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

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MINING ACTIVITIES

As information comes to us on various mining investigation, exploration, and reconnaissance prospecting plans, it looks more and more like another active year for these types of operations. Most of these plans, of necessity, must be kept confidential. Bear Creek Mining Co., Kennecott exploration subsidiary, will spend another season drilling its copper show on Ruby Creek in the Kobuk country. Mt. Andrew Mining Co. (Utah Construction and Mining Co.) is still exploring and drilling various iron properties in the south part of the Panhandle. Earl Pilgrim is reported by the press to be hopeful of reopening his antimony mine at Stampede in the Kantishna this year. Little Squaw Mining Co. will continue gold lode development work in the Chandalar. Limestone investigations will continue. Exploration companies and parties are interested in learning of any new copper, iron, nickel, mercury, molybdenum, asbestos, beryllium, tin, etc., possibilities.

OIL NEWS

During the month of April, five applications for permits to drill were approved by the Petroleum Branch of this Division, bringing the 1961 total to seventeen permits approved as compared to three covering the same period in 1960. (See table below). Two of the new wells are development wells in the Swanson River Field and are designated as SCU 23-4 and SCU 43-5, Standard Oil Co. of Calif., Opr. The remaining three wells are exploratory wells and are designated as follows:

|                                 |                       |                           |
|---------------------------------|-----------------------|---------------------------|
| Union Oil Co. of Calif., Opr.   | "Sterling Unit" 23-15 | Sec. 15, 5N, 10W, S B&M   |
| Richfield Oil Corporation, Opr. | "Duktoth River" 1     | Sec. 24, 20S, 15E, CR B&M |
| Colorado Oil & Gas Corp., Opr.  | "Core Hole" 1         | Sec. 17, 27S, 35E, CR B&M |

The latter well is the first of a number of stratigraphic tests to be drilled by Colorado Oil and Gas Corp. in the Yakutat area.

Also during April three completions were announced by Standard Oil Co. of Calif., Opr, in the Swanson River Field. On April 5, 1961, Well No. "Swanson River Unit" 23-15 was completed flowing oil at a calculated MER of 450 barrels per day. On April 8, 1961, the operator completed Well No. "Soldotna Creek Unit" 12-4 flowing at a calculated MER of 850 barrels per day. On April 24, 1961, Well No. "Soldotna Creek Unit" 43-8 was completed flowing at a calculated MER of 700 barrels per day. This brings to 27 the total number of producers completed in the Swanson River Field.

Following is a table comparing miscellaneous statistics for the first four months of 1961 with the same period of 1960:

|                                   | <u>1960</u> | <u>1961</u> | <u>Increase</u> |
|-----------------------------------|-------------|-------------|-----------------|
| Number of Drilling Permits Issued | 3           | 17          | 14              |
| Number of Wells Spudded           | 3           | 13          | 10              |
| Number of Wells Completed         | 2           | 10          | 8               |
| Number of Wells Abandoned         | 2           | 1           | (1)             |
| Number of Rigs Active             | 5           | 9           | 4               |
| Production (B/D)                  | 750         | 12,000      | 11,250          |

Wildcat Drilling Activity as of April 26, 1961

| <u>Operator</u> | <u>Well Number</u> | <u>Status</u>    |
|-----------------|--------------------|------------------|
| Pan American    | Napatuk Creek 1    | Drilling @ 7941' |
| Richfield       | Duktoth River 1    | Drilling @ 1702' |
| Union           | Sterling Unit 1    | Location         |
| Colorado        | Core Hole 1        | Location         |

RELEASE OF RECORDS - In compliance with Sec. 2008.1 of the Oil & Gas Conservation Regulations, records covering the drilling of Well No. "Yakutat" 3, Colorado Oil & Gas Corp., Opr. will be released to the public on May 23, 1961.

