



Photo by Diana Haecker

**TERMINATION DUST**— The first dusting of snow hit the mountains around Nome on Thursday, Sept. 29. Anvil Mountain sported a white cap with the tundra glowing red and gold in the morning sun.

# The Nome Nugget

Alaska's Oldest Newspaper

• USPS 598-100 • Single Copy Price - 50 Cents in Nome •

VOLUME CXI NO. 40 OCTOBER 6, 2011



Photo by Diana Haecker

**TRUCK ON FIRE**— Nome volunteer fire fighters work to extinguish the flames of a truck set on fire behind a large warehouse building on River Street.

## Arson suspected in two truck fires

By Diana Haecker

A thick, black column of smoke rose into the darkening night sky behind an abandoned warehouse building next to the Mini Convention Center on Monday night shortly after 9 p.m. The source of the smoke was a deserted truck set on fire, filling the area with the smell of burnt rubber.

The Nome Fire Department responded with more than 20 firefighters and two fire engines to fight the flames. The truck was completely engulfed in flames when the fire fighters arrived and tried to put out the flames and keep the fire from spreading to the container van next to the burning vehicle and the adjacent old warehouse building. The Nome Volunteer Ambulance Service

also responded.

A crowd of teenagers and other spectators gathered on the seawall to watch the spectacle, snapping photos on cell phones until police cleared the area after a small explosion went off. Fire fighters said a propane tank exploded. The sight of two fuel tanks close by sent the spectators scurrying away.

Shortly thereafter the fire was under control but the excitement wasn't over yet.

Dispatch sent police and the fire department to the Sitnasuak parking lot with the news that there was a second truck burning.

At first police and fire fighters went to the parking lot behind the

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## Council, School Board see new faces

By Diana Haecker

The Nome School Board has a new member as Jennifer Reader garnered 64.11 percent of votes over incumbent Marie Tozier's 35.89 percent. Seat B remained with incumbent Barb Nickels, who edged out challenger Gina Thomas. Nickels had 404 votes, Thomas had 348 votes.

The Nome Common Council will see one new member among their ranks. Louis Green, Sr. won with 58.7 percent of the vote over appointed incumbent Jim West, Jr. West got 39.84 percent of ballots cast.

Incumbent for Seat B, Mary Knodel, won by 70.24 percent over challenger Nikolai Ivanoff, who received 28.55 percent of the votes.

Despite Janice Doherty's last minute effort to wage a write-in cam-

paign, Denise Michels will be Mayor of Nome for two more years. Michels received 420 votes over 299 write-ins.

No surprises at the Utility Board election results — Pat Johanson and Carl Emmons ran unopposed for seat A and E. They garnered 96.72 percent and 95.29 percent of the votes, respectively.

In both Nome precincts, 721 voters out of 2,312 registered voters made it to the polls. There were 14 questioned votes that have to be verified with the State Division of Elections, but they are not expected to make a difference as no race results were that close. The 50 percent plus one wins the seat.

The election results will be canvassed in a special meeting of the Nome Common Council on Thursday at noon.

## Alaska State Troopers crack down on drug dealers

By Diana Haecker

Two Nome men who are part of a larger ring dealing prescription drugs, pleaded guilty in Nome's Superior Court. Six men were indicted in April for distributing oxycodone, a prescription drug painkiller, and for conspiring to do so.

Last week, two of them entered a guilty plea. Zachary Andrew Nashalook pleaded guilty to one consolidated count of conspiring to distribute oxycodone. He was handed a

sentence of six and a half years in jail, with three and a half years suspended and four years probation.

Rayne Aukongak, 24, pleaded guilty to misconduct of a controlled substance and was sentenced to four years, with two years suspended and three years probation. Also indicted for charges of misconduct involving a controlled substance and conspiracy are Junior J. Jones, 63, Alex William Vaughn, 42, Zonna Kunmuk, 33, and Steven B. Evans, 34.

Alaska State Trooper James Sears said that Nashalook and Aukongak were both dealing with oxycodone out of their house. Sears said he had been working on the case for one and a half years. "Prescription drug abuse here in Nome is out of control," said Sears.

With alcohol being the number one drug of choice, followed by marijuana, prescription drug use is a

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## DNR nets more than \$9 million in offshore lease sale

### Big players drive up lease bids

By Diana Haecker

State Department of Natural Resources officials report that the auction that sold off state-owned offshore mineral leases last week brought a total of \$9,267,299 into the state's coffers. The numbers are not final until the bidders follow

through and pay the entire amount of their bids, which are due 30 days after the auction. The state agency held the offshore lease sale on September 28 at Old St. Joe's Hall in Nome. Eighty-six lease tracts were offered for bid, ranging from 40 acres to 2,800 acres in size. The total acreage on the auction block was 23,793 acres.

Miners streamed into Old St. Joe's Hall, filling the venue with the distinct smell of hardworking men, well-used Carharts, machine oil and smoke. Auctioneer Ron Alleva said prior to starting the bidding that he smelled something else. "I smell money here in this room," Alleva said. The atmosphere was a mixture of tension and anticipation, with a hint of gambling and plenty of fierce competition.

