

# **FACT SHEET**

## **Title: *Requirements for Recreational Mining Business on State Land***



**What is a recreational mining business?** This is a business that charges clients for the opportunity to recreationally mine — typically pan for gold with some guidance or instruction. The business may limit services and only charge clients for the recreational mining use of an existing mineral claim. The mining activity could occur on state land with or without a mineral claim.

**\*For information on Mining Claims please read the mining fact sheet.\***

**What do I need to get from DNR to operate a recreational mining business on state owned land managed by Division of Mining, Land and Water?** Your commercial operation will either fit within the generally allowed uses ([http://dnr.alaska.gov/mlw/factsht/gen\\_allow\\_use.pdf](http://dnr.alaska.gov/mlw/factsht/gen_allow_use.pdf)) in which case you must register the activity with DNR, or you will need to obtain an authorization. The type of authorization needed is determined by the scale of the business operation. The following chart breaks out the criteria that will help you determine what authorization is required.

Activity	Authorization or Requirement	Cost (annual cost if multi-year)
Day-use activity only with no facilities that remain overnight	Generally Allowed Use but requires Commercial Recreation Registration	\$25 if on line \$50 if hard copy
Use of temporary (portable) camps that will be moved 2 miles every 14 days	Commercial Recreation Permit (1-5 year term)	\$500 \$2 per visitor day
Use of temporary structures (easily removed in 48 hours) that remain overnight for over 14 days	Land Use Permit (1-5 year term)	\$100 application fee \$500 facilities in place < 6 mos./yr \$1,000 facilities in place > 6 mos./yr \$2 per visitor day
Use of small structures with a life of 10 years or less and/or if applicant desires the security of a longer term.	Negotiated Short-term Lease (10 years or less if appraised fair market value less than \$5,000) Leases are non renewable.	\$100 application fee \$1,000 or fair market appraised value — whichever is greater Public notice costs \$2 per visitor day

Note: Different rules and authorizations apply in state parks and on state land managed by the Mental Health Trust, University of Alaska, Alaska Railroad, and the Department of Transportation and Public Facilities. Additional authorizations may be required from Office of Habitat Management and Permitting for some use of water bodies.

**If I already have a mining claim, do I need to also get one of these other authorizations?**

Yes. The mining claim provides exclusive use of the locatable minerals, and the right to use the surface (after appropriate authorizations are obtained) for the purposes of extracting those locatable minerals for commercial recreational mining purposes. However the mining laws, embodied in Alaska Statutes 38.05.185-38.05.275, do not provide any authorization for the commercial recreation use of that claim.

**Long- term leases (over 10 years) require a competitive offering and may require changes to the mineral property rights. Please consult with the Division of Mining, Land and Water if you desire a long term lease.**

**Are there any special requirements to conduct the commercial recreation mining business on my state mining claim?** Yes. Unlike the requirements for owning the mining claim, you do need to obtain the appropriate business license for the commercial recreational

mining venture. Leases and permits also require the business to obtain the appropriate comprehensive (commercial) general liability insurance and post a performance, bond for the life of the authorization. In addition, the miner must keep track of production and pay the appropriate royalty even on what clients extract from the claim.

**Why should I track royalty when the customer gets the nugget?** The actual production of minerals must be accounted for and the state must receive any royalty owed on the production of the minerals that are produced from the "public resource." Royalty payment is required regardless if there is a claim. If the state does not receive the required royalty, the mineral rights granted through a claim may be deemed abandoned or forfeited. Keeping track of production by recreational mining clients or requiring them to pay the royalty to the state can be difficult for a miner. The mine claim owner may work royalty into the client fee structure charged to transfer the royalty cost. Therefore, a lease with the state wherein the lessee pays royalty based on the net income of the business may substitute for royalty payment based solely on production.

**Can I use structures with my business or can I use structures approved through the Annual Placer Mining Application (APMA) process?** Temporary or permanent structures may be authorized through the appropriate permit or lease. When a mining claim is used, structures may support either or both the commercial mining and the commercial recreation activities. Therefore the claim owner must also clarify the intended use of structures.

Whether the structures are previously approved through the APMA or new structures are proposed on a claim, a separate surface permit or lease must be obtained if they will be used in conjunction with the recreational mining business. APMA's are for mineral exploration or commercial mining and DNR will not consider the recreational mining business needs while adjudicating APMA's. Appropriate bonding will be required for any improvements used for commercial recreation. The APMA process typically does not bond structures through the bonding pool.

**How do I apply for a permit or lease?**

The application forms are available from any Division of Mining, Land and Water office. As noted above, the fee for filing the application is \$100. The application requires the filing of a "plan of operation" or "development plan" for the recreational mining business. The plan must be in sufficient detail to describe the precise use of the land and the timetable for the development. The plan must address location and size of area to be mined by clients, any existing or planned mine cuts, types of structures and their purpose, access, parking, water, power, fuel storage, and sanitation. A drawing, to scale, of the plan's operation and facilities is required. The information presented in the applicant's "plan" will be used to determine the size of the authorization, level of bonding, and any insurance requirement. We encourage you to consult with DNR staff before you submit an application for this type of business.

**For further information, you may contact one of the DNR information offices:**

<p>Anchorage: DNR Public Information Center 550 W. 7th Ave. Ste. 1260 Anchorage, AK 99501-3557 (907) 269-8400 M-F 10:00 am to 5:00 pm</p>	<p>Fairbanks: DNR Public Information Center 3700 Airport Way Fairbanks, AK 99709-4699 (907) 451-2705 M-F 10:00 am to 5:00 pm</p>	<p>Juneau: MLW Land Information Office P.O Box 111020 400 Willoughby St, Ste 400 Juneau, AK 99801 (907) 465-3511 M-F 8:00 am to 5:00 pm</p>
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**For additional information about -**

**land authorizations:** [http://dnr.alaska.gov/mlw/permit\\_lease/index.cfm](http://dnr.alaska.gov/mlw/permit_lease/index.cfm)

**mining authorizations:** <http://dnr.alaska.gov/mlw/mining/index.htm>