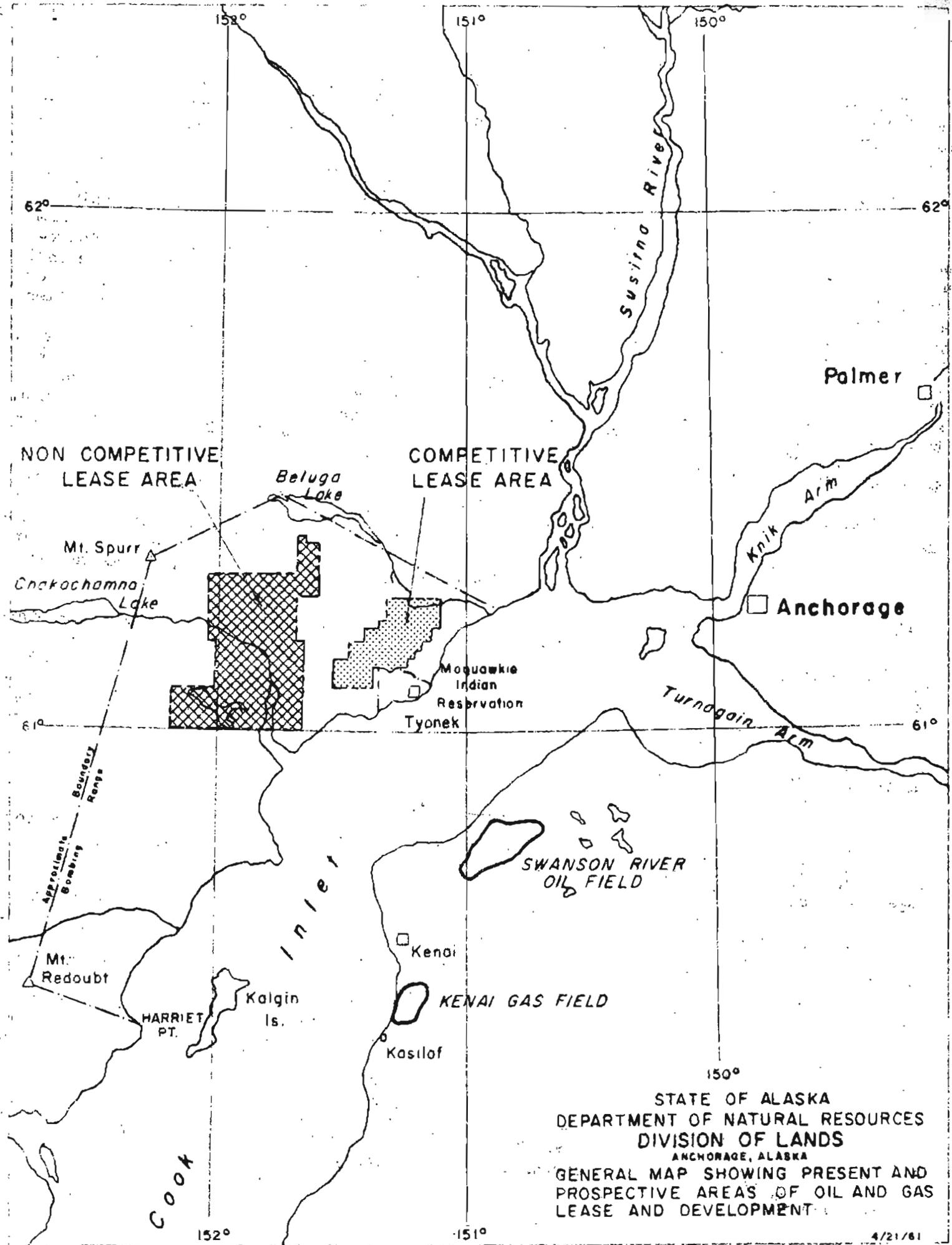
NEW GAS FIELD DISCOVERY - Standard Oil Co. of Calif., Opr. has announced that Well No. "Falls Creek Unit" 1 has been completed as a potential natural gas producer. No depth has been announced for the gas zone. The well was originally drilled to 13,795' to test the Hemlock Zone. It was subsequently plugged back and completed as Alaska's third gas field.

COMPETITIVE OIL AND GAS LEASE SALE SCHEDULED FOR MAY 23, 1961 - The State of Alaska's fifth competitive oil and gas lease sale will be held in Anchorage in the Council Chambers of the Loussac Library at 9:30 AM, AST on May 23, 1961. Ninety-three tracts totalling 58,907 acres in the Mental Health Selections area of the former Cook Inlet Bombing Range (Tyonek) and about 50 air miles west of Anchorage, together with approximately 40,000 acres of offshore lands are being offered. The latter acreage is located in Pavlov Bay (near the end of the Alaska Peninsula) and in Controller Bay in the Gulf of Alaska. Interest in the former bombing range area has been keen. Thirteen major oil companies have conducted or participated in seismic operations in the area. The land to be leased is within the Cook Inlet Tertiary Province and is located approximately 40 air miles northwest of the Swanson River Oil Field, which is currently yielding about 12,000 barrels per day of 26 to 38-degree gravity oil. Details and copies of protraction sheets are available at the Division of Lands office, 344 Sixth Ave., Anchorage at \$2.00 per sheet. For general locations of Tyonek areas, see map on following page.

