval Petroleum Reserve No. 4 so that it may be developed by private industry. The Senator says he has advice that the Navy no longer believes the area (24,000,000 acres on the Arctic Slope) suitable as a reserve, even if large quantities of oil were known to exist. He reasons that further drilling in the Pet 4 area could well develop enough oil to warrant laying a pipeline to Fairbanks, particularly if it could be constructed in connection with a gas line from the Gubik Gas Field as presently contemplated by Alaska Propane Company of Fairbanks. Alaska Propane plans to start drilling on the Gubik structure about March 1. It recently purchased surplus Navy drilling equipment from Pet 4.

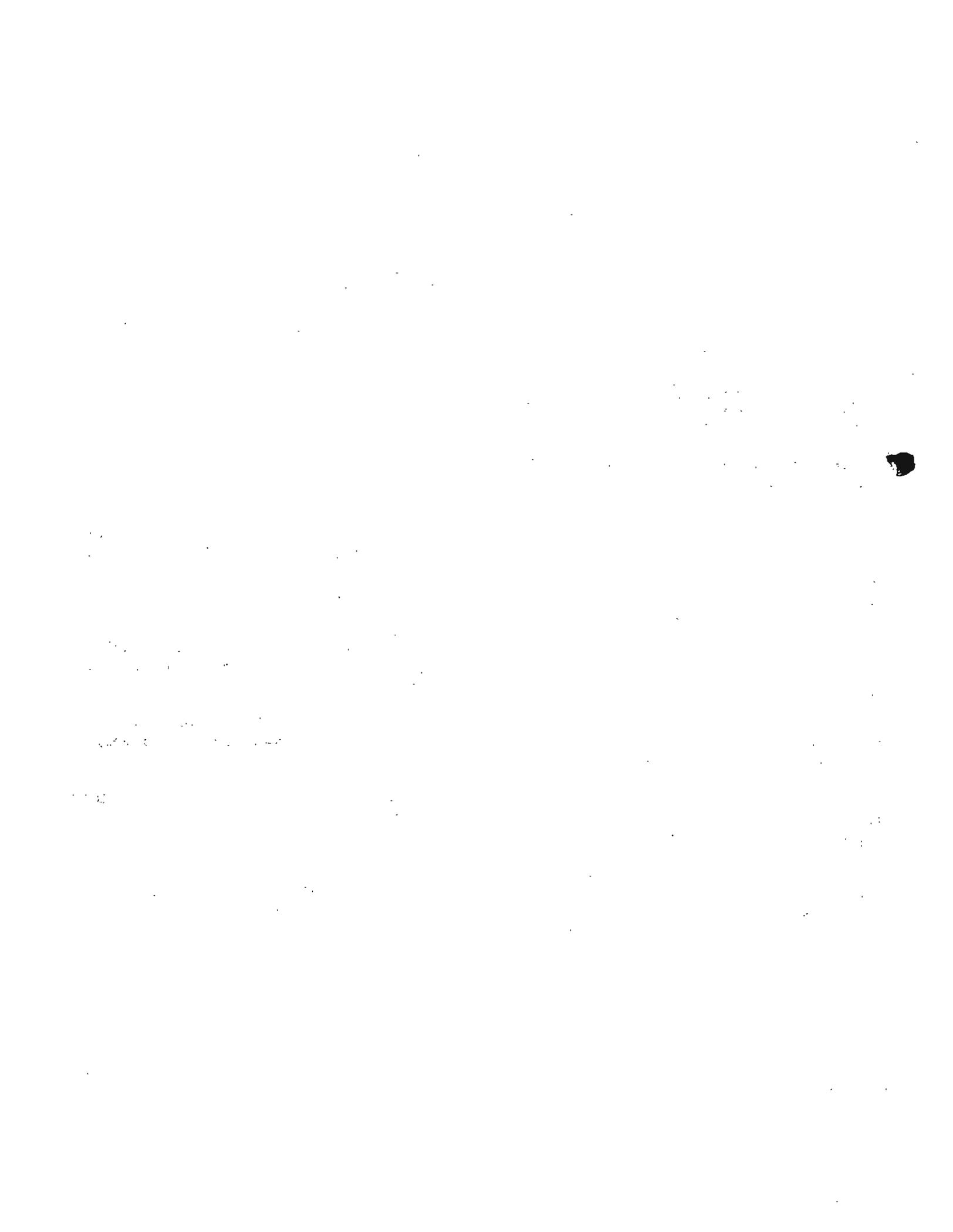
The Halbouty Alaska Oil Company drill rig arrived from points south and is now being set up at the drill site about five miles SW of the Richfield-Standard discovery well in the Swanson River Unit.

Production tests are continuing on the Richfield-Standard wells, Swanson River Unit No's. 1 and 2. Drilling on No. 4 is down 7,173 feet at last report, the site for No.5 is prepared, and a road is being built toward the No. 6 location.

Colorado Oil and Gas has been having lots of trouble in its Yakutat No. 3 at around 10,500 feet. Humble-Shell are progressing slowly in their Bear Creek Unit No. 1 at 13,472 feet. Alaska Consolidated was down to 1,500 feet in its well at Iniskin.

