

CHAPTER 86. MINING RIGHTS.

11 AAC 86.107. PAYMENTS AND REFUNDS. (a) All payments required under this chapter, except for production royalty payments described in 11 AAC 86.769, may be made either by mail or in person as provided in this section.

(b) The proper office for payment made by mail is the financial office of the department. However, the rental for a new mining claim, leasehold location, or prospecting site location, other than a converted MTRSC location established under 11 AAC 86.250, may be paid at the applicable recording district office, but only if accompanied by the certificate of location to be recorded and by a completed rental payment worksheet provided by the department.

(c) The proper office for payment made in person is either the Anchorage or Fairbanks office of the department. However, on or after June 1, 2002, the rental for a new mining claim, leasehold location, or prospecting site location, other than a converted MTRSC location established under 11 AAC 86.250, may be paid at the applicable recording district office, but only if accompanied by the certificate of location to be recorded and by a completed rental payment worksheet provided by the department.

(d) If a rental payment is received in an amount in excess of that due for a location, the department will credit the excess amount to rent that might become due for that location, unless a refund is requested. The department will refund the excess amount only if it receives a written request for the refund within 90 days after the date of payment.

(e) A rental payment received for a closed location does not convey mineral rights to that location. The department will refund a payment received for a closed location if it receives a written request for a refund within 90 days after the date of the payment.

(f) The department may not refund a rental payment except as provided in (d) and (e) of this section.

(g) The department may not make a refund of a cash payment of annual labor. (Eff. 5/18/90, Register 114; am 8/26/98, Register 147; am 8/16/2000, Register 155; am 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.210 AS 38.05.211
AS 38.05.035

Editor's Note: The mailing address for payment by mail is: State of Alaska, Department of Natural Resources, Support Services Division, 550 West 7th Avenue, Suite 1410, Anchorage, Alaska 99501, Attention: Financial Services. The geographic address for payment in person in Anchorage is: Department of Natural Resources, Public Information Center, 550 West 7th Avenue, Suite 1260, Robert B. Atwood Building, Anchorage, Alaska. The geographic address for payment in person in Fairbanks is: Department of Natural Resources, Public Information Center, 3700 Airport Way, Fairbanks, Alaska. The internet site address for payment by credit card of annual rental billed by the department in a rental form is: www.dnr.state.ak.us/pic/

11 AAC 86. 108. NOTICES. (a) Any decision or deficiency notice given to a locator under the provisions of this chapter will be made in writing and delivered in person or mailed by certified mail, return receipt requested, to the address of the current owner of the location as shown on the records of the division of mining. Other notices and letters from the department

will be delivered in person or sent by first class mail or certified mail to the locator's current address of record.

(b) For purposes of this chapter, the department will consider delivery by certified mail to occur when the receipt is signed. If the addressee neglects or refuses to sign for certified mail, the department will consider delivery to occur when the notice is deposited in a United States post office addressed to the person's current address of record with the department.

(c) Every locator must inform the department of the locator's most recent, or permanent, mailing address. The department will make changes to a locator's address of record upon receipt of a written request by the locator. (Eff. 5/18/90, Register 114; am 1/19/2002, Register 161)

Authority: AS 38.05.020

11 AAC 86.200. DISCOVERY REQUIRED. No mining claim or leasehold location is complete until after the discovery, as defined in 11 AAC 86.105, of locatable minerals within the limits of the location. (Eff. 9/5/74, Register 51; am 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.195

11 AAC 86.202. MTRSC AND TRADITIONAL MINING CLAIMS AND LEASEHOLD LOCATIONS. (a) An MTRSC claim is a claim located as provided in AS 38.05.195(b)(1) and this chapter. An MTRSC leasehold location is a leasehold location located as provided in AS 38.05.195(b)(1), AS 38.05.205, and this chapter.

(b) A traditional mining claim is a claim located as provided in AS 38.05.195(b)(2) and this chapter, and means the same as a non-MTRSC location, as that term is used in AS 38.05.195(b)(2). A traditional leasehold location is a leasehold location located as provided in AS 38.05.195(b)(2), AS 38.05.205, and this chapter.

