

**LDIR#107**

**ALASKA MINING**

**LAW PROPOSAL**

**STUDIES 1969**

**1968**



**north  
of 60**

resources and minerals

**northern economic  
development branch  
department of indian affairs  
and northern development  
government of canada**

MINING EXPLORATION AND DEVELOPMENT - 1969-70

British Columbia - Yukon

by

Thomas Elliott, Manager  
British Columbia & Yukon Chamber of Mines  
840 West Hastings Street,  
Vancouver 1, B. C.

January, 1970

At the time of writing these yearly reports on the progress of mining in British Columbia and Yukon Territory, I find that my many years' association with the industry causes me to look at the overall picture from three different aspects . . . . . the past, the present, and the future. . . . .

PAST

From the beginning, when placer gold was first discovered in the Cariboo in 1858, mining has always been an important industry to British Columbia; but in spite of the impressive \$7.2 billion mineral production to date, this industry developed at a comparatively slow pace. For most of my life, the number of companies actively engaged in mineral exploration, and dollars spent, were relatively low. During that period a few large companies were active, some important mines were developed, and many competent people devoted their energies to building the industry. . . . .

PRESENT

The picture today shows a very noticeable change for the better! Mineral production in 1969 is estimated at \$460,000,000; an increase of approximately two and one-half times the amount produced ten years earlier. At the same time, the tempo of mineral exploration and development has reached an all-time high, with some 100 large companies and possibly 600 smaller ones, spending at least \$40,000,000 per year on the search of new mines!


This increased effort by a large number of skilled professional and technical exploration people, including many prospectors, totalling not less than 2,000, has resulted in a greatly increased rate of discovery. Important new mines are being readied for production which are creating direct and indirect employment for a great many people; markets for a wide range of manufactured goods and services; increased tax revenues to governments, and generally bolstering the economy of this part of Canada.

# MEMORANDUM

## State of Alaska

TO:  Champe Ransom  
Legislative Affairs

DATE : September 19, 1969

FROM:  James R. Deagen, Secretary  
Yukon-Taiya Commission

SUBJECT:

A copy of the minutes of the August 21 Yukon-Taiya Commission meeting is enclosed for your information.

State of Alaska  
Department of Natural Resources  
DIVISION OF MINES AND GEOLOGY  
Box 5-300  
College, Alaska 99701

COMMENTARY

on the February 1969 FWPCA report

EFFECTS OF PLACER MINING ON WATER QUALITY IN ALASKA

INTRODUCTION

On March 6, 1969 the Alaska Water Laboratory, College, Alaska, a branch of the Federal Water Pollution Control Administration, issued a news release stating that a report entitled "Effects of Placer Mining on Water Quality in Alaska" is available.

The news release states that the Alaska Division of Mines and Geology cooperated with the Water Lab in the field investigations, thereby implying that the Division agrees with the evaluations and conclusions presented in the report. This implication is not true. A Division engineer did accompany the field team as an observer to represent the industry's interests and to see that representative samples were taken. The Division did not evaluate the data collected before it was included in the report, nor was there an opportunity to cooperate in preparation of the report. The courtesy of viewing a pre-publication draft for comment was extended, but the report bears no resemblance to the draft, and the Division's comments on the draft were not acknowledged.

The Division participated in planning the investigation, but the agreed-upon plan was only partly followed.

The main conclusion of the report: ".....placer mining results in increased turbidity and reduced dissolved oxygen with significant damage to fish and fish food organisms" does not reflect the opinion of the Alaska Division of Mines and Geology, and the bulk of the data collected does not support this conclusion. The sampling and data were far too meager to make such a damaging statement.