This was a rare lease sale of its

kind. Offshore gold leases aren't done anywhere else in Alaska and the last time the DNR held an offshore gold lease sale like this was in 1999. As one old-timer in the audience remarked, gold was traded around \$200 per ounce at the time.

Things have changed dramatically as gold prices are hovering around the \$1,700 mark. The gold market inspired new partnerships among smaller gold mining entrepreneurs and new companies to register within the State of Alaska in order to qualify for placing bids. The spectrum of gold miners was present at Old St. Joe's with small dredge operators who bid on near-shore parcels that went for as little as \$10,000, to multi-national companies that placed bids for millions of dollars.

Bidding began an hour late, as the

plane carrying the DNR officials was delayed. Mineral property managers with the DNR Kerwin Krause and Bill Cole conducted the auction, kept

up with paperwork and left the auctioneering up to professional Ron Al-

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Photo by Diana Haecker

**FULL HOUSE**— The DNR offshore lease sale attracted a big crowd of miners. Auctioneer Ron Alleva, right, led the bidding process during the auction on Wednesday, Sept. 28, at Old St. Joe's Hall.

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Photo by Sandra Medearis

**FIRE DAMAGE**—Burned out truck, storage van and damaged building on River Street viewed in the morning after a fire the evening of October 3. The fire was of suspicious origin.

## • Suspicious fire

*continued from page 1*

Sitnasuak building on First Avenue and checked a red truck parked there. Nothing. Then they moved on to the larger parking lot facing Front Street, across from the BOT, and found signs that somebody tried to set a red truck on fire. "We believe the fire was intentionally set," said NVFD's Assistant Chief Jerry Steiger.

Steiger said there was an incendiary device in the tank. "We were close to having the other place under control and could use our resources, so we sent half of our folks to the second location," said Steiger. The second car was not yet on fire, but firefighters hosed it down just in case. The police took over from there and the firefighters went back to the burnt-out truck behind the warehouse building on River Street to make sure that no smoldering occurred and that the fire was completely extinguished.

Steiger said that the outcome of the fire could've been worse. "We were lucky that we found the vehicle as early as we did," he said. "Fifteen minutes later it could've been quite dramatic with the building close by." There are major communication lines, phone lines and electrical lines running overhead in the vicinity. "A large fire there could've caused a huge amount of problems," said Steiger.

Nome police said that both incidents are suspicious and are under investigation. Steiger added that there was a fair amount of damage. The burned truck is completely destroyed and the fire burnt into the container van parked next to it. The building also sustained some damage. The truck had been parked there for a while and was used by homeless people as a shelter.

Nobody was hurt in the incident. Police also responded to a report of an electrical breaker box being thrown at the Aurora Hotel.

## • Offshore lease sale

*continued from page 1*

leva. "By definition, an auctioneer can pick your pockets with his tongue." Alleva warned the bidders jokingly before he let the bidding begin. Also present was Leslie Tose, small mines coordinator with the Army Corps of Engineers, who is in charge of permitting the operations in deeper water.

The auction started with selling off the smaller near shore lease tracts, and local miner Judy Martinson set the tone with the winning bid on a 133-acre tract for \$58,000. The auctioneer started with a requested starting bid amount, increasing the bids in \$500 or \$1,000 increments. Bidders waved their number signs when they wanted to top their opponent's bid. The top three winning bids were recorded. Bidders only had to pay the minimum bid deposit at 88¢ per acre, with the rest of the final bid amount due in 30 days.

Rules provided that if the winner doesn't come through with the money, the option goes to the second highest bidder and if the second bid amount isn't produced, it will go to the third highest bidder. The auctioneer asked only the third highest bidder for their best offer and allowed for a different amount than the third highest bidder actually bid during the outcry auction. The leases are good for 10 years and are valid as long as production continues.

Leases bigger than 160 acres were sold through sealed bidding. The sealed bids weren't opened until 4 p.m. and by that time, most of the bidders had drained out of Old St. Joe's Hall. While there were less people, the atmosphere was still intense. AngloGold Ashanti submitted bids on almost every tract. In some instances, AngloGold was outbid by locals. Tract 58, a 320-acre parcel, went to Doug Martinson who offered

\$37,700 for it with AngloGold Ashanti offering \$24,000. The third bidder was Frank McFarland offering \$21,282.

The bigger parcels, however, were snatched up by bids far above the closest competitor. AngloGold bid \$180,450 on Tract 60, with second bidder being Doug Martinson at \$37,700. When the envelopes on tract 74 were opened, the quiet of the room was interrupted by hushed whispers of surprise when Kerwin Krause read AngloGold Ashanti's bid of \$1,617,820. The closest bidder to that tract was Solomon Gold with an offer of a little bit over \$400,000.

AngloGold Ashanti is a global mining company with headquarters in Johannesburg, South Africa. According to Kerwin Krause, the company created a joint venture with African diamond miner De Beers called AuruMar Ltd. AuruMar is a technical services company for marine exploration. AuruMar is based in Cape Town, South Africa.

