



ALASKA MINERS ASSOCIATION

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Testimony of Deantha Crockett, Executive Director, Alaska Miners Association SB155 – An Act Relating to Exploration and Mining Rights Wednesday, February 5, 2020

The mining industry is requesting your support to improve the mineral and land tenure in Alaska.

Both small placer miners and large commercial operators have encountered significant problems arising from unclear statutory language regarding affidavits of labor and locator qualification requirements. These problems, some arising only from minor mistakes and clerical errors, include loss of their state mining claims resulting from a notice of abandonment issued by DNR due to confusion or different interpretations of the law. Some miners have spent thousands of dollars attempting to resolve issues with DNR or competing claimants that arise due to vague laws and regulations about what is required to maintain mining claims.

Alaska can improve its ability to attract the investments needed to explore and develop its mineral resources by reducing these existing risks to land tenure.

This is truly an industry-wide issue which SB155 aims to fix and is a top priority for Alaska's miners.

AMA has worked with DNR for almost five years on these issues. This bill is a product of hours and hours of collaboration and deliberation between industry and agency. AMA has worked hard to develop a solution that will streamline administrative processes, reduce conflicts between miners and reduce conflicts between miners and DNR.

1. The existing statute has the following problems:

- a. LLCs, trusts, and similar entities legally qualified to do business in Alaska are not expressly identified as qualified to hold a mining claim, making our system outdated to investors. There is also no recognized mechanism to cure a defect in qualification, resulting in potential clouds on title.
- b. The original intent of the MTRSC location system has recently been misinterpreted by DNR and needs to be clarified in statute.
- c. Unclear language in existing statute regarding affidavits of labor has resulted in conflict, some arising from minor mistakes and clerical errors. Problems include loss of state mining claims and significant investment spent to resolve issues rather than explore for minerals. There is also no mechanism to cure correctable errors.

- d. Guidance for information required to be in affidavits of labor is now included in regulation and subject to DNR discretion to void the claims. The description of work performed by claim owner to advance the property needs to be updated to reflect current activities.
- e. In many areas of Alaska, existing federal mining claim located land that has been selected by the State prevent the land from being conveyed to the State. It is often considered to be in the best interest of both the miner and the State to convert these federal claims to state claims. However, the federal claims must be relinquished before conveyance can occur. If a third party – not the federal claimant – has state claims that would take effect upon conveyance, the federal claimant will not relinquish the federal claims, resulting in a stalemate.

2. Solutions in SB155 correct the existing statutory problems by:

- a. Qualifications: updates types of entities that can hold claims and provide curative mechanism for qualification defects
- b. Mining Claims: clarifies that a MTRSC location establishes mineral rights to all land open and available within the location. This is the interpretation that has worked effectively for both industry and the state for 20 years.
- c. Annual Labor:
 - i. Puts labor affidavit requirements clearly in statute
 - ii. Requires DNR to first send a notice of an opportunity to cure clerical errors prior to sending a notice of abandonment. This includes notification to claim holder provision and 90 days in which claim holder can correct any errors
 - iii. Updates list of examples for qualifying work and provides that cash payment can be made for no more than five years
- d. Federal/State claim overlap: provides more certainty to improve opportunity to convert to state claims.

3. General Comments

It is imperative to resolve these issues to stop the senseless loss of claims, and loss of years of investment to claim holders.

AMA has worked hard to develop a solution that provides needed clarity into DNR processes, so that their workload is not increased by this bill, but rather potentially decreased.

These statute changes will allow DNR to more efficiently support the mining industry.

Alaska can improve its ability to attract the investments needed to explore and develop its mineral resources by reducing these existing risks to land tenure.

AMA requests passage of SB155.