

MINUTE ITEM

This Calendar Item No. 28
was approved as Minute Item
No. 28 by the Board of Land
Commissioners at its meeting of 4/28/83
to 0 at its 4/28/83
meeting.

CALENDAR ITEM

28

4/28/83
W 40332
Hart
PRC 6416

APPROVAL OF A PROSPECTING PERMIT FOR
MINERALS OTHER THAN OIL, GAS, GEOTHERMAL
RESOURCES, SAND AND GRAVEL, INYO COUNTY

APPLICANT: Queenstake Resources U.S.A., Inc.
P.O. Box 13658
Tucson, Arizona 85732

Agent: Gresham, Varner, Savage,
Nolan and Tilden
398 West Fourth Street
San Bernardino, California 92401

PROPOSED AUTHORIZATION:

Approval of a Prospecting Permit for two
years to prospect for gold and other valu-
able minerals, other than oil, gas, geothermal
resources, sand and gravel, on approxi-
mately 320 acres of land located in Inyo
County.

CONSIDERATION: Filing fee of \$25, expense deposit of \$100
and an acreage deposit of \$320.

TYPE OF LAND AND LOCATION:

State school land - S $\frac{1}{2}$, Section 36, T23S
R42E, NDM, Inyo County, 10 miles north
of Trona in Crow Canyon.

A 34

S 25

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CALENDAR ITEM NO 28 (CONTD)

PROPOSED PROJECT:

The applicant will map, sample and assay the samples for gold and other indicator elements. If the assays show gold mineralization, the applicant will drill a total of four holes in favorable areas to discover and delineate any possible gold deposits.

TERM:

The primary term of a Prospecting Permit is two years. The Commission may, in its discretion, extend the term for one additional year.

ROYALTY:

Royalty payable under the permit shall be twenty percent of the gross value of the minerals secured from the permit area and sold or otherwise disposed of or held for sale or other disposition.

PREREQUISITE ITEMS:

1. Required statutory filing fee, expense deposit and acreage deposit have been submitted by the applicant.
2. Subject parcel is not known to contain a commercially valuable deposit of minerals.
3. Royalty payable under any preferential lease issued shall be ten percent of the gross revenue, less specific charges, as approved by the Commission, related to transporting and processing, as set forth in said lease, or a percentage, to be determined by the Commission, of the net profits derived from mineral extraction operations under the lease.

STATUTORY REFERENCES:

- A. P.R.C.: Div. 6, Section 6891.
- B. Cal. Adm. Code: Title 2, Section 2200.

AB 884:

7/30/83.

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OTHER INFORMATION:

1. The Commission, acting as lead agency under CEQA and the State CEQA Guidelines has prepared a Negative Declaration (ND 325) for this project. A copy of this environmental document is attached as Exhibit "C". As more fully set forth in the ND, this project has the potential for having significant environmental effects within the meaning of CEQA and the State CEQA Guidelines, i.e. to archaeological values. Below is a brief discussion of the environmental impact and mitigation.

Archaeology - Soil disturbance has the potential for baring human remains of Native American origin. This potential impact could be alleviated by staff contacting the Native American Heritage Commission to expedite the preservation and protection of any human remains in a respectful manner.

2. The project is situated on lands identified as possessing significant environmental values pursuant to P.R.C. 6370.1, and is classified in use category "C" which authorizes Multiple Use.
3. The agency which nominated the parcel as containing significant environmental values has reviewed this project and found it to be compatible with their nomination.
4. Pursuant to P.R.C. Section 6895, the applicant would have a preferential right to a lease for a maximum of 160 acres embraced within the permit. Said right shall be subject to all necessary environmental approvals. The permit will not effect the discretion of the Commission in granting or denying such environmental approvals.

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CALENDAR ITEM NO. 28 (CONTD)

APPROVALS OBTAINED:

Pursuant to P.R.C. Section 6890, the subject permit application has been approved by the Office of the Attorney General as to compliance with applicable provisions of the law.

EXHIBITS:

- A. Land Description.
- B. Site Map.
- C. Negative Declaration.

