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

P. O. Box 1391
Juneau, Alaska

MINES BULLETIN

Vol. III

February, 1960

No. 2

MINING ACTIVITIES

FIRST DIVISION - The Jott Mining Co. of Oklahoma made a barge shipment of uranium ore in early January from the Ross-Adams property on Bokan Mtn., Prince of Wales Island. The ore went to the Ford uranium mill near Spokane. Mining has ceased until spring.

OIL NEWS

The State Division of Lands is now considering a second offshore oil and gas lease sale to be held in mid-1960, and is requesting nominations of areas for which members of the industry would be interested in bidding. After receiving nominations, the Division will set up tracts and advertise them as was done for the last sale. Nominations will be held confidential if so requested. For further information, contact the Division at 333 D Street, Anchorage.

The U.S. Bureau of Land Management will hold a competitive bid opening for some 9,000 acres in the Gubik gas field on Feb. 24 at 1:00 PM in the Land Office at Fairbanks. The lands are adjacent to the eastern boundary of Pet 4 and on the west side of a larger area of the Gubik gas field already leased. Further information can be obtained from BLM offices at Fairbanks, Anchorage, Juneau, and Washington, D.C.

STATE LEGISLATIVE NEWS

Representative Blodgett of Teller has introduced a bill calling for a revolving loan fund for miners. Its purpose is to assist in creating and maintaining mining production. Loans up to $50,000 would be made on a participating basis when it appears in the opinion of the Commissioner of Natural Resources such loans would materially aid in bringing a property into production or prevent a producing property from going out of production. Applicants would be required to show that loans are not otherwise available at reasonable rates. The interest would be four percent and the loans would be repaid by paying five percent of gross production receipts. The Act would be administered by the Division of Mines and Minerals.

MINERAL RIGHTS ON STATE-OWNED LAND

We will try again to clear up the doubt that seems to exist with many people on the matter of staking claims on lands that the State of Alaska will own, and on the subject of mineral rights on State lands generally. To begin with, there are two classes of minerals: (1) minerals such as the various metals and some nonmetals which can be located under the general mining laws on Federal public domain and which are called "mining law" or "locatable" minerals, and (2) minerals such as coal, oil, gas, phosphate, sulfur, etc., which must be leased under the Federal Leasing Act when on Federal public land and which are called "Leasing Act" or simply "leasing" minerals. Not to be confused with either of

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the two classes of minerals are the common varieties of sand and gravel, building stone, pumice, clay, etc., which are properly referred to as "mineral materials"or simply "materials", and which will be handled separately under different regulations than the two classes of minerals. This discussion is not concerned with materials.

The State Constitution says in Section 11 of Article VIII that discovery and appropriation shall be the basis for establishing a right in those minerals which were subject to location under the Federal mining laws on the date of the ratification, and that prior discovery, location, and filing as prescribed by law shall establish a prior right to these minerals and also a prior right to the permits, leases, and transferable licenses for their extraction. However, as we shall see, permits, leases, and licenses will not in all cases be necessary for extraction of locatable minerals. The same section states further that the continuation of these rights shall depend upon the performance of annual labor, or the payment of fees, rents, or royalties, or upon other requirements as may be prescribed by law. There is a definite intent here in the Constitution to maintain the old traditional manner of acquiring locatable mineral rights by discovering and staking them to the greatest extent possible.

Next to consider is the Federal Statehood Act (Public Law 85-508) which enabled Alaska to become a State and granted it more than 100 million acres of land which the State must select from unappropriated Federal domain. Under Section 6 (i) it states that all land grants made to the State under this Act shall include the mineral deposits, and that the grants of mineral lands are made upon the express condition that all sales, grants, deeds, or patents (by the State) for any of the mineral lands so granted shall be subject to and contain a reservation to the State of all the minerals in the lands so sold, granted, deeded or patented, together with the prospecting and mining rights. In other words, the State gets the minerals in the lands it receives from the Federal government, but when it sells or grants any of these lands to a third party, it must reserve to itself the mineral and mining rights of the lands so sold or granted. It is quite apparent from this that after the State obtains title to land from the Federal Government and before it sells or otherwise disposes of it to others (in other words, while it is State public domain), the locatable minerals in the State land are subject to discovery, location, and mining in the traditional manner without permit or lease if the State wishes it so.

