



*An American kestrel; this is one of a pair who have taken up residence in the dead palm tree at the entrance to the Museum. The tree had been scheduled for removal but will now remain until the babies have left the nest.*

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## Mineral Resource

### 3809 Update

On March 23 the Bureau of Land Management announced a proposal to suspend the 3809 regulations that amended the rules governing mining operations involving locatable minerals on public lands. The BLM says the suspension will give them time to review the issue in light of lawsuits and complaints that have been raised since the final rules were published. The BLM also has announced it will republish and reinstate as a final rule the rules that were in place on January 19, 2001, the day before the revised rules became effective.

The proposed suspension is viewed with relief by the mining community who believe the 3809 regulations gave the BLM unlimited veto power over new and revised mining operations.

### Think Before You Stake

*by Ralph Costa, Bureau of Land Management*

We at BLM often talk to individuals who have just filed mining claims on old abandoned mines. Usually these people have waited for years for claims to lapse so that they could file on the property. They are often convinced that spoil piles, tailings ponds or the mine itself has vast treasures waiting just for them. Unfortunately, the reality commonly is quite different.

Many historic mines have longstanding environmental problems. Sometimes these problems are not readily apparent and require sophisticated sampling techniques before their true nature can be determined. These problems, under modern environmental laws, can carry with them enormous liabilities for the clean up and treatment of soil, water and air borne contaminants. New claimants, many of whom have never operated a day on their claim, are completely surprised that they could be held responsible for these cleanups. In the most severe cases, the cost of such work can reach the tens or even the hundreds of millions of dollars. But how do mining claims play into this potential liability?

Mining claims essentially do three things. First, they protect the interest of the claimant against those having no better right to the mineral estate. This is the "historical context" for a mining claim. It protects the claimant

against "claim jumpers." Mining claims however, also tell the government that the claimant is aware of and responsible for complying with all the requirements of the laws governing mining. When it comes to the 1872 Mining Law, there are no provisions for recreational or "Sunday" miners. Everyone is treated as a "professional miner" under the law and held to the same strict standards. Finally, a mining claim allows the claimant possession and use of all mineral-related equipment and facilities unless that possession is contested by others. It is easy to see that a mining claim can provide real protection to a claimant to protect his mineral discovery, but it comes with large responsibilities.

We often hear, "Well I'm not using the tailings pond, I'm just sampling it." Sampling is using it. It indicates possession. Under the Comprehensive Environmental Response and Compensation Liabilities Act (CERCLA) an owner, operator and all past owners and operators can be held liable for the cost involved in the clean up or treatment of environmental problems. But what if you never touched that tailings pond?

If you don't want to clean up the mess (a tailings pond for example) and you don't want any responsibility for it, why claim it in the first place?

Under the surface management regulations governing mining claims on BLM lands, claimants and operators can be held liable for the reclamation of historic mining related features such as tailing ponds and spoil piles that may be on their recently filed mining claims. Again, it is a question of proof.

We hope that you can see the real problems as well as the benefits of filing a claim. How can you protect yourself? First, remember that a mining claim isn't necessary for prospecting or mining. If all you plan to do is prospect at a casual use level using only simple hand tools and metal detectors, you are probably better off without a mining claim. If you feel that you must have a claim to gain access to your favorite panning area, you may as an alternative elect to join a prospecting club or other such "joint venture" to spread the risks of filing your own claim.



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*Address Correction Requested*



If you are a more serious explorationist, remember that a "valid" claim must have a discovery of a valuable mineral deposit. In a historic area, remember that the value of the minerals must exceed not only the cost of mining and milling, but also the cost to remediate any known or potential environmental liabilities. The bottom line is this, "Be cautious! THINK BEFORE YOU STAKE!"

**Drilling at Magma Porphyry**

Kennecott Exploration Company is proposing to drill from six drill pad locations on BHP's Magma Porphyry east of Superior. The drill program is expected to last 18 months and operate around the clock.

BHP reported discovery of the deposit in mid-1998. It is the first major copper discovery in Arizona in many years. The deposit, deeply buried under post-mineral rocks, was first intersected by drill holes from the underground workings of the Magma mine in 1995.

**MG Gold Accused of Fraud**

Fraudulent business practices have been perpetrated in Arizona for years, with the mining industry, unfortunately, experiencing its share of fraud. In a press release dated March, 2001 the Securities Division of the Arizona Corporation Commission announced they have taken action against MG Gold, a company with operations in Arizona. The Corporation Commission has accused the company of fraud in the sale of unregistered securities.

MG Gold, a company that also used the names Mariah International, Guildmark Industries, and Xenolix Technologies, Inc. was named in the action, as well as Alvin C. Johnson, Jr. of Tempe.

