

REQUIREMENTS FOR TRANSFERRING ASSOCIATION PLACER MINING CLAIMS

Under the Mining Law of 1872, 30 U.S.C. 36, an “association of persons” may locate placer mining claims in excess of 20 acres in size. The Bureau of Land Management’s (BLM) regulations at 43 CFR 3833.33(a) allow mining claimants to transfer or convey an association placer claim to a smaller number of owners than originally located the claim, including a single owner, under certain conditions.

What are the restrictions on transferring or conveying an association placer mining claim to a smaller number of owners than originally located the claim?

Under the BLM’s regulations at 43 CFR 3833.33(a), it is permissible to transfer or convey an association placer claim over 20 acres in size to a smaller number of owners than originally locate the claim only if a “discovery of a valuable mineral deposit” was made within the limits of the claim prior to the date of transfer.

What does “discovery of a valuable mineral deposit” mean?

For purposes of the Mining Law, “discovery of a valuable mineral deposit” means that minerals have been found within the boundaries of the mining claim and that the evidence is of such a character that a person of ordinary prudence would be justified in the further expenditure of his labor and means, with a reasonable prospect of success, in developing a valuable mine.

In addition, for a discovery to exist the deposit must be marketable; that is, of such value that it can be mined, removed and disposed of at a profit.

A discovery has not been made until sufficient work has been done to show that the material can be produced and sold at a profit under conditions present at the time of transfer. The mineral deposit possessing in and of itself a present or prospective value for mining purposes must be actually and physically exposed in sufficient quantities to justify development of the mining claim through actual mining operations. If the deposit requires additional exploration to delineate the ore reserves and determine grade or quality before development may be confidently started, a discovery has not been made.

Sampling must have occurred on the subject claim. You will need several quantitative samples to adequately show a discovery of an association placer mining claim. Sampling should be done at as many places on the claim as may be necessary to establish the continuity and extent of the deposit. Until sampling has been completed, it is rarely possible to develop anything more than an informed guess as to the nature of any deposit. There must be something beyond a mere surmise, speculation, belief, or geological theory or impression of the existence of minerals on a mining claim to constitute a discovery of a valuable mineral deposit that would satisfy the regulations for transferring or conveying an association placer mining claim. Mere indications of existence of minerals within the boundaries of the claim or on adjoining lands are not sufficient to support a discovery of a valuable mineral deposit.

What information should I provide to the BLM to support that my association placer mining claim(s) had a discovery of a valuable mineral deposit at the time of transfer or conveyance?

Although the BLM's analysis is made on a case-by-case basis, the following information will generally be helpful to the BLM to support that a discovery of a valuable mineral deposit existed on the association placer mining claim(s) prior to the date of transfer.

1. A map showing the claim location and claim boundary.
2. Sampling information
 - a. Map showing sampling locations
 - b. Sample volume and interval
 - c. Material sampled
 - d. Raw gold recovered and raw gold weight (grams/bank cubic yards)
 - e. Raw gold value (\$/bank cubic yard)
 - i. Using the price of gold per Troy ounce at the time the discovery was made
 - ii. Gold value must be adjusted for fineness as placer gold is never 100% pure
3. Reserve Estimate
 - a. Map showing deposit boundaries
 - b. Method used to calculate reserve estimate
 - c. Cut-off grade
4. Development Costs (\$/bank cubic yard)
 - a. Road construction
 - b. Exploration
 - c. Mobilization
 - d. Ponds
 - e. Stripping
 - f. Plant construction
 - g. Buildings
 - h. Pipe/couplings
 - i. Demobilization
5. Cost of Equipment – list all equipment and the cost less salvage value
6. Cost of Operation (\$/bank cubic yard) – equipment operation, labor and supplies
7. Reclamation costs