T D M BULLETIN Vol. II

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ADDITIONAL DMEA MINERALS

Nineteen minerals have been placed back on the list of the Defense Minerals Exploration Administration on which that agency will give assistance in exploration if the circumstances warrant. This is a result of suggestions made by the President's Minerals Policy Committee. The committee reported that the expanded program is essential to national defense in that it will provide a better knowledge of mineral resources and make us less dependent on foreign sources. The program will now furnish financial aid to private individuals or companies on exploration projects for the following minerals, providing certain qualifications and requirements are met:

Group A, Government will provide 50% of allowable cost: bauxite, chromium, copper, fluorspar, crucible grade graphite, lead, molybdenum, zinc, and cadmium.

Group B, Government will provide 75% of allowable cost: antimony, chrysotile asbestos, beryl, cobalt, columbium, corundum, industrial diamonds, strategic kyanite, manganese, mercury, strategic mica, monazite and rare earths, nickel, platinum-group metals, piezo-electric quartz crystals, rutile-brookite, block steatite talc, tantalum, thorium, tin, tungsten, and uranium.

Persons wishing further information on DMEA exploration help should write to the following address: Executive Officer, DMEA, Box 560, Juneau, Alaska.

TDM NEWS POLICY

In view of the misunderstandings arising during the past month from the TDM's news releases of recent Alaskan radioactive discoveries, it seems advisable at this time to restate our policy in releasing mineral information. While the prime function of the TDM is to assist Alaskan miners and prospectors and the mining industry in general, it is also our duty to protect the interest of mining people and investors. To do this, we are required to keep information on mining properties confidential so long as this is requested by the property holders. In other words, we may not release information on an actively held property without the owner's consent. Information concerning mineral deposits that have been abandoned or are on public domain is, of course, available to the public, and will be given by the TDM on request.

TIPS FOR PROSPECTORS

Two more non-metallic industrial minerals which warrant the prospector's attention in Alaska are vermiculite and perlite. These minerals are characterized by the property of expanding greatly when heated. After expansion, they are

excellently suited for insulating buildings against the cold, and for making lightweight concrete with an increased insulating value. There are also numberous other uses.

As they occur in nature, vermiculite is a mica mineral, and perlite is a type of volcanic glass, or obsidian. A simple field test may be made by heating suspected specimens in a very hot fire. Good vermiculite expands into long wormlike forms, while perlite puffs up like popcorn and becomes white.

A good deposit of one of these minerals, favorably situated, might be a real money-maker for someone. Is there any place that needs insulation more than Alaska?

CLAIM CONTEST DECISION

In the case of Flynn vs. Vevelstad, a dispute over the title to a large group of nickel claims on Yakobi Island, Judge Folta of the First Division District Court delivered an opinion on the 9th of March. He decided in favor of the plaintiff Flynn, stating that he should have his title quieted as against the defendant Vevelstad.

Flynn testified that he staked the claims in 1952 in full compliance with the requirements of law, and that the ground was open because of a lack of evidence of claim notices, markings, or assessment work. Vevelstad testified that he located claims on the ground prior to the plaintiff's staking, that the claims were still in force, and that therefore the plaintiff was a trespasser. The defendant further claims that Flynn had no right to stake the claims or turn to the courts for relief on the matter because he is a Canadian.

The opinion was based largely upon the Court's findings that Vevelstad's location certificate descriptions of the situations of his claims were inaccurate, and that his markings of the claim boundaries on the ground were insufficient. The law requires that recording certificates "shall contain such a description of the claim or claims located by reference to some natural object or permanent monument as will identify the claim." It also requires "a description of the claim with such reference to some natural object or permanent monument that an intelligent person with a knowledge of the prominent natural objects and permanent monuments in the vicinity, could identify the claim." The law further provides that "any attempted location that does not fully comply with the provisions of this act shall be null and void." The Court found that the descriptions given on Vevelstad's location certificates were not adequate to enable a person to find the claims.

Amended certificates were filed in 1953 to correct this deficiency, but the Court ruled that they were of no effect because the plaintiff had staked the claims in the meantime.

As to marking claim boundaries on the ground, the law requires that the claim holder "shall designate the location.....by erecting on the vein, at the center of each end line and at each corner or angle of the claim, substantial monuments of stone or setting posts, not less than three feet in height nor less than three inches in diameter, hewn and marked with the name of the claim, the position or number of the monument and the direction of the boundary lines, and by cutting out, blazing or marking the boundary lines so that they can be readily traced." Judge Folta remarked that because of the rapid growth of brush and

vegetation in Southeastern Alaska, the courts have usually been lenient in cases of this kind, but in this case, "Viewed with the utmost liberality, the testimony is insufficient to show that the claims were so distinctly marked as to enable a third person to trace the boundaries by means of cairns or posts erected on the claims above timber line, or by posts, blazes or other marks on claims below timber line and such a deficiency may not be supplied by recourse to the certificates of location."

The opinion states that the assessment work done by the defendant was outside the claims, and that when that is the case and a contest arises, the burden of proof is on the one claiming the work to prove that the work "was reasonably calculated to lead to the extraction of ore.....This burden was not sustained by the defendants." The protest against Flynn because he is an alien was not dealt with, probably because this point has been covered in many previous court decisions.

Vevelstad has petitioned the Court for a new trial. If this petition fails, the defendant has a limited time in which he may appeal to a higher court if he wishes.

