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Department of Natural Resources  
DIVISION OF MINES AND MINERALS

Box C  
College, Alaska 99701

MINES AND PETROLEUM BULLETIN

December 1967

Vol. XV  
No. 11

MINING ACTIVITIES

Yukon Territory- In our October issue we announced that Cyprus Mining Company planned to ship lead-zinc concentrates from its property at Vangorda Creek, 120 air miles northeast of Whitehorse, to Haines by truck rather than by railroad to Skagway. A news release just received announces that this plan has now been changed. Cyprus has signed a contract with the Whitepass and Yukon Railroad to ship its lead-zinc concentrates by rail to tidewater. The contract covers an initial period of eight years beginning in 1969 and will involve the shipment of over 30,000 tons of concentrates per month.

The concentrates will be transported 230 miles from the mine to Whitehorse by truck and 110 miles to Skagway by rail. Total length of the haul will be 340 miles. Plans include the construction of a \$4,000,000 bulk-loading and storage facility at Skagway to transfer concentrates to deep-water ships.

Special railway equipment will be used to transport the concentrates, and it is expected that approximately 1100 tons of concentrates will be hauled by train daily. A fleet of 30 to 40 trucks will be used on the 230-mile haul from the mine to Whitehorse.

A senior Whitepass Railroad spokesman is quoted as stating that the development of the Anvil mine will have a significant impact on the Yukon Territory. With this we readily agree and would further like to point out the effect on the economy of Skagway of the construction of the \$4,000,000 loading and storage terminal.

Coal Deposits - Commissioner Frank Murkowski of the Department of Economic Development announced that a feasibility study of the Bering River coking coal deposits near Cordova is being conducted by the Cortella Coal Corporation, a Cordova firm. The study is for Sumitomo Company, one of three Japanese firms which have expressed interest in the deposits. Murkowski identified the two other Japanese firms as Nichimen Company and Mitsui and Company. One of the primary problems in the study is the method of transporting coal from the deposit to Cordova, the nearest deep water port. Sumitomo is considering the possibility of moving coal from the mine to Cordova by pipeline using water pressure.

OIL AND GAS NEWS

As noted elsewhere, we were unable to publish a Bulletin last month. The oil and gas information that would have been contained in that Bulletin is not included here. Readers needing that information should contact the Petroleum Branch of the Division at 3001 Porcupine Drive, Anchorage, Alaska 99504.

Eight applications for drilling permits were approved by the Division's Petroleum Branch as follows:

Permit No. 67-68, Shell Oil Company #a-33-14 M.G.S., A.P.O. No. 50-133-20057.  
Surface location: 1561' FSL and 484' FEL, Sec. 11, T8N, R13W, S.M. Bottom hole location: 1600' FSL and 2000" FEL, Sec. 14, T8N, R13W, S.M. This is a platform development location in the Middle Ground Shoal Field.

Permit No. 67-69, Pan American Petroleum Corporation #7 South H.G.S. Unit, A.P.I. No. 50-133-20058. Surface location: 699' FSL and 1872' FWL, Sec. 35, T8N, R13W, S.M. Bottom hole location: 1820' FNL and 1820' FWL, Sec. 2, T7N, R13W, S.M. This is a platform development location in the Middle Ground Shoal Field.

Permit No. 67-70, Mobil Oil Corporation #44-11 Granite Point State, A.P.I. No. 50-133-20059. Surface location: 2360' FNL and 1261' FWL, Sec. 13, T10N, R12W, S.M. Bottom hole location: 660' FSL and 660' FEL, Sec. 11, T10N, R12W, S.M. This is a platform development location in the Granite Point Field.

Permit No. 67-71, Union Oil Company of California #G-5 Trading Bay Unit, A.P.I. No. 50-133-20060. Surface location: 1838' FSL and 1487' FEL, Sec. 29, T9N, R13W, S.M. Bottom hole location: 1980' FNL and 1980' FEL, Sec. 29, T9N, R13W, S.M. This is a platform development location in the McArthur River Field.