(c) A traditional location is a traditional mining claim or traditional leasehold location. (Eff. 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.205 AS 38.05.211
AS 38.05.195

11 AAC 86.205. MARKING LOCATIONS. The locator of a mining claim or leasehold location shall designate the location by erecting at each corner of the location substantial monuments of stone or setting posts, not less than three feet in height, not less than two and one-half inches in diameter, and hewn and marked with the name of the location and the number of the monument, beginning with number 1 at the northeast corner and proceeding in a clockwise direction around the location. Where it is impracticable to place a monument in its true position, a witness monument must be erected and marked so as to indicate the true position of the corner. Where locations under common ownership have common corners, a common corner monument may be used. (Eff. 9/5/74, Register 51; am 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.195 AS 38.05.205

11 AAC 86.210. ATTACHING LOCATION NOTICE. The locator of a mining claim or leasehold location shall personally, or through an agent, attach or post a notice on the monument at the northeast corner of the location. The notice may be in any form, including as a metal tag. The notice must include the following

- (1) the name or number of the mining claim or leasehold location;
- (2) the date of posting the notice of location;
- (3) if the mining claim or leasehold location is
 - (A) a traditional location, the length and width of the mining claim or leasehold location in feet; or
 - (B) an MTRSC location, the meridian, township, range, section, and quarter -or quarter-quarter-section of the mining claim or leasehold location;
- (4) a sketch depicting, to the best of the locator's knowledge, the relationship of the mining claim or leasehold location to adjoining and contiguous mining claims, leasehold locations, and prospecting sites; and
- (5) the name and current mailing address of each locator. (Eff. 9/5/74, Register 51; am 12/31/82, Register 84; am 5/30/85, Register 94; am 8/16/2000, Register 155; am 1/19/2002, Register 161)

Authority: Art. VIII, sec. 11, AK Const., AS 38.05.195 AS 38.05.205
AS 38.05.020

11 AAC 86.215. CERTIFICATE OF LOCATION AND FIRST RENTAL PAYMENT. (a) Within 45 days after the date of posting of the notice of location, a locator shall record a certificate of location in conformance with AS 38.05.195. The certificate of location must be recorded in the recording district in which the location is situated, on a form approved by the department or on a substantially similar form, and must include

- (1) the name or number of the location;
- (2) the date of the locator's discovery and the date of posting of the notice of location;
- (3) for a traditional location, the length and width of the location in feet, and each meridian, township, range, section, quarter-section, and quarter-quarter section in which the location is situated;
- (4) for an MTRSC location, the meridian, township, range, section, quarter-section, and if applicable the quarter-quarter-section of the location;
- (5) the name and current mailing address of each locator, the signature of each locator or of the locator's agent;
- (6) the name of the recording district in which the location is situated; and
- (7) a map at an indicated scale of 1:63,360 (one inch = one mile) or a more detailed scale that shows the boundaries of the claim or leasehold location, the dominant physical features of the land, the protracted or surveyed section lines surrounding the location, and, to the best of the locator's knowledge, the relationship of the location to adjacent or contiguous mining

claims, leasehold locations, mining leases, and prospecting sites; if more than one contiguous location is being recorded simultaneously, a single map showing all locations may be attached to one of the certificates of location if the document to which the map is attached is cross-referenced on each certificate of location.

(b) Failure to file for record a certificate of location within the time specified in (a) of this section, constitutes an abandonment of the claim or leasehold location.

(c) Repealed 5/30/85.

(d) Repealed 5/30/85.

(e) Repealed 5/30/85.

(f) The first annual rental payment for a new location on state land is due within 45 days after the date of posting of the notice of location. The first annual rental payment for a location on state-selected land is due on the date the federal government conveys all or a portion of the land within the location to the state, must be paid within 90 days after that date, and must be paid as provided in 11 AAC 86.107. A rental payment for a new location must be submitted as provided in 11 AAC 86.107 and must be accompanied by a copy of the certificate of location, whether or not it has been recorded. The first rental payment for a location on state land will be considered as rent for the period from the date of posting to noon of the following September 1. Before the date of conveyance, a locator may submit a payment and certificate of location for a location on state-selected land. As provided in 11 AAC 86.115, the payment will be considered a non-refundable deposit credited to the first rental payment if the selection is conveyed to the state. (Eff. 9/5/74, Register 51; am 12/31/82, Register 84; am 5/30/85, Register 94; am 5/18/90, Register 114; am 8/26/98, Register 147; am 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.205 AS 38.05.265
 AS 38.05.195 AS 38.05.211

11 AAC 86.221. ANNUAL RENTAL. (a) A rental payment for a mining claim or leasehold location must be made in accordance with 11 AAC 86.107. The first rental payment for a new location must be made in accordance with 11 AAC 86.215(f). Each subsequent payment must be accompanied by a rental form provided by the department, a photocopy of that form, or a rental form approved by the director. The rental form must contain the name and address of the owner of record and the name and ADL number of the claim or leasehold location. The department will, in its discretion, refuse to accept a payment submitted without the required information.