#### PROSPECTOR ASSISTANCE PROGRAM

As authorized by the 1957 Territorial Legislature in Chapter 117, the TDM will again administer a prospector assistance program this year. The assistance may consist of furnishing the prospector with: (a) transportation to and from the selected area, the cost of which shall not exceed \$200 per season, (b) food and equipment necessary for prospecting, the cost of which shall not exceed \$100 per month for actual time spent prospecting and not more than \$300 per season, (c) monthly delivery of supplies and checking on prospector's



work and well-being. Prospectors will be chosen by drawing lots if there are more favorable applications than can be accommodated. Assistance will not be granted for an operation of less than one month nor more often than once per year. Assistance will not be granted to more than one prospector in one family or one prospecting party. Applicants must be U. S. citizens and bona fide residents of Alaska. The TDM may grant or refuse assistance depending on the apparent qualifications of the applicants, and will discontinue the assistance at any time it appears a chosen prospector is not properly or diligently prospecting.

Rules and regulations for the 1959 operation of the program and special application forms will soon be available at the TDM offices in College, Anchorage and Ketchikan, or by writing to the TDM at Box 1391, Juneau. The rules are rather strict, and the prospectors' field work will be watched as closely as possible. It is not intended that the prospector shall work in areas already heavily prospected, nor on prospects he has already held, nor on well-developed prospects, unless he can give a satisfactory reason for doing so. He may not do assessment work under the program. He will be required to write a daily diary type of report which he must turn in to the TDM at the close of the season. To be considered with the first group, application blanks must be completely filled out and received in the Juneau TDM office before 10:00 A.M. April 6, at which time lots will be drawn if necessary. Later applications will be considered if the initial number is insufficient, but all plans will have to be approved before June 30, the end of the fiscal year.

#### WILDERNESS AREA BILLS AGAIN INTRODUCED

Several bills have already been introduced in the new Congress to create the much-proposed National Wilderness Preservation System. The latest bills are modified slightly from those of the last session, but for all practical purposes they would limit use of lands within the System to the esthetic enjoyment of a relatively few hardy wilderness enthusiasts. This System would include large areas in Alaska such as parks, national monuments and wildlife refuges. Hearings were held in four States last fall, and the Arizona Small Mine Operators' publication Pay Dirt had this to say:

"Some 249 witnesses in a period of four days appeared for and against the so-called Wilderness Bill, which would set aside over 50 million acres in national parks, forests and wildlife refuges, to allow the various areas to "go back to nature," undisturbed. While the bulk of mining associations and a good many chambers of commerce were bitterly opposed to the bill, the preponderance of witnesses were from various nature and wildlife conservation organizations which were enthusiastic in endorsing the idea.

"Of course, if such an area had been set aside in the Garden of Eden so that we could see now what it looked like in Biblical days, it would be a greater curiosity than Disneyland. In the proposed withdrawals, the plucking of even fig leaves (if any) would be prohibited and that might pose a problem to nature lovers. Anyway, the chances are that the conservationists are strong enough to get the bill passed."

#### MISCELLANEOUS

A new helicopter service for Southeastern Alaska is starting this spring with at least two machines. TEMSCO COPTERS is the name and Ketchikan is the base location. TEMSCO is proud of the fact that it is an all-Alaska corporation, with all stockholders resident here in the State, and service will be available twelve months of the year.

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The University of Alaska School of Mines is contemplating setting up curriculum in petroleum engineering. Questionnaires have been distributed to the industry and individuals for ideas and opinions on the subject. Dean E. H. Beistline would be glad to hear from anyone who wishes to express a view.

Seen in GeoTimes, a national geological magazine:

"Stock brokers are following with keen interest the progress of Tall Timbers, Inc. of Texas. The company is reported to be buying fantastically large numbers of well logs. Informed sources say these will be cut into planks to be used in shoring up the Texas ego which has sagged so badly since Alaska was accepted as the 49th and largest state."

A new map by the U.S.G.S. entitled "Map of a part of the Prince William Sound area, Alaska, showing linear geologic features as shown on aerial photographs" by William H. Condon and John T. Cass is published as Miscellaneous Geologic Investigations Map I-273. The linear features are interpreted as surface expressions of faults, joints, and shear mes. Mines and prospects in the area, are shown. A brief text explaining the map accompanies it. The map is available for inspection at Alaska offices of the TDM and U.S.G.S., and may be purchased for 50¢ from the U.S.G.S. at 520 Illinois Street, Fairbanks or over the counter at 204 Denali Bldg., Anchorage.

For those interested, the State Legislative Resources Committees are as follows:  
Senate: Irene Ryan, Anchorage, Chairman; B. J. Logan, Cordova; Eben Hopson, Barrow; W. O. Smith, Ketchikan; and Jack E. Weise, Bethel. House of Representatives: Andrew Hope, Sitka, Chairman; Charles Jones, Craig; Axel Johnson, Kwiguk; Peter Deveau, Kodiak; Harold Hansen, Cordova; Grant Pearson, McKinley Park; and Jay Hammond, Naknek.

E. AND M. J. METAL MARKET PRICES

	Jan. 22 1959	Month Ago	Year Ago
Copper, per lb.	29.0¢	29.0¢	24.5¢
Lead, per lb.	13¢	13¢	13¢
Zinc, per lb.	11.5¢	11.5¢	10¢
Tin, per lb.	99.8¢	99.0¢	92.2¢
Nickel, per lb.	74¢	74¢	74¢
Platinum, per oz.	\$51-55	\$51-55	\$76-80
Quicksilver, per flask	\$218-223	\$218-222	\$220-225
Silver, foreign, New York	90.2¢	89.9¢	89.6¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢
Antimony ore, per unit	\$3.10-3.20	\$3.10-3.20	\$3.00-3.10
Chrome ore, per long ton	\$40-42	\$42-44	\$115
Molybdenum conc., per lb.	\$1.25	\$1.25	\$1.18
Titanium ore, per ton	\$23-26	\$23-26	\$26-30
Tungsten ore, per unit	\$20-22	\$20-22	\$19-20