IT IS RECOMMENDED THAT THE COMMISSION:

1. CERTIFY THAT NEGATIVE DECLARATION NO. 325 HAS BEEN COMPLETED IN ACCORDANCE WITH CEQA, THE STATE CEQA GUIDELINES AND THE COMMISSION'S ADMINISTRATIVE REGULATIONS, AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN PRIOR TO THE APPROVAL OF THE PROJECT. THIS PROJECT SHALL INCLUDE THIS PERMIT AND ANY EXTENSION THE COMMISSION MAY GRANT IN ITS DISCRETION FOR THE SAME PROJECT DESCRIBED IN THE PERMIT.
2. FIND THAT CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO THE PROPOSED PROJECT WHICH MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE COMPLETED NEGATIVE DECLARATION.

- ^ IMPACT: UNCOVERING OF HUMAN REMAINS OF NATIVE AMERICAN ORIGIN BY DISTURBING THE SOIL.

FINDING: AS A MITIGATION MEASURE, IF ANY NATIVE AMERICAN HUMAN REMAINS ARE DISCOVERED DURING ANY ACTIVITY AT THE PROJECT SITE, PERMITTEE SHALL CONTACT THE STAFF OF THE STATE LANDS COMMISSION WHO WILL COORDINATE EFFORTS WITH THE NATIVE AMERICAN HERITAGE COMMISSION TO EXPEDITE THE PRESERVATION AND PROTECTION OF ANY HUMAN REMAINS IN A RESPECTFUL MANNER.

3. FIND THAT GRANTING OF THE PERMIT WILL HAVE NO SIGNIFICANT EFFECT UPON ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO SECTION 6370.1 OF THE P.R.C.
4. DETERMINE THAT THE LANDS DESCRIBED IN THE PERMIT ARE NOT KNOWN TO CONTAIN COMMERCIALY VALUABLE DEPOSITS OF MINERALS.

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5. AUTHORIZE THE ISSUANCE OF THE PROSPECTING PERMIT TO QUZENSTAKE RESOURCES U.S.A., INC. FOR A TERM OF TWO YEARS, FOR ALL MINERALS, OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES, SAND AND GRAVEL, ON THE S $\frac{1}{2}$ OF SECTION 36, T23S R42E, MDM, INYO COUNTY, CONTAINING APPROXIMATELY 320 ACRES; IN ACCORDANCE WITH THE STANDARD FORM OF PERMIT. ROYALTY PAYABLE UNDER THE PERMIT SHALL BE 20 PERCENT. ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON THE DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS FOR ANY AND ALL MATERIALS EXTRACTED OR REMOVED FROM SAID PREMISES FOR SALE OR STOCKPILING SHALL BE TEN PERCENT OF THE GROSS REVENUE, LESS SPECIFIC CHARGES, AS APPROVED BY THE COMMISSION, RELATED TO TRANSPORTING AND PROCESSING, AS SET FORTH IN SAID LEASE, OR A PERCENTAGE, TO BE DETERMINED BY THE COMMISSION, OF THE NET PROFITS DERIVED FROM MINERAL EXTRACTION OPERATIONS UNDER THE LEASE. THE DETERMINATION OF SAID ROYALTIES SHALL BE AT THE DISCRETION OF THE COMMISSION.

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EXHIBIT "A"

LAND DESCRIPTION

W 40332

A parcel of California State school lands in Inyo County, California described as follows:

S $\frac{1}{2}$ of Section 36, T23S, R42E, MDM.

END OF DESCRIPTION

PREPARED NOV. 29, 1982 BY BOUNDARY AND TITLE UNIT, LEROY WEED, SUPERVISOR.