(b) Except as provided in (f) of this section, the amount of the annual rental payment is based on the number of years since a mining claim or leasehold location was first located, as follows:

Number of Years Since First Located	Rental Amount for Each Quarter-Section Size MTRSC Location	Rental Amount for Each Quarter-Quarter-Section Size MTRSC Location	Rental Amount for Each Traditional Mining Claim or Leasehold Location
0-5	\$100	\$25	\$25
6-10	\$220	\$55	\$55
11 or more	\$520	\$130	\$130

(c) For purposes of determining the amount of annual rental, a claim or leasehold location located on state land on or before August 31, 1989, is considered to have been first located on August 31, 1989, and the first rental year for such a claim or leasehold location is considered to have begun at noon on September 1, 1989. The first rental year for a claim or leasehold location located on or after September 1, 1989, begins on the date of posting location and ends at noon on the following September 1. The first rental year for a claim or leasehold location located on state-selected land begins on the date the federal government conveys the land to the state and ends at noon on the following September 1. A claim or leasehold location located on any September 1 will be considered to have been located after noon on that day.

(d) The rental payment for each subsequent rental year is due on September 1 and must be paid on or before November 30.

(e) If a locator fails to make a timely rental payment, the claim or leasehold location will be considered abandoned under AS 38.05.265. If a rental payment is timely submitted to the department, but the director determines that the payment is less than the amount due, the locator will be granted 30 days after a deficiency notice is delivered under 11 AAC 86.108 to submit the additional rental due. In the deficiency notice, the department will advise the locator that if full payment is not received within the 30-day period, the deficient payment will be applied until exhausted to the claims and leasehold locations with the lowest ADL numbers. The claims and leasehold locations with the remaining ADL numbers for which rent was due and full payment not received will be considered abandoned without further notice.

(f) The following additional rules apply to a rental determination:

(1) for the rental year following the year in which a new MTRSC location is established, the new MTRSC location is entitled to a 50 percent reduction in the rental that would otherwise be due based on the size of the new MTRSC location;

(2) for the rental year following the year in which a traditional location is converted to an MTRSC location, the converted MTRSC location is entitled to a 50 percent reduction in the rental that would otherwise be due based on the size and rental age of the converted MTRSC location as determined under 11 AAC 86.260;

(3) if a traditional location is converted into an MTRSC location, the annual rental for the converted MTRSC location is based on its size and its rental age as determined under 11 AAC 86.260;

(4) the annual rental for a location established by a locator or a locator's successor in interest under the circumstances described in 11 AAC 86.223(c) or (d) is based on the location's size and on the number of years since the relinquished or existing location was first located. (Eff. 5/18/90, Register 114; am 8/26/98, Register 147; am 4/24/99, Register 150; am 1/19/2002, Register 161)

Authority:	AS 38.05.020	AS 38.05.035	AS 38.05.211
	AS 38.05.185	AS 38.05.265	

11 AAC 86.223. ABANDONMENT, RELINQUISHMENT, AND RELOCATION.

(a) For purposes of AS 38.05.265 and this section, a "successor in interest" to a locator or claimant means

(1) the spouse, child, sibling, or parent of the locator or claimant;

(2) a person or association described in AS 38.05.190(a) that owned an interest in the locator's or claimant's location; or

(3) a corporation or association that is described in AS 38.05.190(a)(5) or AS 38.05.190(a)(6) that owned an interest in the locator's or claimant's location, but only if a majority of the ownership of the corporation or association is held by a person or association described in (1) or (2) of this subsection.

(b) A locator may not include in a new location any part of a mining claim or leasehold location abandoned under AS 38.05.265 less than a year ago by that locator or by a person to whom the locator is a successor in interest, regardless of whether the abandoned location was an MTRSC or a traditional location.