FEDERAL OIL AND GAS LEASING RULES CHANGED - Federal mineral leasing regulations have been amended and as such extend the primary terms of noncompetitive oil and gas leases from 5 to 10 years. Annual rental rates for noncompetitive leases are now 50 cents per acre for the entire lease term. The new regulations combine the acreage limit for leases and options from 46,080 acres and 200,000 acres, respectively, in any one state (except Alaska) to 246,080 acres. In Alaska an operator or individual may hold in each of two leasing districts 300,000 acres under lease and option of which no more than 200,000 acres can be held under option. Noncompetitive leases will be issued for a single term of 10 years and competitive leases will continue to be issued for a single term of five years. The rental rate for competitive leases prior to discovery has been increased from \$1.00 per acre to \$2.00 per acre. The new rate will affect lease offers that were pending on or after Sept. 2, 1960.

PRICE OF SWANSON RIVER CRUDE RAISED - Standard Oil Co. of Calif., Western Operations, Inc., operator of the Swanson River Field, increased the posted price of the field's crude by 20 cents per barrel on April 17, 1961. The price increase was due to a reduction in the per barrel amount being applied to the payout of the pipeline which transports the oil from the field to the Nikiski marine terminal. The posted crude prices now range from \$2.08 per barrel for 25 to 25.9-degree gravity oil to \$2.96 per barrel for 40 to 40.9 degree gravity crude.

HOUSTON AREA ACTIVITY TO BE RESUMED - Mr. George Tucker, president of the Anchorage Gas & Oil Development Co., Inc., announced in April that his company has entered into an agreement with the H.A. Hackathorn Drilling Co. of Denver, Colo., to drill two exploratory wells in the Houston area, about 20 air miles north of Anchorage. Since 1954, four wells have been started near Houston by Anchorage Gas & Oil Development Co., Inc., the deepest of which was Well No. "Rosetta" 3 with a total depth of 6,109'. Mr. Tucker reports that several gas shows were encountered in three of the four wells drilled.



STATE OF ALASKA  
 DEPARTMENT OF NATURAL RESOURCES  
 DIVISION OF LANDS  
 ANCHORAGE, ALASKA  
 GENERAL MAP SHOWING PRESENT AND  
 PROSPECTIVE AREAS OF OIL AND GAS  
 LEASE AND DEVELOPMENT

## NEW STATE MINING LAWS

Chapters 73 and 123, SLA 1961, are the new mining laws passed by the recent Legislature and signed by Governor Egan. Chap. 73 repealed the law which limited the staking of placer claims for precious metals on Federal public domain to two per month per recording district. There is now no limit on the staking of placer claims, so long as legal requirements are met.

Chap. 123 is the new law providing for acquisition of mineral rights on State-owned lands. It does not affect staking on Federal public domain. It provides for staking claims on State lands which are not so classified as to prohibit staking, and for mineral leasing where staking is not allowed. Claims may be up to 1320' on a side (maximum of 40 acres), with no distinction between claims staked for placer or lode and no extra lateral rights. Discoveries are required for mining leases as well as claims (this is a constitutional requirement) and claims may be converted to leases when desired. Annual labor is set at \$100 per claim per year. The statement of labor must be filed, or the claim will be open to others. Rental rates for mining leases on other than submerged lands will be the same as the value of work required for annual labor on claims, and development work done on leases may be credited to the rental. Prediscovery rights or protection may be obtained by locating prospecting sites of up to 160 acres, which will give the locator an exclusive right to prospect by various methods within the area in an effort to make a legal discovery upon which valid mining claims can be located. A prospecting site is good for one year only unless the Director of the Division of Lands extends the time as a result of a showing of need by the locator.

Tidelands, submerged lands, and inland navigable waters are owned by the State. Claims may be staked on tidelands and inland navigable water bottoms, but submerged lands (offshore) must be leased. The lease rental for submerged lands is \$1.00 per acre, but as with other mining leases, the cost development work may be credited against the rental. Surface uses of mining properties will be limited to those necessary for prospecting and mining. Claims may be converted to leases at any time.

To avoid confusion, we will keep repeating that the provisions of this law apply to State-owned lands only, and do not change staking procedures on Federal lands. Regulations which explain this new law (Chap. 123) and spell out all the details will be published in a couple of months. They were written as a result of two rounds of public hearings with the mining industry throughout the State, and will be sent to all who attended those hearings, and to the others who wrote letters of comment or expressed interest, at the mailing addresses furnished us at that time. Others wishing them may notify this Division or the Division of Lands.

## NEW GOLD BILL

Rep. Rivers (Dem., Alaska) has introduced H.R. 6375 in Congress for a new procedure for assisting gold miners. Incentive payments for gold producers, until such time as U.S. gold reserves reach \$23 billion, would be as follows:

"(a) To producers from gold mines which were in production at least one year prior to the approval of this Act and which, in the interim, remained in operation except for seasonal or other temporary shutdown, \$20 per fine troy ounce.