Besides AngloGold Ashanti, there were other companies that bid on the larger tracts. Shoreline Resources is a newly formed company out of Portland, Oregon, comprised of individual investors. While they didn't win any tracts, they offered very competitive bids. Solomon Gold also bid on many offshore tracts. DNR's Kerwin Krause said that Solomon Gold is a company that was registered in Alaska on September 23, but is affiliated with Alaska Earth Sciences, an Anchorage based company with several subsidiaries, including Alaska Earth Resources.

When all was said and done that night, Kerwin Krause said that he didn't expect bidding to fetch such high prices. He said that in 1999, about 35 bidders brought in \$225,000.

Krause said that he would like to open a DNR field office in Nome next summer and task the DNR representative in Nome with enforcing the permits and dealing with people who may be trespassing on somebody else's lease.

Krause said that this week, DNR plans to publish a list with final bid numbers and the top three bidders for each tract.

## • Drug dealers

*continued from page 1*

close third. Sears said the drugs are available by prescription only for a good reason, as they are highly addictive.

"These are very dangerous narcotics and people can get addicted very fast," Sears said. The trooper

asks the public to report when they suspect illegal drug use or dealings. Signs of drug addiction include excessive, fast weight loss, extreme mood swings and being all of a sudden broke. Community involvement, he said, helps authorities to fight illegal drug use.

See related lease sale story and photos on page 11



Photo by Diana Haecker

**PAPERWORK**— Russian miner Igor Sudarkin, left, completes the paper work with Army Corps of Engineers Small Mine Coordinator Leslie Toles, right, during last week's DNR offshore lease sale.

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**PICKING YOUR POCKET**— Auctioneer Ron Alleva warned the bidders that an auctioneer by definition can pick one's pocket with his tongue. Alleva showed his skill during last week's DNR offshore lease sale at Old St. Joe's Hall. The auction brought more than \$9 million into the state's coffers.

*Photos by Diana Haecker*



**PACKED**— Old St. Joe's Hall was packed with active bidders and spectators during the first DNR offshore lease auction since 1999.



**EXCITEMENT IN THE AIR**— Miners mingled prior to the delayed start of last week's DNR auction as the plane carrying auction officials to Nome arrived an hour late.



**LOCAL BIDDER**— Miner Mike Benchhoff, holding up number sign 196, actively bid during the outcry auction as well as the sealed bid auction.

## AngloGold Ashanti to conduct offshore geophysical surveys

The Nome Nugget interviewed Alan Fine with AngloGold Ashanti in South Africa via email to introduce the company that successfully bid on several large offshore lease tracts during last week's DNR lease sale. Following are AngloGold's answers to the Nugget's questions.

*Nome Nugget: We would like to share with our readers who the major players are that participated in last week's offshore lease sale. While some companies have a history here in Nome, yours seems to be a new addition.*

AngloGold Ashanti: There is a definite historic link between WestGold and AGA. What has changed since the WestGold days is the gold price and the mining technology.

*Nome Nugget: AngloGold Ashanti submitted various bids on offshore lease tracts during the lease sale last Wednesday. I understand that AuruMar is also involved. Which company will be exploring and extracting gold?*

AGA: AuruMar is the technical services company that will coordinate all work on the leases on behalf of the lease owners and will be present in Nome during the working season.

*Nome Nugget: What are the company's plans to move forward with the newly acquired leases?*

AGA: Our plan is to transfer the leases into an Alaskan corporation in which our marine gold exploration partner De Beers will have an interest and then to contract AuruMar to conduct a geophysical survey over the newly acquired lease area during the summer of 2012 followed by sampling during 2013 and 2014. The information acquired will assist us to make decisions around the scale and timing of mining.

*Nome Nugget: When will you start (exploration or extraction)?*

AGA: As stated above, exploration will start in 2012.

*Nome Nugget: What kind of equipment will you be using and what work force would be needed to operate it?*

AGA: For the geophysical survey we will be going out on tender and preference will be given to North American companies that are familiar with the operating conditions in the Bering Sea. For the sampling operations we will follow a similar route of subcontracting the work to local expertise.

*Nome Nugget: Are you planning to open an office in Nome during the months of operation?*

AGA: Early days – but we probably will have a small office in Nome during the summer.

*Nome Nugget: What would you*

*like the people of Nome to know about your company and your plans?*

AGA: First of all, prior to the exploration work in 2012 the plan would be to meet with the local Nome organizations and key interested and affected parties to introduce ourselves and explain what our plans are. We would then also be in a position to explain more clearly our needs with regard to local hire (people, equipment and facilities). We think the people of Nome should see it is a positive step that a large international gold mining company has acquired a portion of the offshore leases in Nome because it could lead to a longer-term commitment of mining and subsequent positive impacts on the local economy.



**MINERS AND TRAPPERS?**— DNR official Kerwin Krause, right, explains paperwork to a bidding participant sporting an eccentric piece of head fashion.

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