(c) The posting date for a relinquished MTRSC or traditional location will be used as the date for determining the rental owed under 11 AAC 86.221(b) for a new traditional location, a new MTRSC location, or a traditional location that is converted to an MTRSC location under 11 AAC 86.250 – 11 AAC 86.255 if

(1) the relinquished location is relinquished under circumstances not constituting abandonment under AS 38.05.265;

(2) within a year after relinquishing the relinquished location, its former owner or a successor in interest posts the new traditional location, the new MTRSC location, or the converted MTRSC location; and

(3) the new traditional location, the new MTRSC location, or the converted MTRSC location includes any part of the relinquished location.

(d) If a locator posts an MTRSC location over an existing location, and is the locator of or a successor in interest to the locator of the existing location, the new location will be considered to be a converted MTRSC location that is subject to 11 AAC 86.250. (Eff. 8/26/98, Register 147; am 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.265

11 AAC 86.250. GENERAL PRINCIPLES FOR CONVERSION OF A TRADITIONAL LOCATION TO A CONVERTED MTRSC LOCATION. One or more traditional mining claims or leasehold locations may be amended at any time to establish one or more converted MTRSC locations. The following rules apply to a conversion:

(1) all or part of a traditional location may be included in the converted MTRSC location; each converted MTRSC location must be supported by a discovery somewhere within its boundaries;

(2) if only part of a traditional location is included in the converted MTRSC location, the remaining part may be either relinquished or relocated as an amended location;

(3) a converted MTRSC location does not establish locatable mineral rights to an area outside the traditional location if that area is not open to location;

(4) conversion of a traditional location to a converted MTRSC location is not complete unless the annual rental due on the traditional location for the year in which the conversion occurs is timely paid in full; the failure to timely pay the required rental on the traditional location results in abandonment of both the converted MTRSC location and traditional locations under AS 38.05.265. (Eff. 1/19/2002, Register 161)

Authority:	AS 38.05.020	AS 38.05.195	AS 38.05.211
	AS 38.05.035	AS 38.05.210	AS 38.05.265

11 AAC 86.255. CERTIFICATE OF LOCATION FOR A CONVERTED MTRSC LOCATION. In addition to marking the location as required by 11 AAC 86.205 and attaching a notice of location as required by 11 AAC 86.210, a locator establishing a converted MTRSC location must record a certificate of location within 45 days after posting the converted MTRSC location. The certificate of location must be recorded in the recording district in which the converted MTRSC location is situated, on a current form approved by the department for conversions or on a substantially similar form, and include

- (1) the location name or number of the converted MTRSC location, and the meridian, township, range, section, and quarter-, or quarter-quarter-section of the location;
- (2) for each traditional location being converted to the MTRSC location, the ADL number, if assigned, location name, discovery date, posting date, and
 - (A) original book and page of recording; or
 - (B) recording office serial number;
- (3) the name of the recording district in which the converted MTRSC location is situated;
- (4) the name and current mailing address of each locator, the signature of each locator or of the locator's agent;
- (5) a map at an indicated scale of 1:63,360 (one inch = one mile) or a more detailed scale that shows the boundaries of the converted MTRSC location and each existing location being converted, the dominant physical features of the land, the protracted or surveyed section lines surrounding the converted MTRSC and existing locations, and, to the best of the locator's knowledge, the relationship of the locations to adjacent or contiguous mining claims, leasehold locations, mining leases, and prospecting sites; if the converted MTRSC location is being recorded simultaneously with one or more contiguous converted MTRSC or new locations, a single map showing all locations may be attached to one of the certificates of location if the document to which the map is attached is cross-referenced on each certificate of location; and
- (6) proof of ownership transfer, if the locator of the converted location is not the owner of record of each existing location being converted, that proof must be filed with the certificate of location. (Eff. 1/192002, Register 161)

Authority:	AS 38.05.020	AS 38.05.195	AS 38.05.211
	AS 38.05.035	AS 38.05.210	AS 38.05.265

11 AAC 86.260. RENTAL AGE OF A CONVERTED LOCATION. For purposes of establishing the annual rental owed under 11 AAC 86.221, the rental age of a converted MTRSC location is the number of years since the first posting of the traditional location from which the MTRSC location was converted. If more than one existing traditional location is used to establish a converted MTRSC location, the rental age of the converted location is the average of the rental ages of the existing traditional locations, then rounded to the nearest whole year. For purposes of calculating that average