Article IX of the Alaska Land Act, passed by the State Legislature in 1959, shows that the State does wish it so. It states that except for tide and submerged lands, all locatable minerals and the mineral lands in which they are contained shall be subject to discovery, appropriation, and location under the provisions of Sections 47-3-9 through 47-3-60 and 47-3-81 through 47-3-92, ACLA 1949, as amended. These sections are the very same laws we have been operating under in staking claims on Federal public domain. So by State Constitution, Statehood Act, and State Land Act, it is indicated that prospecting, staking, and mining locatable minerals can be done on State public domain without permit or lease. On tide and submerged lands, all of which are now owned by the State, minerals can only be leased.

Under these laws, it will also now be understood that so long as an unpatented mining claim on State public domain is kept valid by assessment work and recording, the mineral rights cannot be interfered with. But it will also be seen that under the provision of the Statehood Act discussed above, if a miner gets a patent from the State to his claim, the State is required to reserve the mineral rights to itself. The miner would then have to get a lease on the minerals within his patented claim to be able to mine them. With tongue in cheek, we advise all future holders of mining claims on State land not to apply for patents unless they feel it would be worth being required to lease their own minerals in order to acquire the surface rights to the claim beyond what

they would normally have for mining operations. The surface of an unpatented mining claim may be used only to the extent reasonably necessary for prospecting or mining the claim.

It should be further understood by now that no one will be able to purchase a piece of State land and acquire the mineral rights in the same transaction. The acquiring of the surface rights and mineral rights are separate functions and must, by law, be handled separately. Of course, the acquiring of mineral rights will always carry with it the right to use as much of the surface as is reasonably necessary to carry on mining operations. Hence, if a miner wants full control of the surface as well as the mineral rights under that surface, he must (1) purchase or lease the land and (2) lease the mineral rights. It may be that he will not be able to do both, depending on various circumstances that may arise. One change that we hope for in this situation is to allow the purchase of land and mineral rights of abandoned patented claims acquired by the State under the Land Registration Law. An amendment to the Alaska Land Act to allow this change is being presented to the Legislature.

Regulations to guide the leasing of oil and gas on State lands have been adopted. Coal leasing regulations have been drafted, have gone through a public hearing, and are now being redrafted preparatory to final adoption. Regulations for mineral entry and the leasing of locatable minerals will soon be in their preliminary draft form. These are all the ultimate responsibility of the State Division of Lands, but where minerals and mining are concerned, the Division of Mines and Minerals is doing most of the drafting. Proposed regulations for (1) classification of State lands, (2) disposal of tide and submerged lands for other than extraction of minerals, and (3) sale and leasing of lands for other than extraction of minerals are now in preliminary form and will be the subjects of public hearings as described elsewhere in this Bulletin.

One proposed regulation under the heading of "Land Classification" that will be of interest is the following:

> "102.21 Classification. Prior to disposal, lands shall be classified into one or more of the following categories: agricultural lands, commercial-industrial lands, grazing lands, material lands, mineral lands, public recreation lands, recreation lands, residential lands, reserved use lands, or timber lands.
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> "Classification shall become effective upon the noting of such classification upon the public records maintained by the Division of Lands.
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> "The classification of lands not in excess of 640 acres in any one unit as agricultural lands, commercial-industrial lands, public recreation lands, recreation lands, residential lands or reserved use lands shall close said lands to the extraction of minerals therefrom, except upon the issuance of a lease or permit for such extractions."

This means that it is proposed that before State public domain lands can be leased, sold, etc., they must be classified. If they are classified as grazing, material, mineral, or timber lands, claims for locatable minerals can still be staked upon them the same as they can before the land is classified. If the classification is otherwise, the land will then be closed to mineral entry except by permit or lease. However, Sections 102.3 and 102.4 state that nothing contained in the regulations shall prevent the Director from reclassifying the lands, if it is deemed in the public interest, or from classifying lands for two or more uses, provided such uses are compatable.

STATE LAND REGULATIONS HEARINGS

Hearings on the proposed regulations covering the classification, lease, and sale of uplands and tidelands have been announced by the State Division of Lands. Copies of the proposed regulations are available upon request from the Division of Lands, 333 D Street, Anchorage.

