

Fact Sheet

Title: INVESTIGATE THAT CLAIM BEFORE BUYING



Alaska Department of
**NATURAL
RESOURCES**

Division of Mining, Land & Water
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All of a sudden you have the opportunity to invest in a gold mine – in Alaska yet! Gold! Alaska! The Last Frontier! A dream come true! Sounds great, **BUT...**

At the risk of shattering your aspirations, we suggest taking the time to sit down, collect your senses, and most of all, **hold on to your money** until you have educated yourself as to what you may be getting into. If you don't, your dream could become a nightmare!

As a prospective claim buyer or investor, **investigate the facts!** Gold fever always sparks a lot of interest and it's a seller's market. Keep in mind the old Latin phrase: "caveat emptor" – Let the buyer beware.

First of all:

- Realize there is no occupation man is so anxious to enter into, with so little knowledge, as mining!
- In Alaska, there are two sets of mining regulations to become familiar with, State and Federal, depending on who manages the land on which a claim may be located. **Regulations differ considerably** and can be confusing.
- Alaska land status is complex and can lead to problems also. Besides State and Federal ownership, you may encounter private and Native Corporation ownership of land.
- Easily accessible areas, with a history of mining, are, for the most part, already claimed – some more than once! The "unexplored frontier", often associated with Alaska, is largely a myth.

Help is available! Several State and Federal agencies offer assistance to the would-be miner. Initially, the best sources of information are the State's Department of Natural Resources Public Information Center (Anchorage and Fairbanks), or the Bureau of Land Management (BLM) Public Information offices. Hopefully you haven't made that investment yet and still have time to investigate a few facts. To do this, gather some basic information:

ASK THE SELLER:

1. Is the claim State or Federal? What is the claim name and number?
2. Who is the owner of record? Claims can have more than one owner. In such cases, remember if only the interest of one owner is being transferred, you will be a partner with other owners of record.
3. Ask for a **recorded copy** of the claim location certificate. All claims must be recorded in the State Recording District Office in which they are located within 45 days after staking. A recorded copy of the claim location certificate would have on it the Recording District Office stamp, date of recording, document number or book and page number.

From this basic information you will have an idea whom to contact for further information. The current status of a State mineral location can be determined by contacting the Department of Natural Resources Public Information Center in Anchorage or Fairbanks. These offices maintain all case file records for mineral properties located on State or State-selected land in Alaska. If the mineral location is Federal, contact the Bureau of Land Management Public Information Office in Anchorage if the claim number is preceded with an "A" or "AA"; or in Fairbanks if the claim number is preceded with an "F" or "FF". (See agency points-of contact page.)

These offices can inform you whether or not the claim is in good standing administratively by reviewing existing computer data or by existing paperwork available for review in the case file records; however, other factors enter into claim validity – factors that are often challenged in a court of law, especially if claim conflicts exist. These could include:

1. Whether the claim was established following the guidelines of appropriate State or Federal regulations, including:
 - Whether a “discovery” of a locatable mineral actually took place. The seller should be able to prove what type of discovery took place, i.e. geochemical sampling, panning, or drilling. If a visit to the location is possible, obtain permission to do your own sampling.
 - Whether actual claim staking took place. Are posts or monuments erected? Are boundary lines brushed or flagged? Or, was the claim “paper-staked”?
 - Whether the claim was properly recorded within 45 days of the date of staking in the District Recorder’s Office in which it was located.
2. Whether annual cash rental has been paid in a timely manner. On State mining claims the rental year begins at noon on September 1 and ends at noon on September 1 of the following year. Payments must be received no later than November 30 of the same year. Annual rental amounts vary. For a Traditional Location it is \$35 per year for the first five years; \$70 per year for the second five years; and \$170 per year thereafter for up to 40 acre mining claims. The rental for an MTRSC Location (160 acres) is \$140 per year for the first five years; \$280 per year for the second five years and \$680 per year thereafter. The penalty for failure to make a timely payment is abandonment of the location.

NOTE: A word of caution, if the staking date of a mining claim on State land is prior to September 1 of a particular year, two annual rental payments will be required. The first is due no later than 45 days after the staking date of the location, and the second, no later than November 30. An Annual Rental “Fact Sheet” is available from the Public Information Center in Anchorage or Fairbanks.

On Federal claims, a \$140 per claim rental fee is required for existing claims on or before August 31 of each year. Rental fees for new claims are due when they are filed with the Bureau of Land Management. Contact the BLM for details.