(1) if a converted quarter-section MTRSC location includes fewer than four existing traditional locations, the department will count each existing location's rental age as only 25 percent of the average; additional imaginary locations, each assumed to be one year old and each counting as 25 percent, will be added to the average to reach 100 percent; the average age will be rounded to the nearest whole year; and

(2) the rental age of a relinquished location, as determined by that location's posting date, will be included in calculating a converted MTRSC location's rental age if the converted MTRSC location

(A) includes any part of the relinquished location;

(B) is established less than a year after the relinquishment; and

(C) is established by the locator of the relinquished location or by that locator's successor in interest under 11 AAC 86.223. (Eff. 1/19/2002, Register 161)

Authority:	AS 38.05.020	AS 38.05.195	AS 38.05.211
	AS 38.05.035	AS 38.05.210	AS 38.05.265

11 AAC 86.265. CREDIT OR DEFICIENCY IN PAYMENT OF RENTAL ON A CONVERTED LOCATION.

(a) The annual rental paid in the year of conversion on an existing location included in whole or in part in a converted MTRSC location will be credited as a timely payment to the first-year rental owed on the converted MTRSC location. If parts of the existing location are included in more than one converted MTRSC location, the department will allocate the rental payment equally to the first-year rental owed on each converted MTRSC location. If a deficiency exists, the department will mail a deficiency notice to the locator as provided in 11 AAC 86.221(e) to permit payment of the balance owed. If an excess exists, it will be credited to rent owed for the converted MTRSC location in the second and subsequent rental years until exhausted. If a deficiency is not cured in accordance with notice from the department, the

(1) converted location will be considered abandoned under AS 38.05.265; and

(2) department will consider the traditional location from which the abandoned location was converted to continue in force and be subject to this chapter as if the conversion had not occurred.

(b) The annual rental owed on a converted MTRSC location in the next and subsequent rental years following the year of conversion is due and payable in accordance with 11 AAC 86.221. From the rental owed on a converted MTRSC location in the rental year following the year of conversion, the department will deduct the 50 percent discount described in 11 AAC 86.221(f)(2), together with any credit for overpayment of first-year rental. The overpayment credit, if any, and the 50 percent rental discount are considered timely partial payment toward the second-year rental. (Eff. 1/19/2002, Register 161)

Authority:	AS 38.05.020	AS 38.05.195	AS 38.05.211
	AS 38.05.035	AS 38.05.210	AS 38.05.265

11 AAC 86.270. LABOR OBLIGATION ON A CONVERTED LOCATION. The labor obligation required to be met in the year that an existing location is included in a converted MTRSC location must still be satisfied and is subject to AS 38.05.265 as if a conversion had not occurred. (Eff. 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.195 AS 38.05.211
AS 38.05.035 AS 38.05.210 AS 38.05.265

11 AAC 86.290. DEFINITIONS. In 11 AAC 86.250 – 11 AAC 86.290, unless the context requires otherwise,

(1) “conversion” means the amendment of one or more traditional mining claims or traditional leasehold locations to establish an MTRSC location;

(2) “converted MTRSC location” means an MTRSC location established by means of a conversion. (Eff. 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.195 AS 38.05.211
AS 38.05.035 AS 38.05.210 AS 38.05.265

11 AAC 86.311. SURVEY OF EXTERIOR BOUNDARY. (a) Unless otherwise specified by the director, within 10 years after the effective date of the lease, the exterior boundary of the leasehold must be surveyed in accordance with 11 AAC 53 and instructions issued by the department.

(b) Repealed 1/19/2002
(Eff. 5/30/85, Register 94; am 5/18/90, Register 114; am 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.035 AS 38.05.205

11 AAC 86.313. ANNUAL RENTAL. (a) The provisions of this section apply to rental payments for mining leases other than for leases under AS 38.05.250.

(b) A rental payment for a mining lease must be made in accordance with 11 AAC 86.107 and must be accompanied by a rental form provided by the department, a photocopy of that form, or a form approved by the director. The form must contain the name and address of the owner of record and the ADL number of the mining lease.

(c) The annual rental amount is based on the number of acres included in the lease and the number of years since the predecessor claim or leasehold location of the mining lease was first located, as follows:

Number of Years Since First Located	Rental Amount Per Acre For Mining Lease
0-5	\$.66
6-10	\$1.32
11 or more	\$3.30

Before survey under 11 AAC 86.311, the rent will be based on the number of acres estimated in the lease document.