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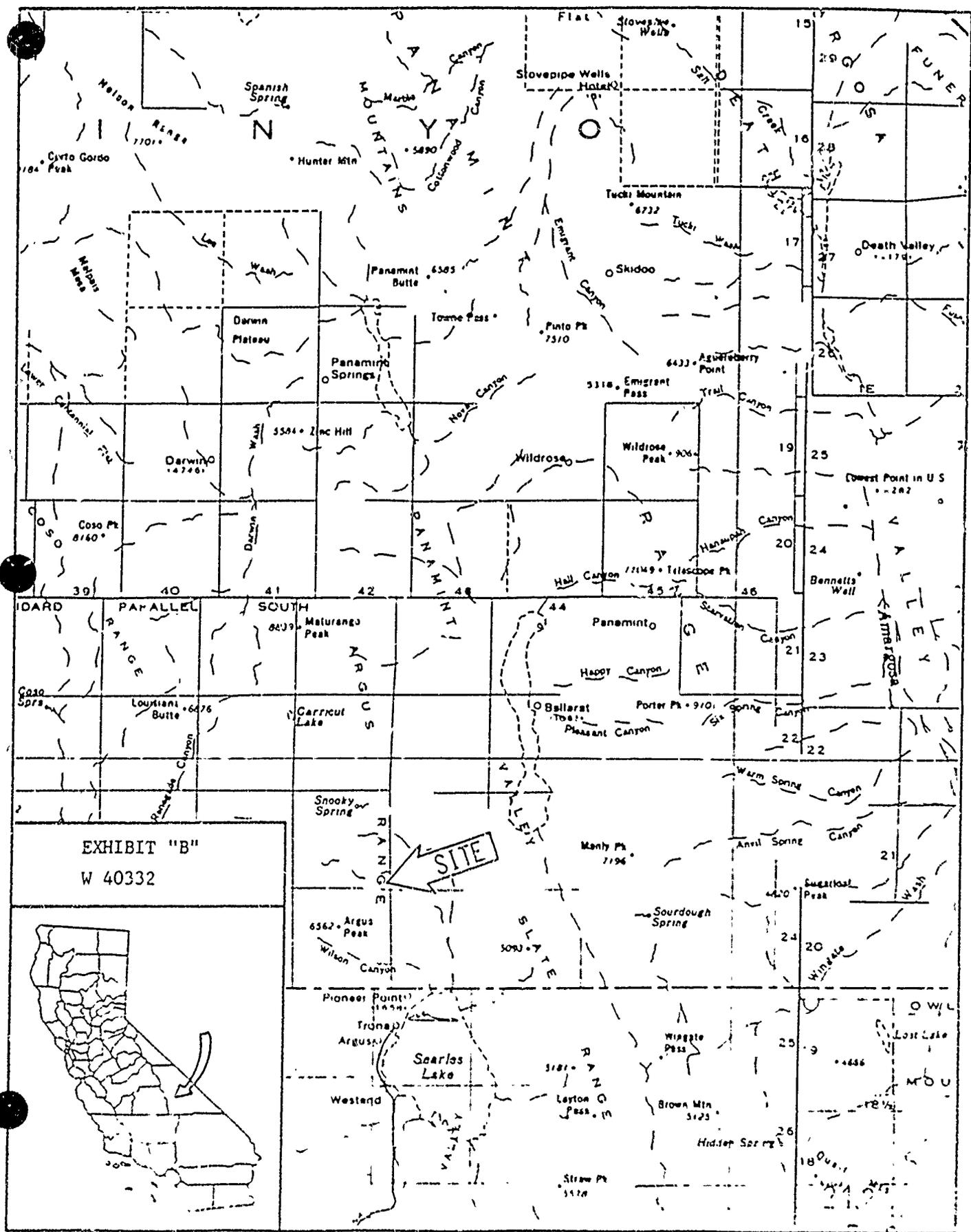


EXHIBIT "B"
 W 40332



EXHIBIT "C"

PROPOSED NEGATIVE DECLARATION

EIR ND 325

File Ref.: W 40332

SCH#: 82060301

Project Title: Mineral Prospecting Permit - Argus Range

Project Location: S½, Section 36, T. 23 S., R. 42 E., M.D.E.&M.,
Inyo County.

Project Description: Queenstake Resources U.S.A., Inc. will map, sample and assay the samples for gold and other indicator elements. If the assays show gold mineralization, the applicant will drill a total of four holes in favorable areas to discover and delineate any possible gold deposits.

