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Erik Hansen

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Erik Hansen talked about his history with the state Division of Mining. Initially after receiving his degree in mining in 1971 he worked for a mining exploration company called Research Associates. They were out prospecting and staking claims. That is when he got into recording his new claims and filing claims with the state. After that he became an employee of the state in the Division of Mining in 1989. He was the mining information specialist. People would come in and ask about land status, how to stake claims, how to maintain claims and how to pay the claim rent. He worked in the Division from 1989-95 and then he became an independent consultant.

Roger McPherson said in the late 1980s he saw a lot of claims staking going on. Hansen said yes he did. It all depends on the price of metals over the years. There have been a number of changes in regulations for state mining claims and prospecting sites. In the early days the maximum size of state mining claims was 40 acres and in 2001 it was changed to 160 acres which would eliminate a little bit of field work. The claim rent was such that there was not savings. The larger claim was more expensive to keep. McPherson thought you were only allowed one or two claims. Hansen said there were some very old federal regulations but there is no limit to how many state mining claims you could stake. In the 1970-80 there was a limit to prospecting sites you could stake. He said it used to be eight prospecting sites per recording district per year. A number of people would stake eight prospecting sites on December 31 and eight the next day. He said the reason you have a prospecting site is because to stake a valid mining claims you must have made a discovery. A prospecting site gives you the sole right to stake a claim after you make your discovery. You stake a prospecting site because you have good feelings for the area and then you alone have two years to prospect and if you find something then you can stake your claim. In the earlier days there was no claim rent on a prospecting site. Now they have changed the rules. You pay a 200 dollar fee for a prospecting site. There is really no advantage to staking a prospecting site except if you haven't made a discovery you have peace of mind. McPherson asked if there was a lot more claims staking in the past or is it still continuing. Hansen said he used to keep track of that when he worked for the state on a year to year basis. He hasn't kept track of it now. It depends on the price of the metals. In 1974-75 his company staked claims all over the place because the price of metals was up. After that the price went down. Currently he thinks it is very difficult for junior mining companies to raise funds to finance operation in the state. There is a little bit of a low right now.

McPherson asked about recreational miners. Hansen said at DNR in Fairbanks they are very helpful with handouts and information. If people have specific questions they can go to the Division of Mining for information. He said a lot of people come up and think you can stake a claim and get rich. For the summer prospector he always looks at it as a hobby. In most cases what you spend on expenses won't be covered on the gold you find. He talked about the advantages of recreational mining. He said you have to make sure where you are going so you don't get in trouble. In Alaska there are many categories of land and you need to make sure where you go and mine on someone else's mining claims. If you want

to pan a creek you can ask permission from the owner and you may or may not get permission. Hansen said DNR can show you the land status. You need to know where you are going before you head out into the field. There are online sites to research information about mining sites.

McPherson asked about the state mining claims – do they like it north, south, east, west. Hansen said not only do they like it, it has to be that way. Before 1989 it could be staked any direction you wanted. After that all new state mining claims had to be located in the four cardinal directions unless you butt up to privately owned land then you can't do it in north south east direction then you need a special mining claim form called a traditional mining claim. Otherwise you would use an MTRSC claim which stands for meridian township range and section. Those claims have to be north south east and west.

McPherson asked about brushing off the corners or lines. Hansen said it used to be that you brushed your lines and put a post on each of the four corners of the mining claims. Since 2001 it does not address the issue of brushing the lines. You still have to post the four corners. It would behoove you to brush the lines or mark the lines in flagging. With modern day claims staking people use helicopters and drop claim post out of the helicopter. He takes issue with that and you have to erect the posts on each of the four corners. When you drop it out of the helicopter you aren't really erecting the post. The rule is you may try to stake your claim in quarter-quarter sections. Wherever the post is on the ground controls the location of the claim. He doesn't recommend staking claims by helicopter. You can get it close by GPS but you won't be accurate. He knows some claims staking service that actually drops the claim posts out of a fixed wing aircraft. They can cover hundreds of claims a day. When he was working for a mining company they staked claims the old way. They could do five to eight claims a day.

McPherson asked about claim jumping. Hansen said he suspects it happens all the time. If you have a claim and someone stakes a claim on top of you that would be considered jumping. When it is filed with DNR they would send a notice about claim conflict. They don't get involved with claim conflict, it is a civil matter. He said if you have a staked claim and you convert them to an upland mining lease then you have a stronger title. If someone stakes a claim over your lease then DNR will tell the claim jumper that he has no rights. If you have a very good prospect and want to develop it further it would be smart to convert your mining claims to an upland mining lease to get a stronger title. The conversion is not going to cost any more rent.

