

STATE OF ALASKA
Department of Natural Resources
DIVISION OF GEOLOGICAL &
GEOPHYSICAL SURVEYS

According to Alaska Statute 41, the Alaska Division of Geological and Geophysical Surveys is charged with conducting 'geological and geophysical surveys to determine the potential of Alaska lands for production of metals, minerals, fuels, and geothermal resources; the locations and supplies of ground waters and construction materials; the potential geologic hazards to buildings, roads, bridges, and other installations and structures; and shall conduct other surveys and investigations as will advance knowledge of the geology of Alaska.'

In addition, the Division shall collect, evaluate, and publish data on the underground, surface, and coastal waters of the state. It shall also acquire, process, and file data from well-drilling logs.

DGGS performs numerous functions, all under the direction of the State Geologist—resource investigations (including mineral, petroleum, geothermal, and water), geologic-hazard and geochemical investigations, and information services.

Administrative functions are performed under the direction of the State Geologist, who maintains his office in Anchorage (ph. 276-2653). Other DGGS offices are at:

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INVESTIGATE THAT CLAIM BEFORE BUYING

You say your lifelong dream has been to own a mine in Alaska?

Well, at the risk of shattering your aspirations, we suggest you make some inquiries before plunking down your money. If you don't, that dream may take on nightmarish qualities.

There are a few questions you should ask both the seller and yourself. As a prospective claim buyer, you must remember that there is a renewed interest in mining, and that it is a seller's market. Therefore, bear in mind that old phrase of the Latin marketplace, '*caveat emptor*,' which means 'Let the buyer beware.'

There are a few points to ponder. For instance, did you know that:

.Probably less than one-fifth of the public domain in Alaska (federal, state, and municipal) is open to mineral entry. Prospecting and claim staking are not permitted on the rest because of the numerous state and federal conservation units, land withdrawals, and classifications or transfers to Native ownership.

.It is almost certain that easily accessible areas in Alaska with gold or other valuable minerals are already under private ownership in the form of mining claims. The 'unexplored frontier,' as applied to mining in Alaska, is largely a myth.

.Finally, realize that there is no occupation that man is so anxious to enter into with so little knowledge as mining.

Now then, if your spirits are not thoroughly dampened and you still wish to pursue that dream, the Division of Geological and Geophysical Surveys has a few tips for you.

Ask the seller (and check personally):

1. Was the claim staked on ground open to mineral entry when it was located? If not, the claim is worthless.
2. Is the claim legitimate, that is, was it staked according to law, with four corner posts and so forth, or was it just 'paper staked'?¹
3. Is the claim filed with either the BLM or the state? If not, it is not legitimate.
4. Was the claim based on a discovery?²
 - a) If so, what type of discovery (geochemical sample, panning, drilling)? Prove it. Ask the seller to take you panning. And obtain assays from a reliable assayer.
 - b) If not, a claim without a discovery merely gives the owner the right to work like a dog to make the discovery that was originally needed to make the claim valid.
5. Have gold or other valuable minerals ever been produced or found on the land? The claim must meet what the government calls the 'prudent man' rule. This says, in effect, "When minerals have been found, a person of ordinary prudence would be justified to make a financial investment that would lead to the development of a valuable mineral resource." Ask the seller to produce evidence (maps, reports, or prospect examinations done by the U.S. Geological Survey, DGGs, BLM, or private industry). Past production is one of the best lines of evidence for establishing the validity and worth of a claim.
6. Was the land staked with a reasonable expectation of finding gold or because of some favorable geological or geographical conditions? Or was it staked for nonmineral reasons—perhaps as an illegal hunting-shack site?

7. Is the seller legitimate and reputable? Get references.
 - a) How long has he lived in Alaska?
 - b) What is his mining, prospecting, and geological background? If none, what is the credibility of the claim?
8. How is the land going to be transferred, by quit-claim deed or by warranty deed?

In a quit-claim deed, the seller is selling you whatever interest he has in the claim, namely, the mineral rights to his unpatented claim. (But, if there has been no discovery or if the claim is not a legal one, the buyer will be buying nothing, because the seller's interest in the claim was zero to begin with. Or, there may be a claim conflict or other problems, and the seller does not have clear title to the claim.) In short, the quit-claim deed doesn't prove anything about value or title.

In a warranty deed, the seller guarantees that he owns both the land and the mineral rights and that he is selling them fee simple (absolute ownership of land with unrestricted rights of disposition), or outright, to the buyer. This can happen only with a patented claim. (A patent is the deed given by the government, and your title is as good as it would be on a lot in town.) You *cannot* sell *unpatented* claims with a warranty deed.

9. Are there conflicting claims to the same land? A 'clouded title' can result in months or even years of litigation.

¹See DGGs Information Circular 1, "Proper claim staking."

²See DGGs Information Circular 14, "Mining laws applicable in Alaska."

Things the buyer should do:

1. If you are a novice at the mining game, you shouldn't plunge headlong into it, for it can be risky. Consult an experienced Alaskan miner, consulting engineer, or geologist.
2. Acquaint yourself with the state and federal mining laws. (You may want to obtain 'Guide for the Alaskan Prospector,' by James A. Madonna, of 504 College Road, Fairbanks, AK 99701; this \$5.95 booklet has much useful information for the novice miner.)
3. Determine what type of mining you are going to do, placer or hard rock. Again, get the advice of somebody who has been there.
 - a) If you are interested in a hard-rock mine, you are probably thinking of a substantial financial investment—enough to procure a dozer, loader, compressor, drills, trucks or ore cars, and maybe a small mill. You should ask to examine the assays and metallurgical reports. If the claim has been previously operated, you will also want to see the seller's books and past history of production.
 - b) If placer mining is your game, you might get by in a small way with a suction dredge. But to make it pay or go bigger, you may need heavy equipment, a large washing plant, and facilities to repair your machinery—perhaps a welding shop. An initial investment may cost several hundred thousand dollars. You will also need to conduct investigations in preparation for plant design. Is the ground frozen or thawed? Deep or shallow? What is the percentage of boulders? Is the water supply adequate? Has the ground been tested? Is there a history of past production? There are many questions to ask.
4. Check your claim status.
 - a) Is it legitimate? (Or is it 'paper staked?')
 - b) Does it overlap another claim (clouded title)?
 - c) Is it current? Assessment work¹ must be done annually, or the claim will lapse.

5. Another popular method of acquiring a mining claim, aside from outright purchase, is the lease-option arrangement. Under this method, mining is conducted for a specified time—say, 1 year—before buying.
6. Prior to purchase, hire a mining consultant to examine your claim for you. To quote Madonna (1977, p. 62):

“Certainly, if a group of claims are going to cost \$15,000 it is worth the additional fee of an expert's evaluation to help eliminate the possibility of dumping your hard-earned cash into a piece of worthless ground.”
7. One increasingly important consideration is the ability to construct a settling pond capable of meeting the state and federal discharge standard of 0.2 ml/liter of settleable solids. Without meeting this standard, which is being enforced more and more rigorously, your operation is subject to being shut down on environmental grounds. In some places, building an adequate pond is either very difficult or impossible because of the geometry of the stream valley or other factors.
8. Is access to the claims feasible? Crossing private land, including Native land, will require permission. Crossing anadromous water (streams or rivers that fish 'run' up to spawn) with heavy equipment requires permits that are difficult to obtain. Surface disruption of the state and federal public domain are forbidden without specific permission via permits.

We have but one more comment: Good luck to you.