(d) If a mining lease contains more than one claim or leasehold location, the predecessor claim or leasehold location for determining the rental amount is the claim or leasehold location that was located first.

(e) For purposes of determining the amount of annual rental, a claim or leasehold location located on state land on or before August 31, 1989, is considered to have been first located on August 31, 1989, and the first rental year for such a claim or leasehold location is considered to have begun at noon on September 1, 1989. The first rental year for a claim or leasehold location located on or after September 1, 1989, begins on the date of posting location and ends at noon on the following September 1.

(f) The first annual rental payment for a mining lease that becomes effective after August 31, 1989 will be applied to the period from the effective date of the lease to the next September 1.

(g) A rental payment that was paid for a predecessor mining claim or leasehold location during the rental year in which a lease is issued will be credited toward the first annual rental payment under the lease.

(h) The rental payment for each subsequent rental year is due on September 1 and must be paid on or before November 30.

(i) If the lessee fails in whole or in part to make a timely rental payment, the mining lease will be considered in default and the department will supply the lessee a deficiency notice in accordance with 11 AAC 86.108, describing the lease in default by the lessee's ADL number. In the notice, the department will advise the lessee that the lease will be terminated without further notice if the department does not receive the required payment in full within 30 days after the lessee's receipt of the notice. (Eff. 5/18/90, Register 114; am 8/26/98, Register 147; am 4/24/99, Register 150; am 1/19/2002, Register 161)

Authority:	AS 38.05.020	AS 38.05.185	AS 38.05.211
	AS 38.05.035	AS 38.05.205	AS 38.05.265

11 AAC 86.314. ANNUAL LABOR. The annual labor requirements set out in 11 AAC 86.220 apply to a lease. If a lease includes multiple MTRSC locations, or a combination of traditional locations and MTRSC locations, the annual labor rate will be computed by the acreage method under AS 38.05.210(a)(3). (Eff. 1/19/2002, Register 161)

Authority:	AS 38.05.020	AS 38.05.210	AS 38.05.265
	AS 38.05.035		

11 AAC 86.410. PROSPECTING SITE LOCATION NOTICE AND CERTIFICATE OF LOCATION. (a) On a monument at the northeast corner of the prospecting site location, the locator shall attach or post a notice. The notice may be in any form, including as a metal tag. The notice must include

- (1) the name or number of the prospecting site location;
- (2) the date of posting the notice of location;
- (3) the meridian, township, range, section, and quarter-section of the prospecting site location;
- (4) a sketch depicting, to the best of the locator's knowledge, the relationship of the prospecting site to adjacent and contiguous prospecting sites, mining claims, and leasehold locations;
- (5) the name and current mailing address of each locator; and
- (6) the recording district in which the prospecting site is located.

(b) The holder of a prospecting site location shall, within 45 days after the date of posting the location notice, record a certificate of location in the recording district in which the location is situated using a form approved by the department, or a substantially similar form meeting the recording requirements of 11 AAC 06.040. The certificate of location must include

- (1) the name or number of the prospecting site location;
- (2) the date of posting the notice of location;
- (3) the meridian, township, range, section, and quarter-section of the prospecting site location;
- (4) the name and current mailing address of each locator, and the signature of each locator or of the locator's agent;
- (5) the name of the recording district in which the prospecting site is located; and
- (6) a map at an indicated scale of 1:63,360 (one inch = one mile) or a more detailed scale that shows the boundaries of the prospecting site, the dominant physical features of the land, the protracted or surveyed section lines surrounding the prospecting site, and, to the best of the locator's knowledge, the relationship of the prospecting site to adjacent and contiguous mining claims, leasehold locations, and prospecting sites;
- (7) repealed 1/19/2002.

(c) Failure to record a certificate of location within 45 days, as provided in (b) of this section, constitutes abandonment under AS 38.05.265 of all rights in the prospecting site location.

(d) Repealed 5/30/85.

(e) Repealed 5/30/85.

(f) Repealed 5/30/85.

(Eff. 9/5/74, Register 51; am 12/31/82, Register 84; am 5/30/85, Register 94; am 8/16/2000, Register 155; am 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.245 AS 38.05.265

11 AAC 86.422. TERM AND RENTAL. (a) The provisions of AS 38.05.245(c) set the term of a prospecting site located on or after August 20, 2000. Expenditures for prospecting work on a prospecting site location may not be credited toward expenditures for annual labor for a mining claim or leasehold location.