McPherson asked about costs of leases. Hansen said just like state mining claims the claim rent goes up every five years. The first five years is reasonable and the following five years is more expensive and after ten years it gets really expensive. The upland mining lease is the same rate. To complicate matters every ten years all rent goes up. That is based on the consumer price index in Anchorage. DNR is required to raise the claim or upland mining lease rent accordingly.

McPherson asked about the starting fees. Hansen said the lowest fee for a forty acre claim is thirty five dollars a claim. So that is roughly a dollar an acre. It takes DNR about a year to issue you an upland mining lease. Hansen said it goes from thirty-five to seventy dollars a claim and it tops out at a hundred and forty dollars for a forty acre claim. A 160 acre claim would be four times as much. A lot of people tend to become married to their claims. While he was working for the state and he was collecting mining claim rent, people would decide to pay it this year, but say next year they were really going to really work the claims. He said people get emotionally attached to their claims, but it can be an expensive attachment. Hansen said you can drop claims, but you can't re-stake your claims for a whole year. You have to ask yourself why you have it.

McPherson asked about the difference between a state claim placer lode versus a federal one. Hansen said there is a huge difference. With federal mining claims you have to distinguish whether you are staking the claim for the lode potential or the placer potential. They are two different kinds of claims. If you have a federal placer claim you do not own the lode rights and vice versa. If you stake a state mining claim you have the mineral rights to all minerals from the placer down to the lode to the core of the Earth.

McPherson asked if he saw a lot of people switching from federal claims to states claims. Hansen said he has seen sometimes and he has helped some clients converting from federal to state claims but it is not an easy issue and quite often you can't do it. You can only do this unless the state has selected the land and has title to the land surrounding your claims. If it is federal land and you have federal claims on it and the surrounding land is federal there is no way you can convert it to a state claim.

McPherson asked how he would advise someone looking for a claim. Hansen said he used to tell people to look at a popular topographic map where mining has taken place in the past. You will see that some areas have a bunch of names for the creeks. Other areas have lots of little creeks with no names. It should give you an indication that there were prospectors there at one time and that is why these creeks are names. On some of the maps there are indications that there were cabins there at one time. Some of the creek names may be Eureka Creek or Nugget Creek. He said gold is found where someone has found it in the neighborhood. It might be risky to assume on a map with no creek names that you will find gold there. We have a sparse road system but the roads are here for a reason and most of the reason is old mining activity. Accessibility is better in areas where there is mining potential. There are more people prospecting out there. He said check where other people have found gold and check the land status.

McPherson asked about the filing year according to state regulations. Hansen said the state requires that you do assessment work on your claim on a yearly basis. The assessment year runs from September 1 to September 1. You must do \$100 worth of assessment work for each 40 acre claim. You have until the end of November to record the Affidavit of Annual Labor. If you do this and if you also pay your mining claim rent that is due on September 1 then you are done for the year and you are in good standing. If you fail to record your annual labor document or forget to pay your rent then on December 1 your claims are null and void. The state now has implemented a new law that states if you lose your claim because you did not record it on time or pay the rent on time you can have your claims reinstated if you record your annual labor document late and pay your rent plus a penalty as long as someone else has not staked it in the meantime.

McPherson asked about a state list. Hansen said the state compiles an abandonment report that comes out in February and it lists all the claims that have been abandoned as of December 1. People can go through the list and if they choose then go out and stake the claims that are open. McPherson said it is nice that the state sends out the list and the claim bill. Hansen said they call the bill a courtesy notice. He talked about ways of making the payment.

McPherson asked about the DNR office. Hansen said the main DNR is in Anchorage that is where the bills come from, update claim information is kept and land status. He said they used to have an office in Juneau until the mid-1980s. McPherson said the Fairbanks DNR is very busy. Hansen said they are very nice and helpful people. He said some online information is not always active. The bottom line is you have state regulation, statutes and the recorder's office index.

McPherson asked if he sees many Native corporations working with companies to have mining exploration on their lands. Hansen said the Native corporation land is considered private land. You have to make a business deal with the corporation to explore and extract minerals on their land. In many cases it is the big companies that get the opportunity to explore. The Mental Health Trust holds about a million acres of land throughout the state. They are in the business to make money. They negotiate leases for companies to explore the land and extract resources.

Hansen said one of the things a potential claim owner needs to know if you are a corporation and you want to stake claims in the state of Alaska you can do that but only if you are registered to do business in the state of Alaska. You must be registered with the corporation's office in Juneau. If you aren't registered to do business as a corporation in the state of Alaska and you stake claims they will be declared null and void. You have no rights to stake claims until you are registered with the state. He said there are many things you need to know and they are all in the statutes and regulations. The things you don't know can hurt you a lot so you always need to do your homework. The recorder's office is where the answers are.