Permit No. 67-72, Texaco Incorporated #1 Swanson Lakes, A.P.I. No. 50-133-20061. 1000' FNL and 1500' FWL, Sec. 1, T9N, R7W, S.M. This exploratory location is twenty three miles southwest of Anchorage and about fifteen miles northeast of the Swanson River Field.

Permit No. 67-73, Pan American Petroleum Corporation #14 Granite Point State 18742, A.P.I. No. 50-283-20010. Surface location: 2050' FSL and 2019' FWL, Sec. 31, T11N, R11W, S.M. Bottom hole location: 660' FNL and 1980' FEL, Sec. 31, T11N, R11W, S.M. This is a platform development location in the Granite Point Field.

Permit No. 67-74, Union Oil Company of California # -9 Trading Bay State, A.P.I. No. 50-133-20062. Surface location: 1025' FSL and 566' FEL, Sec. 4, T9N, R13W, S.M. Bottom hole location: 830' FNL and 660' FEL, Sec. 4, T9N, R13W, S.M. This is a platform development location in the Trading Bay Field.

Permit No. 67-75, Pan American Petroleum Corporation #9 South H.G.S. Unit, A.P.I. No. 50-133-20063. Surface location: 600' FSL and 1872' FWL, Sec. 35, T8N, R13W, S.M. Bottom hole location: 660' FNL and 1981' FEL, Sec. 35, T8N, R13W, S.M. This is a platform development location in the Middle Ground Shoal Field.

Drilling Activity

<u>Operator</u>	<u>Well Names &amp; Numbers</u>	<u>Type</u>	<u>Status</u>
Atlantic Richfield Co.	Middle River State Unit #1	E	Abandoned
Atlantic Richfield Co.	Prudhoe Bay #1	E	Drilling
Humble Oil & Refining Co.	Tyonek Reserve "B"	E	Drilling
Marathon Oil Company	Beaver Creek #2	E	Testing
Mobil Oil Corp.	Granite Point State #11-13	D	Comp. Oil Well
Mobil Oil Corp.	Granite Point State #11-24	D1	Drilling
Mobil Oil Corp.	Granite Point State #13-13	D	Comp. Oil Well
Mobil Oil Corp.	Granite Point State #44-14	D	Drilling
Mobil Oil Corp.	Granite Point State #44-11	D	Location
Mobil Oil Corp.	Tower #2	E	Abandoned
Pan American Petroleum Corp.	Albert Kaloa #1	E	Drilling
Pan American Petroleum Corp.	Granite Point State 17586 #4	D	Testing
Pan American Petroleum Corp.	Granite Point State 18742 #7	D	Comp. Oil Well
Pan American Petroleum Corp.	Granite Point State 18742 #9	D	Drilling
Pan American Petroleum Corp.	Granite Point State 18742 #10	D	Comp. Oil Well
Pan American Petroleum Corp.	Granite Point State 18742 #11	D	Temp. Susp.
Pan American Petroleum Corp.	Granite Point State 18742 #12	D	Temp. Susp.
Pan American Petroleum Corp.	Granite Point State 18742 #13	D	Drilling

