

Sean Parnell, Governor  
Third Floor, Capitol  
P.O. Box 110001  
Juneau, Alaska 99811-0001

January 26, 2012

Dear Governor Parnell:

We respectfully urge your support for legislation to adjust the Petersville Recreation Mining Area established on May 8, 1997.

As the former Director, Mining and Water Management and former Deputy Commissioner, Department of Natural Resources, we were directly involved in the initial decisions leading to the establishment of the Petersville Recreation Mining Area and we strongly support the legislation to amend that Petersville Recreation Mining Area designation.

Background:

Prior to the Mineral Closing Order, MCO# 674, on June 2, 1994 there were numerous meetings with Ms. Michele Stevens the then owner of approximately 500 acres of State mining claims located on federal land selected by the State. Ms. Stevens proposed to operate a mining concession including a museum and public campground as well as using her mining equipment to facilitate public access to the placer gold known to be in the area. Her concept for a concession-type operation was in part based on the successful commercial operations at the Crow Creek Mine on private land at Girdwood and the El Dorado Gold Mine located on Mental Health Trust land near Fairbanks.

The Director of Mining and Water Management and other members of the Division inspected the 500 acres and adjacent active mining operations in the Petersville area included Ms. Stevens' historic buildings and structures and equipment used when the area was being mined under federal mining law. The Department subsequently determined the 500 acres would make a valuable addition to the areas set aside in Alaska for the general public to pan for gold without being in conflict with a mining claim owner, and therefore initiated the 1994 Mineral Closing Order (MCO).

The original public recreation mining areas in Alaska involved abandoned mining claims, hence Ms. Stevens was requested to gift her 500 acres of mining claims that otherwise would automatically fall into place when the State received title to the land from the federal government. Ms. Stevens did this concurrently with the MCO being imposed.

The State has received title to land in the Petersville area that includes approximately 280 acres of the mining claims Ms. Stevens gifted to the State and that area is now open to public use as a public recreation mining area. Until recently, transfer of the federal land including the remaining 220 acres surrounding Ms. Stevens' historic building and structures has been delayed until the

State and Bureau of Land Management could reach agreement on how to handle the buildings and structures. These buildings and structures were eventually deeded to Ms. Stevens. This issue has been resolved and the land is now ready for transfer to State ownership.

The agreement in 1994 between the Department of Natural Resources and Ms. Stevens was for the Department to authorize Ms. Stevens to operate a commercial recreation mining business on the 220 acres of land surrounding her buildings and structures. Subsequently, the Department determined that it could not legally issue a non-competitive commercial lease to fulfill the agreement with Ms. Stevens. In 2006 DNR determined there actually was a legal way to proceed, whereby a commercial mining business could be operated on a portion of a state mining claim or claims by establishing a miscellaneous land use lease, provided there was concurrence with the state mining claim holder.

However, and very unfortunately, the 2006 approach cannot be followed for lands designated by statute as a recreational mining area since there are no underlying private interests to the minerals. The proposed legislative amendment to the Petersville Recreation Mining Area established in 1997 contains two provisions to correct the problems the Department and Ms. Stevens have been trying to resolve. The pending legislation would: 1) Reinstate Ms. Stevens' full mineral rights to those portions of her mining claims ADLs 508020-508026 that she gifted to the State in this southern area; and 2) It would remove the statutory designation and allow the DNR to fulfill its original agreement with Ms. Stevens. The proposed amendment does not affect the approximately 280 acres of land that will remain in the Petersville Recreation Mining Area.

In summary, we respectfully request your support in correcting a situation that evolved and allow the state to honor its commitments to Ms. Stevens

Sincerely,

Signed

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Signed

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