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

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MINING ACTIVITIES

Southcentral District - Word has been received by the Division that as a result of recent geological and electromagnetic surveys, drilling will be contracted for further exploration of the Spirit Mountain nickel deposit. The deposit is located on Canyon Creek, in the McCarthy recording district. The original tunnel was driven and several open cuts were made during the period 1907-1917, on a wide mineralized zone. The minerals found, in order of their abundance, are pyrite, marcasite, pyrrhotite and chalcopyrite. In the same area a system of veinlets containing galena and sphalerite exist.

Southeastern District - It has been rumored that Don Ross of Ketchikan has successfully negotiated with the Phelps Dodge Corporation of Canada for the sale of a large copper-molybdenum deposit on the Canadian side of the Unuk River. Mr. Ross is the original discoverer of the Bokan Mountain uranium deposit on Prince of Wales Island which is presently being mined by Bay West Mining Company. He has also located several iron deposits, one of which was leased to Utah Construction and Mining Company but later dropped. He is one of Alaska's most successful prospectors in recent years.

Northwestern District - Willow Burand, State mining engineer-assayer, at the Nome office of the DM&M, reports the following activity in the Nome area: the Lee Brothers will continue gold dredging as soon as frost conditions permit, but are not planning to mine tin this summer; Herb Engstrom is operating his dredge on Basin Creek; Matheson Brothers are dredging below the north fork of the Kougarok; the Tweets are dredging in the Taylor area on the Kougarok; and Grant Nelson has one dredge in operation on the Immachuck. Mr. Burand further reports that Willie Foster is mining on Hannum and Cunningham Creeks near Nelson's operation; George Waldhelm is mining in the Dall and Quartz Creek area and plans to move the old Straub dredge to his property later this season. Steve Petersen has his dredge on the Niukluk River near Council in operation; Bon Davis and O. J. Dickman are mining their individual properties in the Gold Run Creek area. Bill Munz is preparing to mine at Bluff; Pat Bliss is mining at Ungalik; and Doug Colp is dredging at Cleary Creek near Kiada.

Mr. Pete Sainsbury of the U. S. Geological Survey announced the second discovery of beryllium in the Lost River area. This discovery is near the Lost River Tin Mine and covers a zone of about six miles at scattered localities. The first discovery was announced last April. Both discoveries have resulted in small "rushes" of prospectors and claim stakers.

Japanese Geologists Arrive - Six Japanese geologists representing six large Japanese mining companies arrived in Juneau August 19th. Their visit was made possible by the Overseas Mineral Resources Development Co-operation Association, a group supported by the Ministry of International Trade and Industry (MITI), a department of the Japanese Imperial Government.

The group is interested in nickel, copper, zinc, iron, and to a lesser degree antimony deposits. Of primary concern is the availability and proximity of water transportation.

The following will investigate several deposits in the Interior: Shigeru Yonebayashi, geologist with the Furukawa Mining Company, Ltd.; Shō Tono, geologist with the Mitsui Metal Mining and Smelting Company, Ltd.; and Hideo Takahashi, chief geologist with the Mitsubishi Metal Mining Company, Ltd.

The other group will investigate several deposits near Juneau. They are: Hanzo Gōhara, geologist with the Toho Zinc Company, Ltd.; Mitsugu Shinoda, geologist, Nippon Mining Company, Ltd.; and Ei Horikoshi, geologist, Dowa Mining Company, Ltd.

Their investigations are expected to be completed within three weeks.

OIL NEWS

During the month of August, 1962, no new applications for permit to drill were filed with the Division. Total approved to date still numbers 27, compared with 42 covering the same period in 1961.

Drilling Activity

<u>Operator</u>	<u>Well Name & No.</u>	<u>Status 8-27-62</u>
Richfield	White River Unit 2	Drlg @ 9,375'
Pan American	Tyonek-State 1	Drlg @ 9,805'
Pan American	Cook Inlet-State 1	Blew out. Burning. Prep. to drill relief well.
Colorado	Malaspina Unit 1-A	Drlg @ 9,950 ±
Shell	SRS-State 1	Drlg (tight hole)
SOCAL	Riou Bay Unit 1	D.D. 14,107'
SOCAL	Beluga River Unit 1	Drlg @ 13,513'
SOCAL	Anchor Point Unit 1	Drlg @ 10,869'
SOCAL	SCU 22-32	T.D. 14,550' prep to evaluate
SOCAL	SRU 41-15	Drlg @ 6,758'
Union	Ninilchik 1	Drlg @ 7,500'
Union	Tazlina 1	Drlg @ 5,400'
Occidental	South Diamond Gulch Unit 1	Drlg @ 7,736'
Superior	Chuit-State 2	Drlg (tight hole)

Fourteen drilling rigs, representing nine contractors, are currently active in Alaska.