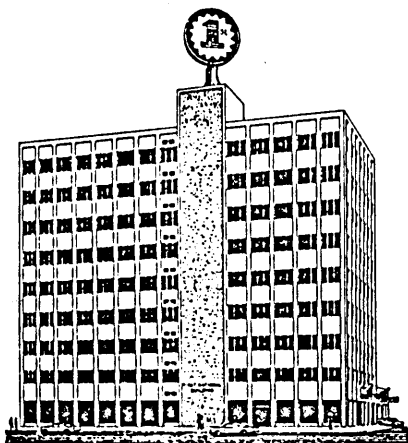
The author of the report is anonymous--nowhere can an individual's name be found. The report's far-reaching conclusions are based on partial data and assumptions not supported by facts. The author uses only that portion of the data which supports his conclusions and ignores the data that points to other conclusions.

DIVISION CONCLUSIONS

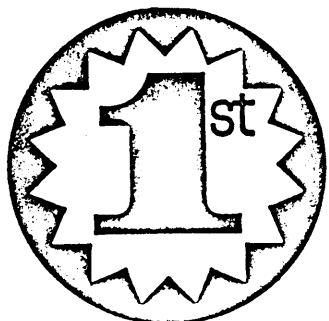
The following comments are the Division's analysis of the data presented by the FWPCA in its report "Effects of Placer Mining on Water Quality in Alaska" dated 7/1/69.

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## KEEP OLD CLAIM LAW: HICKEL

The "official" position of the Interior Department and BLM will be retention of the mining law of 1872, with some revisions. The mineral-leasing system proposed by mining industry critics won't work, the Secretary says.

Interior Secretary Walter J. Hickel has voiced his opposition to replacement of the present federal mining-claim system with a mineral-rights leasing system similar to that used in the oil and gas industry.

Hickel gave support to the existing system with some modifications, and this will apparently be the official attitude of the Department of the Interior (which includes BLM) on the question of mining claims versus a leasing system.

Two Alaska economists, Dr. Arlon Tussing and Gregg Erickson, authored a mineral policy review study which was recently issued and reported in AC&OR. Tussing and Erickson come out strongly for a mineral-leasing system in Alaska, a suggestion that has found considerable opposition from miners' associations in the state.

Hickel's position is a complete turn-about from the feelings declared by former Interior Secretary Stewart Udall. In a recent letter to the Public Land Law Review Commission in Washington, Hickel supported existing systems under the Mining Law of 1872, "with workable revisions of the law," he says.

"A workable revision will enable this law to meet our present and future needs. This can be accomplished without sacrificing the best qualities of the old law and stifling needed exploration and development while still insuring appropriate consideration for necessary conservation and multiple-use management."

He goes on:

"... a careful study (should) be

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SOME COMPARISONS BETWEEN MINERAL EXPLORATION IN BRITISH COLUMBIA, YUKON AND ALASKA

( Address delivered by Thomas Elliott, Manager, British Columbia and )  
( Yukon Chamber of Mines, Vancouver, B.C. to the American Institute )  
( of Mining, Metallurgical and Petroleum Engineers' Conference, held )  
( at College, Alaska, March 18-21st 1964. )

Ladies and Gentlemen - before presenting my paper to this Conference, I think some explanation would be in order. Several months ago, I received an invitation from Dean Beistline to prepare an address comparing mining laws, regulations and exploration activity in British Columbia, Yukon and Alaska. During my thirty-five years association with the Chamber of Mines, I have taken a keen interest in this subject and have formed some opinions I hope will have a constructive value. Any comments I may make are my own and not necessarily those of the organization I represent. I offer them not as an "outsider," but as a friend with a deep-rooted interest in the future of the mining industry in the Pacific Northwest!

British Columbia - Yukon - Alaska, a vast mineral "empire" comprising 1,159,331 square miles of rugged, mountainous country, covered for months of the year with ice and snow.... a section of country so large it equals in size more than one-third of continental U.S.A. Geographically, geologically and historically related, these three areas have much in common, including a healthy respect for each other's problems and an awareness of differences created by political boundaries. It is interesting to note that mining played an important role in the early development of each territory, with the Cariboo gold rush of 1858 bringing the first settlers to British Columbia and the Klondike gold rush of 1898 attracting thousands of pioneers to the Yukon and Alaska from all parts of the world. Relatively unexplored and offering a tremendous potential for mineral exploration, but faced with problems of weather and access, these areas must strive to achieve legislation that is favorable for resource development. Of all the industries, the production and sale of

EXTRACTS FROM LETTERS RECEIVED FROM LARGE MINING EXPLORATION COMPANIES

Relating To

MINING EXPLORATION IN ALASKA

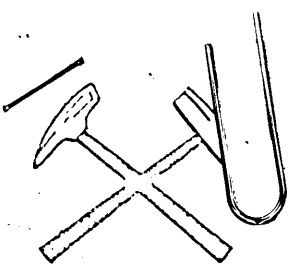
1. "As I am leaving today on my vacation my reply to your query on Alaska must be brief.