This NEGATIVE DECLARATION is prepared pursuant to the requirements of the California Environmental Quality Act (Section 21000 et seq. of the Public Resources Code), the State CEQA Guidelines (Section 15000 et seq., Title 14, of the California Administrative Code), and the State Lands Commission regulations (Section 2901 et seq., Title 2, of the California Administrative Code).

Based upon the attached Initial Study, it has been found that:

- the project will not have a significant effect on the environment.
- the attached mitigation measures will avoid potentially significant effects.

Contact Person: Ted T. Fukushima
1807 - 13th Street
Sacramento, CA 95814
Tel: (916) 322-7813

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File Ref.: W 40332
SCH# 82060301

MITIGATION MEASURE

The applicant shall contact the staff of the State Lands Commission's Long Beach office if any Native American human remains are discovered during any activity on State lands.

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COMMENTS RECEIVED AND RESPONSE TO INITIAL STUDY

1. Native American Heritage Commission

Comments:

"The Commission is mandated to identify and catalog places of special religious or social significance to Native Americans pursuant to Section 5097.94 (a) of the Public Resources Code. The Commission is further instructed to request and utilize the advice and service of all federal, state, local, and regional agencies in the protection and preservation of sacred places.

This responsibility can be accomplished by adding a stipulation to the Negative Declaration on the above project. We request that the Native American Heritage Commission be contacted if human remains of Native American origin be encountered during the project. The Heritage Commission will then assist in expediting their preservation and protection in a respectful manner."

Response:

See Mitigation Measure.

2. Inyo County Planning Department

Comments:

"Inasmuch as the project is relatively small-scaled, surface disturbance will be minor and the area has been previously impacted by mining activity we have no objection in the preparation of a Negative Declaration. The only comments we have regarding this project are as follows:

1. If explosives are to be used, an explosives permit should be obtained by the user from the Inyo County Sheriff's Department.
2. If drilling mud is to be used, then the applicant should contact the Lahontan Regional Water Quality Control Board (Victorville Office) in order to determine if they have any requirements.

3. The Homewood Canyon vicinity is the habitat for the Inyo Brown Towhee. The proposed project should not adversely affect this bird. Specific information can be obtained from the BLM Office in Ridgecrest."

Response:

1. The applicant will be notified by the staff of the State Lands Commission that he will be required to have an explosives permit from the Inyo County Sheriff's Department before using any explosives.
 2. The Regional Water Quality Control Board, Lahontan Region (7), has reviewed the Initial Study and submitted the following comment: "We believe a ND is appropriate."
 3. The project is of limited scope and extent and should not adversely impact the Inyo Brown Towhee.
3. Department of Conservation

Comments:

"The following comments are offered for consideration:

1. The proposed site is within Nelson Bighorn Sheep habitat. This species is intolerant of human disturbance. It should be determined if this species utilizes the site and surrounding area.
2. A Reclamation Plan should be part of future environmental documents if over 1,000 yds³ of material are disturbed."

Response:

1. The land parcel under application was nominated for inclusion in the "Inventory of Unconveyed State School Lands and Tide and Submerged Lands Possessing Significant Environmental Values," December 1, 1975, by the Department of Fish and Game as a feral burro habitat. The parcel was assigned a land use classification of Multiple Use.

It is highly unlikely that Bighorn Sheep inhabit the area, as a site visit revealed that lower Crow Canyon and Homewood Canyon, from above the Ruth Mine to the Voeta Mine (refer to Exhibit "B"), is inhabited by man, occupying over twelve permanent residences.

2. A Reclamation Plan shall be required for future operations if the quantities subject to exemption under the Surface Mining and Reclamation Act are exceeded during the future operations.

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...	787

File Ref.: W 40332
SCH# 82060301

September 16, 1982

INITIAL STUDY
INTRODUCTION

Queenstake Resources (U.S.A.), Inc. has applied to the State Lands Commission for a prospecting permit on State lands located in Crow Canyon in the Argus Range in southwestern Inyo County. The proposed project consists of mapping, sampling, and drilling four holes in favorable areas, if any, to discover and delineate any possible orebody. The permit, when issued, is for a two-year period.