Production, Swanson River Field, Hemlock Zone

	<u>Producing Wells</u>	<u>Oil (Barrels)</u>	<u>Water (Barrels)</u>	<u>Gas (MCF)</u>
July, 1962	49	882,674	27,673	173,046
Cumulative to August 1, 1962		12,988,097	358,138	2,480,084

Production, Kenai Gas Field

	<u>Producing Wells</u>	<u>Oil (Barrels)</u>	<u>Water (Barrels)</u>	<u>Gas (MCF)</u>
July, 1962	2	0	0	71,063
Cumulative to August 1, 1962		0	0	881,609

Production, Sterling Gas Field

July, 1962	1	0	0	3,265
Cumulative to August 1, 1962		0	0	6,796

Completions

<u>Operator</u>	<u>Well Name & No.</u>	<u>T.D.</u>	<u>Status</u>
Pan American	Middle Ground Shoal-State 1	5,216'	P&A
SOCAL	SRU 12-22	11,000'	POW

Blowout in Cook Inlet - On Tuesday, August 21, 1962, well No. "Cook Inlet-State" 1, Pan American Petroleum Corporation, blew out, flowing gas and distillate. Connections below the blowout preventers were severed, thus disconnecting the Western Offshore drilling barge from the well. To prevent any possible contamination in the Inlet and a shipping hazard the operator requested and was granted permission to ignite the well. Pan American Petroleum Corporation is now preparing to drill a relief well.

Bering River Unit Agreement Terminated - On August 1, 1962, the Bering River Unit Agreement, Richfield Oil Corporation, Operator, was terminated by the U. S. Geological Survey, at the request of the operator. Two exploratory wells "Bering River Unit" 1 and 2 were drilled in this 54,122 acre unit to total depths of 6,175 and 6,109, respectively.

Sinclair New Operator of Swan Lake Unit - The U. S. Geological Survey has approved designation of Sinclair Oil and Gas Company as operator of the Swan Lake Unit. Previous operator of the 107,520 acre unit was Standard Oil Company of California, who, in 1961 drilled an exploratory well "Swan Lake Unit" 34-27. The well was abandoned after reaching a total depth of 11,984 feet. According to Sinclair officials a second well will be spudded sometime early in 1963 in the vicinity of Mystery Creek.

Release of Records - Halbouty Alaska Oil Company has authorized early release of well records covering the drilling of well No. "Alaska Oil & Minerals - King Oil Inc." 1-B. Official release was originally not scheduled until October 26, 1962. Other well records to be released in September are as follows:

<u>Operator</u>	<u>Well Name & No.</u>	<u>Date Release</u>
SOCAL	SCU 14-4	9-13-62
SOCAL	SRU 41-33WI	9-17-62
SOCAL	SRU 32-33	9-25-62
Richfield	Kaliakh River Unit 2	9-30-62

Samples Available for Inspection - Washed ditch samples are now available for inspection for the following wells: Halbouty Alaska Oil Company - "Halbouty-King Oil" 1, "Bishop Creek Unit" 11-11, "Alaska Oil & Minerals - King Oil" 1-B; Humble Oil & Refining Co. - "Bear Creek Unit" 1; Alaska Consolidated Oil Co. - "Antonio Zappa" 1; Pan American Petroleum Corp. - "Napatak Creek" 1; Anchorage Oil & Gas Dev. Co. - "Rosetta" 1, "Rosetta" 3, "Rosetta" 4; General Petroleum Corp. - "Great Basins" 1, "Great Basins" 2.

Appointments should be made in advance. Sample logs for the above wells and others are available through American Stratigraphic Company, Box 2127, Anchorage, Alaska.

THE WILDERNESS BILL

The House Interior Committee has adopted an amendment to the pending wilderness bill increasing from 10 to 25 years the period for location of mining claims in wilderness areas created by the measure as approved by the Public Lands Subcommittee.

The Subcommittee previously amended the Wilderness Bill so as to prohibit the location of mining claims in wilderness areas after December 31, 1972. Claim staking and other uses and boundaries will now be reviewed every 25 years to determine if the necessity for modification exists.

WATER STEMMING

The use of water stemming was one of the subjects for discussion at the Directors of Safety in Mines Research Conference, held in Warsaw, Poland, last October. Water stemming has been used in the coal mines of Belgium, France, and England, the main advantage is reduced smoke and dust, with some improvement reported in reducing the fumes from blasting. Plastic bags with self-sealing valves were generally used for water stemming in the European mines. The higher ratio of explosive to stemming was thought to be the reason for the method's failure in South African gold mines.

STATUS OF GOLD LEGISLATION

Seven Senators, including Alaska's Senators Bartlett and Gruening, have written Secretary of the Treasury Dillon saying, "In the light of your statement that you would like to see more gold produced, we think you ought either to support our suggestion or come up with a better one."