3. Whether Annual Labor or assessment work has been accomplished on a continuing basis; was acceptable; and has been properly recorded and filed according to State or Federal regulations. (NOTE: Again, regulations vary considerably here! Detailed information can be obtained by contacting the appropriate information source for State and Federal claims.) *****Be careful of claims offered for sale after September 1. This is the end of the annual labor year on both State and Federal claims. Assessment work must have been accomplished for any specific year prior to that date and recorded no later than November 30th for the State claims and December 30th for Federal claims. Have the seller show you, in writing, a properly recorded affidavit.**
4. Whether the claim is in conflict with other mineral locations. Claim conflicts do occur and often end up in court when the parties involved cannot resolve the problem themselves.

As a buyer, there are other important concerns you should be aware of or have clarified before taking the big plunge of investing:

1. Is the seller legitimate and reputable? What is their mining, prospecting, or geological background? Is it documented? If so, how can it be verified?

2. Have any valuable minerals ever been produced or found on the land? Historical and geological reports on most areas in the State are available through the State Division of Geological and Geophysical Survey or the U.S. Geological Survey. (See agency points-of-contact page.)
3. Can the seller produce proof that he has operated on the claim? Depending on the type of equipment used, permits are normally required before any type of mining operation can begin. Operators who have submitted Annual Placer Mining Applications (APMAs) for intended mining activity involving mechanized equipment can be confirmed through a State Division of Mining, Land and Water Permitting Office.
4. Be aware of what rights you have with a mining claim! A common **misconception** is that the **buyer is actually buying the land. This is not true**, unless the mining property has been patented under Federal law and the owner has title to the land. (Patents are not issued under State mining laws.) Without a patent, the seller is only transferring their actual interest in the mining claim to you. Ownership of the land remains with the State, Federal, or local government. As a claim owner, you have the right to possession and extraction of the minerals; but,:
 - You may not use a mining claim for purposes other than mining. Incompatible uses would include residential use, placing any surface improvement on the claim without written approval; and use of the claim to pursue recreational or business interests such as hunting, fishing, trapping, guiding, or outfitting.
 - You may not restrict public access without written approval from the land manager.
 - If a third party has interest in the surface estate of a State mining claim, such as a grazing lease for example, you could be required to reimburse the lessee for damages caused by the use or development of the location.
5. Is the claim compatible with the type of mining you intend to do? For example, you intend to conduct suction dredging activities and the claim is located on a salmon spawning stream. If this is the case, be aware of the time frame restrictions as to when actual dredging can take place – generally from May 15 to July 15 annually. Note that on federal lands (federal mining claims), suction dredging is authorized at the discretion of the Authorized Officer. Consultation with the specific field office of jurisdiction for the area of interest is recommended before suction dredging decisions are made.
6. Access – Are you familiar with the claim's general location? Is it reasonably accessible? If travel “cross country” is involved, check land status. Native corporation land, parks, refuges, stream crossings, area plans, type of equipment, time frame for intended travel, restrictive right-of-ways, etc., are potential problem areas. Charter flights to a “fly-in” only area can be expensive.
7. Water Rights – Are existing water rights associated with the claim? Water rights are registered with the State of Alaska and a certificate issued by the State's Department of Natural Resources, Division of Mining, and Land & Water. Will they be transferred as part of the purchase? What is the availability of water in that particular stream during the course of a mining season?
8. What permitting requirements are there for mining activities, which include transportation of equipment; exploration; or actual mining, in Alaska? It's important to know any such activity must be fully permitted before “start-up” can begin.
9. Can mining even be conducted on your claim? In recent years, lawsuits against the State and Federal governments have restricted or stopped mining activity altogether in certain areas.

This information should assist a potential claim buyer in making a logical decision as to what they might be getting into. Further assistance concerning specific subject areas can be obtained by contacting the agencies listed below

SUBJECT AREA	STATE CONTACT	FEDERAL CONTACT
Mining Information Claim status Land status Forms General information	Department of Natural Resources Public Information Center 550 West 7 th Ave., Suite 1260 Anchorage, AK 99501-3557 Phone: 907-269-8400 3700 Airport Way Fairbanks, AK 99709-4699 Phone: 907-451-2705	Bureau of Land Management Public Room 222 West 7 th Ave., #13 Anchorage, AK 99513-7599 Phone: 907-271-5960
Mine Permitting	Department of Natural Resources Division of Mining, Land & Water 550 West 7 th Avenue, Suite 900B Anchorage, AK 99501-3577 Phone: 907-269-8647 3700 Airport Way Fairbanks, AK 99503-5935 Phone: 907-451-2788	Bureau of Land Management Anchorage District Office 4700 BLM Road Anchorage, AK 99507-2591 Phone: 907-267-1246 Fairbanks District Office 1150 University Avenue Fairbanks, AK 99709-3844 Phone: 907-474-2251
Water Rights	Department of Natural Resources Division of Mining, Land & Water 550 West 7 th Avenue, Suite 1020 Anchorage, AK 99501-3577 Phone: 907-269-8600	None – All water rights are issued through the State’s Department of Natural Resources.