NO MAN'S LAND

In spite of rather frequent publicity by the TDM, it is still not realized by many that an untold number of patented mining claims in Alaska can be best described as "no man's land." This situation is a large and serious stumbling block to mining development in the Territory. Under the present laws of Alaska, or lack of funds and personnel to enforce the same, the holder of patented mining ground can leave the country, sell the ground, or even die, leaving no apparent heirs, and the ground remains forever closed to mineral entry by others; but the records presently in existence do not show by whom the ground is presently owned or where he can be contacted. If ground is patented by a corporation, and the corporation subsequently becomes defunct by reason of non-payment of corporate taxes or some other, the ground still cannot be acquired by interested miners, even though the defunct corporation cannot legally own property within Alaska or transact any business such as leasing or selling the claims. When a mining company sees a likely looking prospect and decides it is worth the gamble of developing it, then learns that part or all of it is patented mining ground and the owner cannot be found, they will naturally proceed no further for fear the owner may suddenly show up demanding an unreasonable sum of money or take them to court for trespassing. Or, in the case of patented ground of a defunct corporation, members of the corporation might make legal trouble, even though they have no more right to the ground than the new occupant. And so another potential mining operation is dead. This is not hypothetical. It is happening right now and will continue to happen unless the necessary changes are made.

As seen by the TDM, one of two laws would correct this situation--either an enforced land registration act or a small tax on patented mining claims. The present Land Registration Act, passed by the 1953 Legislature, would, if enforced, cause all legal owners of patented claims to declare them, in which case the names and addresses of the owners would be on file; or else the Territory would acquire the ground, in which case it would be made available to interested parties by sale or lease. However, this Act is reported to be unenforceable by reason of lack of funds, and is also so unpopular that it will probably undergo revision or repeal by the next Legislature.

A tax on patented claims seems also to be a reasonable answer to the problem. The tax should be quite small so that it will not invoke a hardship on prospectors who are living in the bush with little income or the oldtimbers who can no longer work. This would definitely not be for the purpose of raising revenue, but to set up a procedure by which dead patented claims can be made available to interested miners. The amount should probably be based on the acreage of the claims as shown on the official patent plats, and should be only large enough to cover the actual cost of administering the tax. Then the claims whose owners have disappeared or will not pay the tax could be acquired by the Territory, and someone else would have the opportunity of purchasing or leasing the ground. Due process of law should be followed in all actions, of course.

MINING TAXATION

(From The American Mining Congress Bulletin - 3/15/54)

On March 5, Arthur B. Parsons, mining engineer and mineral economist of Oakland, California, appeared before the Senate Interior Subcommittee which is studying minerals availability, and declared that, contrary to popular belief, domestic deposits of many vital metals and minerals are not nearing exhaustion.

Parsons said that heavy taxation has depressed the mining industry, pointing out that the chance of making a fair return on a new mining investment has all but disappeared. He declared that adequate recognition must be given in the tax laws to the special hazards of the mining industry, which is a risky business where only one in a hundred likely-looking prospects ever develops into a profitable mining enterprise. He expressed the opinion that "the removal of, or amelioriation of tax deterrents" would aid greatly in revitalizing the domestic mining industry. He submitted six recommendations for tax changes which would "encourage and promote active search for, and exploitation of, domestic mineral resources." These are:

(1) Exemption from income tax liability of a newly-launched mining enterprise for a period of three years after the property has begun commercial operations.

(2) Removal of the existing limitations on deductibility of exploration expenditures.

(3) Deductions for percentage depletion should not be denied a taxpayer either in a year of loss or the year against which the loss is applicable.

(4) Depletion should be allowed to stockholders owning stock in a corporation that derives 75 percent or more of its profits directly from the operation of mines.

(5) A mining taxpayer should be allowed to write off up to 25 percent of his depreciable capital annually.

(6) Authorize the taxpayer, in computing the depletion allowance on his income tax, to take the 15 percent (or 5 or 10 or 23 percent) deduction on the first $100,000 of gross income even though such deduction were in excess of 50 percent of the net income realized on the output that yielded the $100,000 in gross income.

MISCELLANEOUS

It is reported that the Small Business Administration is setting up a special division to deal with mine loans. Under their present loan policies, however, it is hard to see how mines can get favorable treatment, and it is expected that western Congressmen and Senators will have to press for a special amendment to correct the situation.

Many Alaskan placer miners are claiming only $100 worth of assessment work for association claims consisting of more than twenty acres. The law states specifically that "not less than $100 worth of labor shall be performed or improvements made during each (assessment) year for each and every 20 acres or excess fraction contained therein."

An interesting account of the Castro Chrome Associates mine in California is found in the March Mining World. It relates that the ore was recently found to be magnetic, and now a magnetometer survey is to be run to locate more chromite. The TDM learned this fact about Alaskan chromium deposits in 1942, and has made a number of magnetic exploration surveys on chromium deposits since.

The Bureau of Land Management office in the State of Washington recently cancelled two lode gold claims there after a hearing in which it was indicated that not enough mineral had been found to constitute valid discoveries.

As a result of a multitude of requests for the December TDM Bulletin in which some radioactive information was given, Information Circular No. 3 was written, covering the same material. Its title is "Hints for Prospectors on the Mainland of Southeastern Alaska" and may be had free on request.

H.R. 8300, the tax revision bill of 1954, has passed the House and now goes to the Senate. One interesting provision contained in it is a measure to take mineral exploration expense losses from the "hobby" loss classification. This would eliminate the present limit on deductions of such losses from other income.

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