According to the action filed by the Division, the company committed fraud by "withholding from investors the fact that the technology the company was relying on had failed for some 20 years to produce any economically viable product from the processing of cinders. "The company is accused of press releases that "tout the technology as being on the verge of producing highly successful results. There are no known successful operations in Arizona for extracting economically viable quantities of precious metals from volcanic cinders."

For details on this case and other activities of the Securities Division, call them at 602-542-4242 or visit their web site at [www.ccsd.cc.state.az.us/](http://www.ccsd.cc.state.az.us/). For more information on mining fraud, request the Department's Circular 59, *Mining Scams* or read it at our website at [www.admmr.state.az.us](http://www.admmr.state.az.us).



**Ridinger Appointed to Board**

Governor Jane Hull has appointed David C. Ridinger of Tucson to the Department's Board of Directors.

Ridinger got his mining engineering degree from the South Dakota School of Mines and an AMP from Harvard University. He started his mining career at El Teniente in Chile and later worked for Newmont in New York and Arizona and eventually became President of Magma Copper Company. For over ten years Ridinger was President of the Arizona Mining Association until his retirement in 1996.

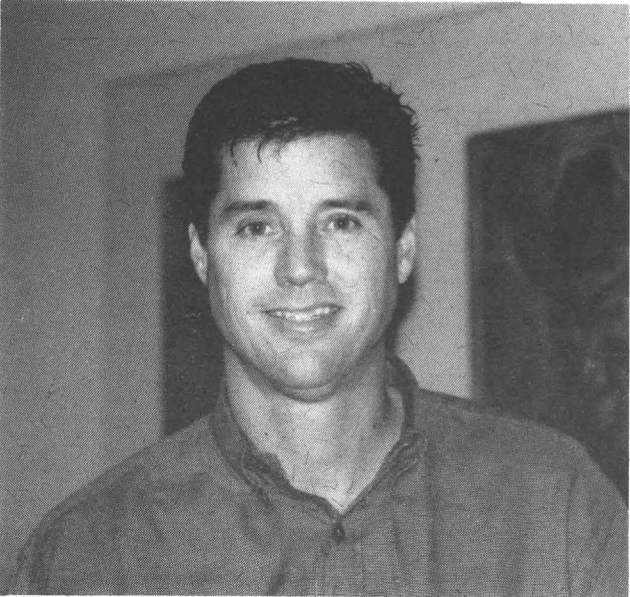
Ridinger says he is "very pleased to be involved with the Department and Museum after my many years of association with the agency."

**A. L. Lawrence**

A.L. (John) Lawrence, the former Vice President of Phelps Dodge Corporation and President of Phelps Dodge Exploration, died December 27, 2000 at age 59.

John spent 25 years as a geologist throughout Africa, but moved to Phoenix in 1988 when he was named Vice President - Exploration for Phelps Dodge. During his time with Phelps Dodge he was instrumental in exploration discoveries in South America, Turkey, Botswana, Chile, and Brazil and expanded the company's worldwide exploration presence.

**NEW FACES**



Scott Poland

Scott R. Poland started his new duties as Education Curator for the Department of Mines and Mineral Resources in February. Scott is originally from Michigan. He got his BA degree in Public Administration from Ottawa University and his MBA in Business Administration from the University of Phoenix.

Before coming to the Museum, Scott worked as an Account Manager for Results Media Group, as Managing Editor of *Trail Blazer* magazine, and as Executive Director of the non-profit organization *Athletes In Training*.

Scott is enthusiastic about working for the Department. "What a great opportunity to educate and promote the development of our states mineral resources and mining industry as we're rolling out the new millennium."

Scott has three children, Sarah, 9, Jeff, 11, and Matt, 14. In his spare time he enjoys working out, reading, trail runs, and playing golf, tennis, and basketball. His favorite pastime, however, is spending time with his children.

Doug Sawyer, Director, is excited to have Scott on board. "Scott's skills in publicity, fund raising, and communication will be of tremendous benefit to the Museum and the Department."



Do you need this information in an alternative format? Please call the Department at 602-255-3795.



Tina Mendoza

The smiling face behind the counter upstairs is Tina Mendoza. She started work in February. Tina is also the friendly voice you hear on the telephone when you call the Department.

**BHP Merger**

A planned merger of Billiton and BHP was announced March 19. The merger would create the world's second largest mining and metals company, valued at \$29 billion. The deal is being presented as a merger of equals although BHP shareholders will emerge with 58 percent of the enlarged group and it will be run from Melbourne, BHP's base.

BHP properties in Arizona include San Manuel, Pinto Valley, and Florence. BHP eliminated 2,200 jobs at San Manuel in June of 1999 when they closed the underground mine and smelter. San Manuel produced 271 million pounds of copper and 23,000 ounces of gold in its final year of operation. Miami's in-situ project contains 172 million tons averaging 0.40 percent copper while Florence oxide resources are 321 million tons averaging 0.34 percent copper.

The effect of the merger on these Arizona mines is unknown at this time.