Operator	Well Names & Numbers	Type	Status
Pan American Petroleum Corp.	Granite Point State 18742 #14	D	Drilling
Pan American Petroleum Corp.	MGS State 17595 #10	D	Completing
Pan American Petroleum Corp.	MGS State 17595 #11	D	Comp. Oil Well
Pan American Petroleum Corp.	MGS State 17595 #13	D	Testing
Pan American Petroleum Corp.	Redoubt Shoal State 29690 #1	E	Drilling
Pan American Petroleum Corp.	South MGS Unit #2	D	Comp. Oil Well
Pan American Petroleum Corp.	South MGS Unit #3	D	Comp. Oil Well
Pan American Petroleum Corp.	South MGS Unit #4	D	Drilling
Pan American Petroleum Corp.	South MGS Unit #6	D	Comp. Oil Well
Pan American Petroleum Corp.	South MGS Unit #7	D	Temp. Susp.
Pan American Petroleum Corp.	South MGS Unit #9	D	Drilling
Pennzoil Company	Starichkof Unit #1	E	Abandoned
Shell Oil Company	MGS A-12-12	D	Comp. Oil Well
Shell Oil Company	MGS A-33-14	D	Drilling
Shell Oil Company	MGS A-42-14	D	Comp. Oil Well
Shell Oil Company	MGS C-31-26	D	Drilling
Shell Oil Company	MGS C-34-23	D	Comp. Oil Well
Superior Oil Company	Three Mile Creek State #1	E	Abandoned
Tenneco Oil Company	State 36465 #1	E	Abandoned
Texaco Inc.	Swanson Lakes #1	E	Location
Union Oil Co. of Calif.	Kasilof Unit #1	E	Drilled & Abandoned
Union Oil Co. of Calif.	Kenai Deep Unit #41-2	D	Comp. Gas Well
Union Oil Co. of Calif.	Trading Bay State A-7	D	Comp. Oil Well
Union Oil Co. of Calif.	Trading Bay State A-8	D	Comp. Oil Well
Union Oil Co. of Calif.	Trading Bay State A-9	D	Drilling
Union Oil Co. of Calif.	Trading Bay Unit G-1	D	Comp. Oil Well
Union Oil Co. of Calif.	Trading Bay Unit G-2	D	Comp. Oil Well
Union Oil Co. of Calif.	Trading Bay Unit G-3	D	Drilling
Union Oil Co. of Calif.	Trading Bay Unit G-4	D	Drilling
Union Oil Co. of Calif.	Trading Bay Unit G-5	D	Location
Union Oil Co. of Calif.	Trading Bay Unit K-1	D	Drilling
Union Oil Co. of Calif.	Trading Bay Unit K-2	D	Drilling

\*"E" indicates an exploratory well, and "D" a development well.

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

Field	Zone	Prod. Wells	Oil Bbls.	Gas, MCF
Swanson River Field	Hemlock	41	1,159,636	1,369,045
			72,655,690*	29,077,171*
	Injection Hemlock	8(Inj)		3,803,712
				77,927,780*
Middle Ground Shoal	Hemlock & Kenai	28	815,980	308,878
		(Incl. 6 duals as 12 wells)	8,031,319*	3,554,820*
Kenai	Kenai	17		3,514,820*
		(Incl. 6 duals as 12 wells)		80,649,796*

Field	Zone	Prod. Wells	Oil Bbls.	Gas, MCF
Sterling	Kenai	1		16,987
Trading Bay	Hemlock	5 (Incl. 1 dual as 2 wells)	93,792 479,100*	107,759 371,484*
Trading Bay (gas well)	Kenai	1 (dual: lower-oil, upper-gas)		2,990 26,851*
Granite Point	Kenai	14 (Incl. 1 dual as 2 wells)	1,314,137 (2) 4,322,784*(3)	937,839 3,104,440*
McArthur River	Hemlock	1	58,010 59,010*	14,827 14,827*
Moquawkie	Kenai	1		8,446 21,192*
State Total			3,442,555 (4)	6,318,944 (1)
Average Per Day			111,050 (5)	203,837

\*Cumulative to November 1, 1967

- (1) Correction on State total gas including Moquawkie and Barrow: July 5,051,406
- (2) Corrections in September Report 939,024 Aug. 5,625,804
- (3) Corrections in September Report 3,008,647
- (4) Corrections in September Report 2,738,892
- (5) Corrections in September Report 91,296

**DIVISION MOVE NEWS**

The move of the Division of Mines and Minerals (except the Petroleum Branch) to the University of Alaska campus is now complete. Operations are back to normal except for assaying, which should be in full swing shortly after the arrival of certain essential equipment. The shipment is expected by December 12.

Our new lab and office quarters are located in the University Maintenance Warehouse, near the intersection of College Road and University Avenue. Our mailing address is Box C, College, Alaska 99701, and our phone number is 479-2202. Remaining in Juneau is a Mining Information Office staffed by Mrs. Mildred Zenger, Mining Information Specialist. The mailing address there is Pouch M, Juneau, Alaska 99801. We also have a Mining Information Office at Anchorage, staffed by Mining Information Specialist Mrs. Dorothy Chick, in the same building with the Petroleum Branch at 3001 Porcupine Drive, Anchorage, Alaska 99504, phone 279-1433.