This Initial Study consists of an initial study checklist, information form responses, and maps.

STATE LANDS COMMISSION

September 1982

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EXHIBIT "A"

STATE LANDS COMMISSION
APPLICATION FOR PROSPECTING
PERMIT
W-40332
QUEENSTAKE RESOURCES U.S.A., INC.
INYO COUNTY

SEPTEMBER 1982

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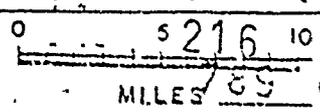
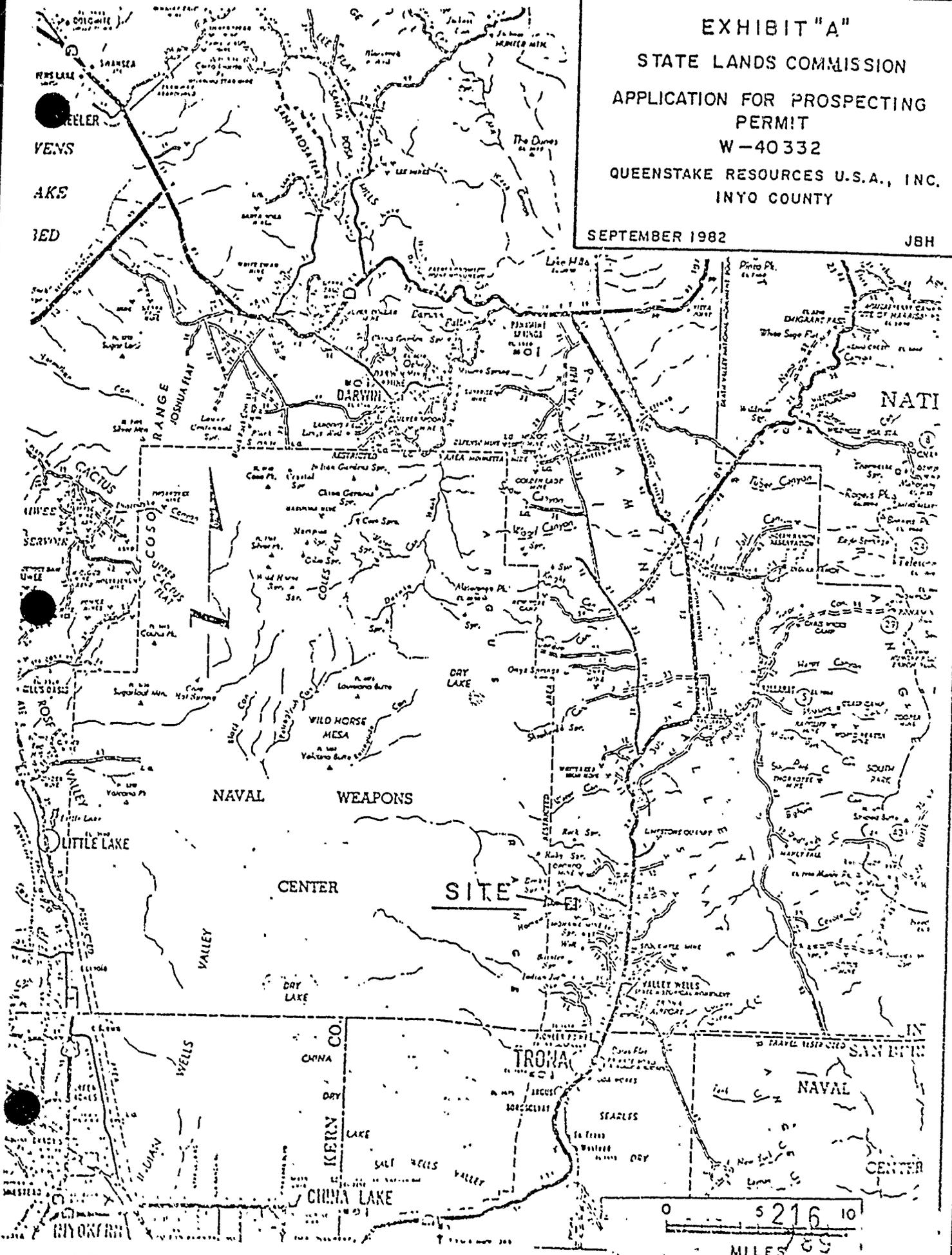
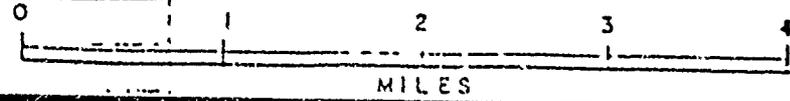
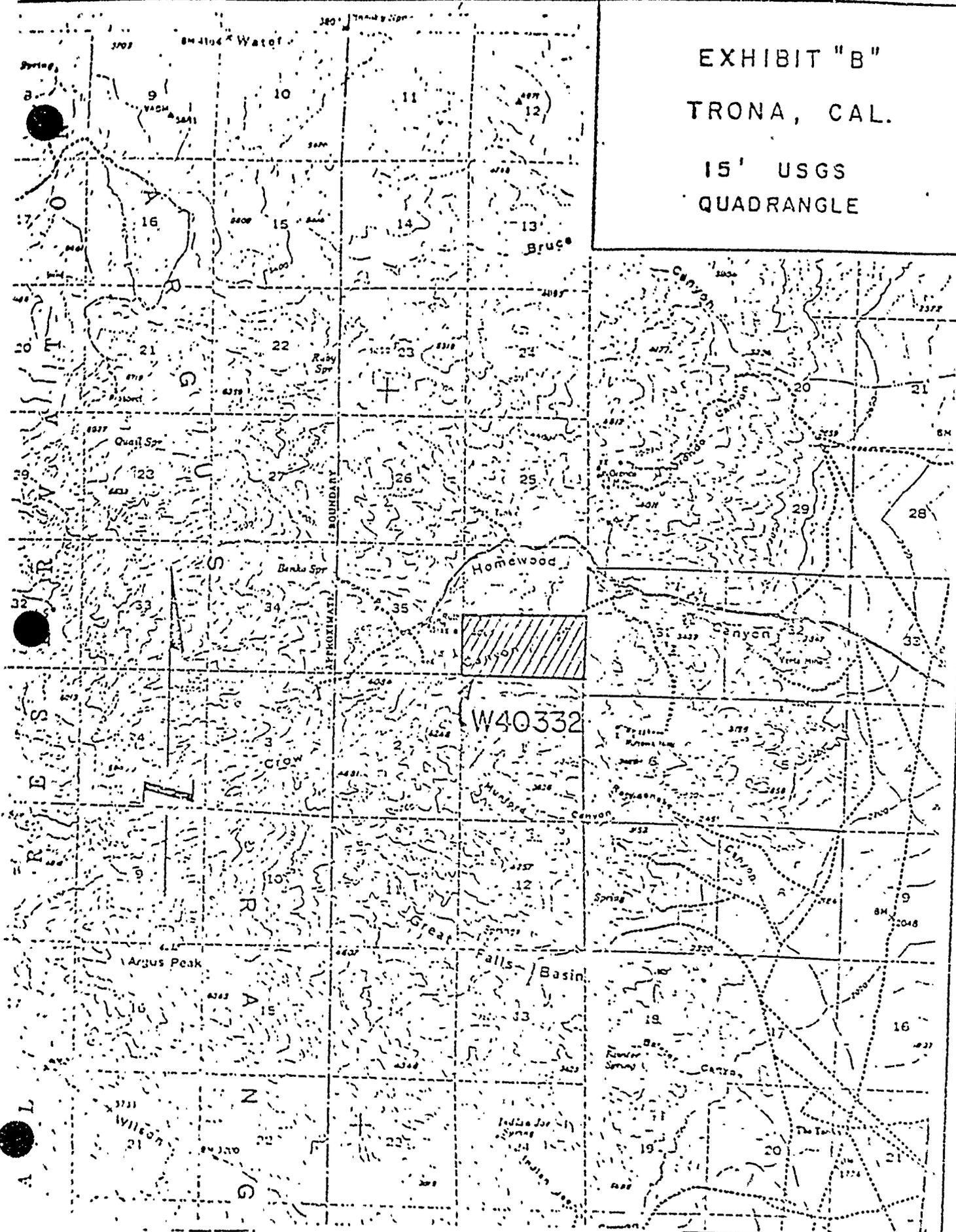