In announcing the hearings, Director Bell, of the Division of Lands, urged the careful study and consideration of these proposed regulations. When they are once adopted they will have the force and effect of law in governing the activities of the Division of Lands until such time as they may be subsequently changed after public hearing. Especially welcome will be written suggestions on any of the sections of the proposed regulations. Oral statements will be received at the hearings also. One regulation of interest to miners is quoted in another section of this Bulletin. Places and dates of the hearings are as follows: Fairbanks Feb. 18 & 19, Palmer Feb. 23 & 24, Anchorage Feb. 25 & 26, Kenai Feb. 29 & March 1, Kodiak March 2 & 3, Juneau March 7 & 8, Ketchikan March 10 & 11, Valdez March 14 & 15, Dillingham March 17 & 18, Nome March 21 & 22.

The hearing on proposed coal leasing regulations was held January 8, and all the coal industry representatives had a good opportunity to be heard. Nearly all of the coal miners' requests for changes have been written into the regulations and the final draft has been sent to those who attended the hearing for their final approval.

BOROUGHS

Almost overnight, the subject of boroughs rose to be one of the most discussed topics in the State. It was mostly triggered by a bit of noise up Fairbanks way over a borough reportedly the size of several ordinary states that someone (we are not sure who) proposed. We bring the matter up because it is something that the minerals industry will want to watch closely, for the borough will be a taxing unit, and will enclose within its boundaries mining claims and operations. Also oil rigs and wells.

Under Article X, headed "Local Government", the State Constitution provides for the dividing of the entire State into boroughs of two kinds, organized and unorganized. Organized boroughs will run their own affairs and do their own taxing, while unorganized boroughs will be administered by the State Legislature. A question to be considered by the industry is which type of borough it would rather be in, or which type would provide the most advantages or disadvantages.

Considerable work must be done by the Legislature before the above can happen. The Constitution says that boroughs shall be established in a manner and according to standards set by law. The Legislature shall also prescribe methods by which boroughs may be organized, incorporated, merged, consolidated, reclassified, or disolved. Powers and functions must be prescribed. To date, none of this required legislation has been passed.

ETCETERA

The U.S. Bureau of Mines, Box 2688, Juneau is calling for bids from anyone who would be interested in contracting for excavation work in connection with an exploration project in the vicinity of White Mountain, 60 miles southeast of McGrath. The work will consist of leveling an airstrip and excavating trenches to bedrock. Deadline on bids is Feb. 15. Information can also be obtained at our Anchorage and College district offices.

The fifth annual Mining, Minerals and Petroleum conference will be held at College on April 11, 12, and 13. New techniques in placer mining, foreign markets for Alaskan products, gas exploration, and the oil boom are among subjects to be discussed. The conference is sponsored by the American Institute of Mining, Metallurgical, and Petroleum Engineers.

Representative Ralph Rivers (Dem-Alaska) has introduced a bill in Congress to increase the Alaskan oil and gas leasing acreage maximum from the existing 300,000 to 550,000. A similar bill for 600,000 was defeated last year.

In case anyone is down Portland way in late April, the 13th annual Pacific NW Metals and Minerals Conference of the AIME will be held there on April 28, 29 and 30 at the Sheraton Hotel. One of the papers scheduled for presentation is entitled "Drilling of an Alaskan Sulphide Deposit under a Glacier" by John McKee of Fremont Mining Co.

USGS Bulletin 1094, "Geology of possible petroleum provinces in Alaska" has been published. Copies may be obtained for $2.00 from the Government Printing Office, Washington 25, D.C., or over the counter only at 204 Denali Bldg., Anchorage. It may be seen at offices of the USGS and Division of Mines and Minerals.

Identical bills H.R. 7320 and S. 1797 have been introduced in congress which would authorize the Secretary of Agriculture, in his discretion, to grant rights-of-way over national forest lands. This could be a dangerous change in the laws for the mining industry and should be watched closely.

E. AND M. J. METAL MARKET PRICES

	Jan. 21 1960	Month Ago	Year Ago
Copper, per lb.	33.8¢	34.4¢	29.0¢
Lead, per lb.	12¢	12.5¢	13¢
Zinc, per lb.	13¢	12.5¢	11.5¢
Tin, per lb.	100.4¢	98.9¢	99.8¢
Nickel, per lb.	74¢	74¢	74¢
Platinum, per oz.	$77-80	$77-80	$51-55
Quicksilver, per flask	$211-213	$215-217	$218-223
Silver, foreign, New York	91.4¢	91.4¢	90.2¢
Silver, domestic, per oz.	90.5¢	90.5¢	90.5¢
Antimony ore, per unti	$3.30-3.35	$3.10-3.20	$3.10-3.20
Chrome ore, per long ton	$34-35	$34-35	$40-42
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	$20-22

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