We regret that we could not publish the Bulletin last month, but anticipate no more interruptions. It was the first month we have missed since starting the Bulletin in 1953.

## ALASKA RAILROAD STUDY CONTRACT SIGNED

Governor Walter J. Hickel recently announced that the world's largest engineering consulting firm specializing in transportation will prepare background material for Congress on the State's proposal to extend the Alaska Railroad into the Arctic. Governor Hickel said a contract for the study was signed late Tuesday with De Lew, Cather of Chicago. The Anchorage firm of Tryck, Nyman and Hayes will work with De Lew, Cather on the study. They will assemble and evaluate all available information relating to the proposed extension from the vicinity of Dunbar to the Kobuk River valley, including reports, aerial photographs, geological maps and reports, meteorological data, and other related pertinent information. The material, after it is completed by next March 1 under the contract, will be presented to Congress in an effort to convince federal officials that the railroad extension should be undertaken on a priority basis. The cost of the study is not to exceed \$35,000.

James Dalton, a Fairbanks engineer, is scheduled to head a field party which will start work this winter pioneering a winter trail to the Arctic and making a preliminary route study of the proposed rail extension, working out of the rail extension's proposed beginning at Dunbar.

Governor Hickel said the first copies of the study will be sent to Senators E.L. Bartlett and Ernest Gruening and Rep. Howard W. Pollock of Alaska so they "will be thoroughly equipped to lend their weight in Washington to our efforts to convince Congress this project is needed--now."

## NATURAL RESOURCES COMMISSIONER APPOINTED

Thomas E. Kelly, 36, Houston, Texas oilman, has been appointed Alaska Commissioner of Natural Resources by Governor Walter J. Hickel. He succeeds Phil R. Holdsworth who resigned effective October 15.

Mr. Kelly has been associated with Alaska's oil industry and economic development for several years, residing in Anchorage from 1958-1962 as geologist and resident manager for Halbouty Alaska Oil Co. He moved to Houston in 1962 to become the firm's executive vice president.

The new Commissioner, who arrived in Juneau on November 9, is a graduate of Texas A & M. He received his Bachelor of Science degree in 1953, and his Master of Science degree in 1955.

## OFFSHORE NEWS

An "informed source" is quoted by an Anchorage news publication as indicating that the U.S. Geological Survey would like permission to test bottom under offshore prospecting permits held by Alaska Yukon, Inc. in Valdez Bay. The area is apparently below the lode gold area where several mines were in operation in the early days.

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

	<u>December 1,</u> <u>1967</u>	<u>Month Ago</u>	<u>Year Ago</u>
Copper, per lb.	Suspended*	Suspended*	36.2
Lead, per lb.	14¢	14¢	15¢

	<u>December 1, 1967</u>	<u>Month Ago</u>	<u>Year Ago</u>
Zinc, per lb.	13.5¢	14¢	15¢
Tin, per lb.	155.1¢	151.1¢	154.65¢
Nickel, per lb.	94.00¢	85.25¢	77.75¢
Platinum	\$109-112	\$109-112	\$100
Mercury, per flask	\$505-515	\$498-512	\$470-490
Antimony ore, per Unit	\$5.00-5.95	\$5.20-6.20	\$4.55-5.55
Beryllium powder, 98% (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.	178.590¢	169.98¢	129.3¢

\*E. & M.J. Metals Week says the following: "With virtually all domestic copper production struck and with the pipelines now about empty, Metals Week feel that there is not a sufficient tonnage of producer copper being sold in the U.S. to calculate a meaningful weighted average. Foreign-produced and higher-priced copper would take on too great a weighting in the calculation, and consumers would be hit with an expected and unfair increase in their copper costs. Consequently, the E. & M.J. domestic average will be suspended until a representative tonnage of U.S. produced copper is again being sold."