"(b) To producers of gold derived as a byproduct in the mining of metals other than gold, \$20 per fine troy ounce.

"(c) To producers from gold mines which, prior to the approval of this Act, had been closed down on a permanent basis, but were rehabilitated and reopened because of the incentive payments provided for under this Act, \$35 per fine ounce, which scale of incentive payment in regard to each such mine shall remain in effect for ten years after commencement of operations, after which period the \$20 rate shall apply.

"(d) To producers of gold from newly discovered or newly developed gold mines, \$35 per fine troy ounce, which scale of incentive payment, in regard to each such mine, shall remain in effect for ten years after commencement of operations, beyond which period the \$20 rate shall apply."

Hearings on this and other pending gold measures will be held by the House Interior Subcommittee in Washington, May 8 and 9.

### DIVING FOR GOLD

Requests from skin and SCUBA divers for information on Alaskan gold diving possibilities are pouring into our offices. Some of this activity has been going on already, and it appears that Alaska will have many hopeful divers probing stream and lake bottoms throughout the State this summer. For purely prospecting purposes, claims need not be staked, but when prospecting reaches the point where production of gold begins, divers should take steps to properly locate a mining claim or lease the area, depending on whether the land is Federal, State, or perhaps private. Divers should at all times make sure they are not encroaching on others' rights. Also, they are required by law to report to the Commissioner of Fish and Game at Juneau or to a local State Fish and Game office on contemplated operations before doing anything that will disturb the bottom of a stream. Further information can be obtained from the Juneau DM&M office.

### NEW REPORTS

We are starting something new in this Division - the publishing of our mining engineers' reports as time and our limited staff and facilities will permit. Reports on most property examinations can be made public as soon as they can be written, edited, and published. Some reports may be held confidential for a certain period - perhaps two or three years - if a request for such a period of confidentiality by the property holder appears justified.

For a trial run, we have mimeographed reports of two examinations made in 1960: "Preliminary Investigation of the Kings River Limestone Deposits, Anchorage Quadrangle" by Martin W. Jasper and Miro Mihelich, and "The Mespelt Mine of Strandberg Mines, Inc., Medfra Quadrangle" by Martin W. Jasper. Either or both of these reports are available from our Juneau office on request.

Richard V. Murphy, DM&M Petroleum Engineer, has prepared a report on projected comparisons of domestic heating costs with oil and natural gas in the Anchorage area. This report may be available for public distribution later this month.

The USBM has released an open-file interim report "Investigations of Subbituminous Coal Deposits in the Beluga River Coalfield, Alaska." The report covers drilling of the Beluga River coal beds during the seasons of 1959 and 1960. Two seams are indicated by the drilling to date: one varying from 49 to 64 feet in thickness and the second varying from 17 to 41 feet. The report is rather voluminous and is available at present only in USBM offices at Anchorage, Juneau, Seattle, Albany and Washington, D.C., and at the DM&M office in Anchorage.

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

|                           | <u>Apr. 27,</u><br><u>1961</u> | <u>Month</u><br><u>Ago</u> | <u>Year</u><br><u>Ago</u> |
|---------------------------|--------------------------------|----------------------------|---------------------------|
| Copper, per lb.           | 29.0¢                          | 29.0¢                      | 33.0¢                     |
| Lead, per lb.             | 11.0¢                          | 11¢                        | 12¢                       |
| Zinc, per lb.             | 11.5¢                          | 11.5¢                      | 13¢                       |
| Tin, per lb.              | 108.0¢                         | 103.9¢                     | 99.8¢                     |
| Nickel, per lb.           | 74¢                            | 74¢                        | 74¢                       |
| Platinum, per oz.         | \$80-85                        | \$81-85                    | \$82-85                   |
| Quicksilver, per flask    | \$205-208                      | \$206-209                  | \$213-216                 |
| Antimony ore, per unit    | \$4.30-4.50                    | \$3.60-3.65                | \$3.30-3.35               |
| Beryllium ore, per unit   | \$46-48                        | \$46-48                    | \$46-48                   |
| Chrome ore, per long ton  | \$36-38                        | \$36-38                    | \$35-36                   |
| Molybdenum conc., per lb. | \$1.25                         | \$1.25                     | \$1.25                    |
| Titanium ore, per ton     | \$23-26                        | \$23-26                    | \$23-26                   |
| Tungsten ore, per unit    | \$22-24                        | \$22-24                    | \$22-24                   |
| Silver, foreign           | 91.4¢                          | 91.4¢                      | 91.4¢                     |
| Silver, domestic, per oz. | 90.5¢                          | 90.5¢                      | 90.5¢                     |