Dillon had been quoted as saying "we certainly would like to see more gold produced if there were any way to produce it without giving the appearance of having two prices for gold."

Senator Engle, author of the bill, said the measure would not establish two prices for gold and would provide that the Treasury price of gold should not be changed. It proposes a subsidy, varying from mine to mine, to supply an incentive to get the limping domestic gold industry back to full capacity.

NEW SOURCE OF INCOME FOR PLACER MINES ??

The Financial Post, a Canadian newspaper, reports that the price of defatted, ground mosquitoes, used by doctors for allergy tests and inoculations, had been raised from \$10 to \$12 a gram or to \$5,455.20 per pound because demand was rising and the processor was having difficulty attracting supplies.

The address of The Financial Post's Vancouver office is Room 1004, 1030 West Georgia Street.

NEW GOLD LEGISLATION

The American Mining Congress Bulletin Service reports that H.R. 12872, introduced by Representative Berry of South Dakota would (1) require the Secretary of the Interior to survey the domestic gold mining industry and determine the price (not to exceed \$105 per troy ounce) required to be paid to domestic producers in order to achieve maximum production of gold from domestic mines, and (2) establish in the Interior Department a Gold Procurement and Sales Agency.

This agency would be authorized to buy gold from domestic producers, paying them for all gold mined after December 31, 1962, the price determined by the Secretary of the Interior in accordance with the bill. The agency could sell such gold for nonmonetary purposes within the United States at a price equivalent to that paid for the purchase of gold during the month prior to sale. The agency would be required to resurvey the domestic gold mining industry each year to determine whether the price paid to producers should be modified. It would transfer to the Treasury Department any domestically mined gold not sold for nonmonetary uses, with the Treasury Department reimbursing the agency at the rate of \$35 per ounce.

It would authorize appropriation of necessary funds to absorb the difference between the purchase price of domestically mined gold and the sale of any quantities thereof to the Treasury Department.

NEW U.S. GEOLOGICAL SURVEY PUBLICATIONS

The U. S. Geological Survey announces the publication of the following maps which may be of interest to Alaskans:

Lode Gold and Silver Occurrences in Alaska, by E. H. Cobb, Mineral Investigations Resource Map MR-32;

Geologic Map of Lower Matanuska Valley, Alaska, by F. F. Barnes, Miscellaneous Geological Investigations Map I-359;

Preliminary Geologic Maps of the Nome C-1 and D-1 Quadrangles, Seward Peninsula, Alaska, by D. H. Hummel, Mineral Investigations Field Studies Maps MF-247 and MF-248.

Copies of these are available from the U. S. Geological Survey office in Fairbanks. Reference copies are on hand at DM&M offices in Juneau, Anchorage, Fairbanks and Ketchikan.

DM&M PERSONNEL NEWS

Donald Bruce, Petroleum Geologist, has tendered his resignation from this Division effective October 31. Don has been with the DM&M since November of 1959, and is the first petroleum geologist to work for the State. His advice and assistance in oil leasing problems and other matters between the State and the industry have been valuable to the State and the Department of Natural Resources. His future plans are stated to be indefinite.

We are still recruiting for a petroleum engineer and two mining (economic) geologists. Several applications for each position have been received, and we are corresponding further with some of the applicants.

NEW TELEPHONE NUMBERS

Because of a new switchboard installation now serving the three principal State buildings in Juneau, new phone numbers for the Department of Natural Resources in Juneau are as follows:

Office of the Commissioner	586-5317
Division of Lands	586-5318
Division of Mines and Minerals	586-5319

These numbers can be dialed directly with no help from the switchboard attendant. If help or information is needed, her number is 586-5301.

E. AND M. J. METAL MARKET PRICES

	<u>August 23,</u> <u>1962</u>	<u>Month</u> <u>Ago</u>	<u>Year</u> <u>Ago</u>
Copper, per lb.	31¢	31¢	31¢
Lead, per lb.	9.5¢	9.5¢	11.0¢
Zinc, per lb.	11.5¢	11.5¢	11.5¢
Tin, per lb.	107.9¢	111.3¢	121.6¢
Nickel, per lb.	79¢	79¢	81.3¢
Platinum, per oz.	\$80-85	\$80-85	\$80-85
Mercury, per flask	\$192-195	\$192-195	\$188-191
Antimony ore, per unit	\$4.50-4.75	\$4.50-4.75	\$4.30-4.50
Beryllium ore, per unit	\$46-48	\$46-48	\$46-48
Chrome ore, per long ton	\$36-38	\$36-38	\$36-38
Molybdenum conc., per lb.	\$1.40	\$1.40	\$1.40
Titanium ore, per ton	\$23-26	\$23-26	\$23-26
Tungsten ore, per unit	\$19-20	\$20-22	\$22-24
Silver, foreign, per oz.	109.25¢	104.15¢	91.4¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