(b) The rental required for a prospecting site is set out in AS 38.05.211(a) and must be paid in accordance with 11 AAC 86.107. The rental for a prospecting site located on state land is due within the time provided by AS 38.05.245(c). The rental for a prospecting site located on state-selected land is due on the date the federal government conveys all or a portion of the land

within the location to the state, and must be paid within 90 days after that date. Before the date of conveyance, a locator of a prospecting site on state-selected land may submit a \$200 payment with the certificate of location, as provided in 11 AAC 86.107. The payment will be considered a non-refundable deposit credited to the required rental payment if the selection is conveyed to the state. (Eff. 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.245 AS 38.05.265

11 AAC 86.425. PROSPECTING WORK. (a) During each year of the term of a prospecting site, acceptable work amounting to at least \$5 per acre for the area enclosed within the prospecting site location must be performed. (Eff. 9/5/74, Register 51; am 5/30 /85, Register 94; am 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.245

11 AAC 86.430. PROSPECTING SITES LOCATED BEFORE AUGUST 20, 2000.

(a) A prospecting site located before August 20, 2000 may be extended once for a period of one year beyond the original expiration date by recording a notice of extension, in the recording district where the prospecting site is located, during the 90-day period before the prospecting site expires.

(b) The notice of extension for a prospecting site located before August 20, 2000 must meet the recording requirements of 11 AAC 06.040 and must

(1) contain the name and current mailing address of the locator;

(2) contain the name and ADL number of the prospecting site being extended, and

the

(A) book and page number of the site's original recorded certificate of location; or

(B) serial number of the site's original recorded certificate of location;

(3) state why an extension is needed;

(4) be signed by the locator or the locator's agent; and

(5) indicate each meridian, township, range, section, and quarter-section in which the prospecting site is situated and the recording district in which the site is located.

(c) A locator of a prospecting site located before August 20, 2000 may request further one-year extensions by submitting a written request to the director no later than 90 days before the expiration of the prospecting site. The request for extension must contain the information required under (b) of this section. The director may request that additional information be supplied to support the request for extension. The director will grant further extensions only under unusual circumstances.

(d) If a further extension is granted by the director, the prospecting site locator shall, no later than 90 days after delivery of the notice of extension, record the notice in the recording district in which the site is located.

(e) The amount of work required during the first year of extension of the prospecting site is \$5 per acre. During each subsequent year of extension, the required work is \$10 per acre.

(f) If a prospecting site has been located before August 20, 2000 on state-selected land, and conveyance to the state occurs on or after that date, the rights, responsibilities, and conditions for acquisition and maintenance of the prospecting site are those applicable to sites located on and after August 20, 2000, as provided in AS 38.05.245, AS 38.05.265, and 11 AAC 86.422. (Eff. 9/5/74, Register 51; am 5/30/85, Register 94; am 1/19/2002, Register 161)

Authority: AS 38.05.020 AS 38.05.245

11 AAC 86.766. SEGREGATION. (a) The holder may segregate gross income, deductions, and expenses using any one of the three methodologies described in (b) - (d) of this section.

(b) Separate or Traced Accounting of Minerals, Income, Deductions, and Expenses. If the holder traces every item of income, deductions, and expenses to either minerals produced from state land or minerals produced from non-state land, then only income, deductions, and expenses traced to minerals produced from state land shall be used in calculating the production royalty. If the holder mines the same mineral from both state and non-state land, income will be treated as traced income only if the holder:

(1) maintains separate operations and separate books, maintained in conformance with generally accepted accounting principles, for mining on state land and on non-state land; or
(2) contemporaneous with mining, records the amount of raw mineral mined from state land, the amount of raw mineral mined from non-state land, and the corresponding grades of such raw material, and, contemporaneous with sale, records the corresponding income from the minerals mined.

(c) Actual Income with Proportionate Deductions and Expenses. If the holder has jointly developed state land and non-state land as a single mining operation and, contemporaneous with mining, records the amount of raw mineral mined from state land, the amount of raw mineral mined from non-state land, and the corresponding grades of such raw material and, contemporaneous with sale, records the corresponding income from the mineral mined, then the holder may segregate income from state land and non-state land on that basis. For purposes of calculating production royalties under this subsection, deductions and expenses shall be proportionate to income. Deductions for state land shall equal gross income from state land multiplied by total deductions for both state and non-state land, then divided by gross income from both state and non-state land. Expenses for state land shall equal gross income from state land multiplied by total expenses for both state and non-state land, then divided by gross income from both state and non-state land.