The low rate of exploration in Alaska is due to lack of incentive, as we all know that a deposit to be mineable, in Alaska, must be substantially better grade than required in less remote regions. Furthermore, there has not been an important mine brought into production in Alaska for many years.

Most of the adverse factors in Alaskan economics are built in and cannot readily be changed for the better, but there are some improvements that can be brought about by legislation - such as tax incentives and favourable revisions in mining laws and regulations. Likewise, a stepped up program of geologic mapping and also air-mag surveying by the government would be helpful.

I feel that if an important mineable deposit is found in Alaska that there would be an immediate increase in the tempo of exploration in the State. However, lacking this it seems to me that incentive brought about through government action is the only way that the exploration climate can be improved."

2. "It certainly is true that exploration is at a very low level in Alaska as compared with B.C. and the Yukon. It is also true, so far as I can judge, that Alaska is just as favorable geologically for the occurrence of mineral deposits as adjacent areas in Canada. I believe that the explanation lies with the



A PRESS RELEASE

From: HON. FRANK RICHTER, Minister of Mines and Petroleum Resources

FOR RELEASE 2:00 P.M. June 11th, 1969

Victoria, B.C.

Date June 10th, 1969

MINERAL PRODUCTION OF BRITISH COLUMBIA, 1968

In 1968, the Mineral Production of British Columbia had a value of about 405.4 million dollars, an increase of 22 million dollars or 5.7 per cent over 1967. The 1968 production establishes a record value for the seventh consecutive year, and brings the cumulative value to date to approximately 6 billion 700 million dollars.

	1967		1968		
	Quantity	Value	Quantity	Value	
<b>METALS</b>					
Antimony	lb.	1,267,686	671,874	1,159,960	624,779
Bismuth	lb.	142,507	572,878	207,783	868,533
Cadmium	lb.	994,365	2,784,222	1,341,437	3,823,095
Copper	lb.	172,739,548	88,135,172	160,993,338	87,284,148
Gold - placer	oz.	891	25,632	670	19,571
- lode	oz.	126,157	4,763,688	123,896	4,672,242
Iron concentrates	tons	2,154,443	20,820,765	2,094,745	21,437,569
Lead	lb.	208,131,894	31,432,079	231,627,618	32,782,257
Mercury	lb.	380	2,600	-	-
Molybdenum	lb.	17,517,543	31,183,064	19,799,793	32,552,722
Nickel	lb.	4,180,842	3,946,715	3,317,160	3,372,225
Silver	oz.	6,180,739	10,328,695	7,130,866	16,475,795
Tin	lb.	437,804	621,682	358,191	497,885
Zinc	lb.	262,830,908	39,248,539	299,396,264	43,550,181
Others		-	1,327,713	-	3,301,416
<b>Total</b>			<u>235,865,318</u>		<u>251,252,418</u>
<b>INDUSTRIAL MINERALS</b>					
Asbestos	tons	92,192	18,273,220	74,667	14,833,891
Barite	tons	23,466	176,882	21,968	164,206
Diatomite	tons	2,819	14,096	856	17,159
Fluorspar	tons	80	2,464	39	1,117
Fluxes	tons	48,052	221,212	40,259	157,679
Granules	tons	31,283	305,655	30,237	436,928
Gypsum & gypsite	tons	230,044	691,592	246,374	689,847
Jade	lb.	20,160	24,341	49,015	105,670
Sulphur	tons	314,490	9,654,603	320,521	9,650,285