(d) Apportionment of Gross Income, Deductions, and Expenses Based on Volume or Tonnage. If the holder has jointly developed state land and non-state land as a single mining operation, gross income, deductions, and expenses may be apportioned on the basis of the gross income per cubic yard or ton of ground mined that calendar year. Gross income from state land shall equal the number of cubic yards or tons of state ground mined multiplied by the gross income from both the state and non-state land, then divided by the number of cubic yards or tons of both state and non-state ground mined. Deductions for state land shall equal the number of cubic yards or tons of state ground mined multiplied by the deductions for both the state and non-state land, then divided by the number of cubic yards or tons of both state and non-state ground mined. Expenses for state land shall equal the number of cubic yards or tons of state

ground mined multiplied by the expenses for both the state and non-state land, then divided by the number of cubic yards or tons of both state and non-state ground mined.

(e) Repealed 8/26/98.

(f) A holder of separate mining operations may select any one of the methodologies set out in (b) - (d) of this section for each mining operation.

(g) A holder who elects to segregate income using one of the methodologies described in this section may not change methodologies after May 1, 1992 without the written consent of the director. Consent may not be given without an extraordinary change in circumstances that makes the methodology initially selected wholly inappropriate or impossible to use. An application for consent to change methodologies must be filed before the last day of the calendar year for which the change is sought. The director shall grant, modify, or deny the application within 90 days after filing. (Eff. 7/26/91, Register 119; am 8/26/98, Register 147; am 1/19/2002, Register 161)

Authority: AS 38.05.212

11 AAC 86.769. PRODUCTION ROYALTY PAYMENTS AND RETURNS. (a) Production royalty returns must be prepared and submitted on forms available from the division. Completed returns and payments must be submitted to the department office in Anchorage or Fairbanks.

(b) Production royalty returns must be filed for each year after 1989 in which production occurs, or minerals produced from state land are sold, exchanged, or otherwise disposed of; returns are not otherwise required.

(c) Production royalty returns and payments are due every year on May 1 for the preceding calendar year.

(d) Upon written request, the division may grant an extension of time to file a production royalty return and to pay the royalty payment. The written request must be received by the division no later than 10 days before the due date set in (c) of this section. The written request must include a complete statement of the reasons for the request. An extension of time may not exceed 120 days. Interest accrues on the unpaid balance of a royalty payment during the term of an extension. (Eff. 7/26/91, Register 119; am 8/26/98, Register 147; am 1/19/2002, Register 161)

Authority: AS 38.05.212

Editor's note: The mailing and geographic addresses for submission of production royalty returns described in 11 AAC 86.769(a) are the following: for Anchorage: State of Alaska, Department of Natural Resources, Division of Mining, Land and Water, 550 West 7th Avenue, Suite 900, Robert B. Atwood Building, Anchorage, Alaska 99501; for Fairbanks: State of Alaska, Department of Natural Resources, Division of Mining, Land and Water, 3700 Airport Way, Fairbanks, Alaska 99709.

11 AAC 86.796. DEFINITIONS. As used in 11 AAC 86.760 - 11 AAC 86.796,

- (1) "ADL" means the Alaska Division of Lands in the department;
- (2) "department" means the Department of Natural Resources;
- (3) "director" or "division" means the director or division delegated the authority of the director of lands in the Department of Natural Resources;
- (4) "gross income" means gross income as defined in 15 AAC 65.110;
- (5) "person" means the same as in AS 01.10.060;
- (6) "produced mineral" or "mineral produced" means any mineral or raw material extracted or leached in-situ from the surface or subsurface and removed from the mining claim, leasehold location, or mining lease from which it was extracted or leached in-situ; "produced mineral" or "mineral produced" does not include any mineral produced as a result of taking a sample or bulk sample; for purposes of this paragraph, "bulk sample" has the meaning given in 15 AAC 65.990, and the definition of "bulk sample" in that section, as revised as of August 1, 2001, is adopted by reference;
- (7) "ton" means 2,000 pounds.

(Eff. 7/26/91, Register 119; am 1/19/2002, Register 161)

Authority: AS 38.05.212