EXHIBIT "B"
 TRONA, CAL.
 15' USGS
 QUADRANGLE



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INITIAL STUDY CHECKLIST

Form 13 20 (7/80)

File Ref.: W 40332

BACKGROUND INFORMATION

A. Applicant: Queenstake Resources U.S.A., Inc.
P. O. Box 13658
Tucson, Arizona 85732

B. Checklist Date: 9, 10 / 82

C. Contact Person: James B. Hart, State Lands Commission
Telephone: (213) 590-5201

D. Purpose: Prospect for valuable minerals.

E. Location: S4, Section 36, T. 23 S., R. 42 E., M.D.B.&M., INYO COUNTY. See attached maps.

F. Description: Applicant will map, sample, and drill four holes in favorable areas, if any, to discover and delineate any possible orebody. See detailed project description.

G. Persons Contacted: [Blank lines for listing contacts]

II. ENVIRONMENTAL IMPACTS. (Explain all "yes" and "maybe" answers)

Table with 3 columns: Question, Yes, Maybe, No. Contains 7 rows of environmental impact questions with checkboxes.

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	Yes	Maybe	No
B. Air. Will the proposal result in:			
1. Substantial air emissions or deterioration of ambient air quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. The creation of objectionable odors?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Alteration of air movement, moisture or temperature, or any change in climate, either locally or regionally?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
C. Water. Will the proposal result in:			
1. Changes in the currents, or the course or direction of water movements, in either marine or fresh waters?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Changes in absorption rates, drainage patterns, or the rate and amount of surface water runoff?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Alterations to the course or flow of flood waters?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Change in the amount of surface water in any water body?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. Discharge into surface waters, or in any alteration of surface water quality, including but not limited to temperature, dissolved oxygen or turbidity?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Alteration of the direction or rate of flow of ground waters?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Change in the quantity of ground waters, either through direct additions or withdrawals, or through interception of an aquifer by cuts or excavations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8. Substantial reduction in the amount of water otherwise available for public water supplies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9. Exposure of people or property to water-related hazards such as flooding or tidal waves?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10. Significant changes in the temperature, flow or chemical content of surface thermal springs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
D. Plant Life. Will the proposal result in:			
1. Change in the diversity of species, or number of any species of plants (including trees, shrubs, grass, crops, and aquatic plants)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Reduction of the numbers of any unique, rare or endangered species of plants?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Introduction of new species of plants into an area, or in a barrier to the normal replenishment of existing species?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Reduction in acreage of any agricultural crop?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
E. Animal Life. Will the proposal result in:			
1. Change in the diversity of species, or numbers of any species of animals (birds, land animals including reptiles, fish and shellfish, benthic organisms, or insects)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Reduction of the numbers of any unique, rare or endangered species of animals?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Introduction of new species of animals into an area, or result in a barrier to the migration or movement of animals?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Deterioration to existing fish or wildlife habitat?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
F. Noise. Will the proposal result in:			
1. Increase in existing noise levels?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Exposure of people to severe noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
G. Light and Glare. Will the proposal result in:			
1. The production of new light or glare?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
H. Land Use. Will the proposal result in:			
1. A substantial alteration of the present or planned land use of an area?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
I. Natural Resources. Will the proposal result in:			
1. Increase in the rate of use of any natural resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Substantial depletion of any nonrenewable resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Yes	Maybe	No
J. Risk of Upset. Does the proposal result in:			
1. A risk of an explosion or the release of hazardous substances (including, but not limited to, oil, pesticides, chemicals, or radiation) in the event of an accident or upset conditions?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Possible interference with emergency response plan or an emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
K. Population. Will the proposal result in:			
1. The alteration, distribution, density, or growth rate of the human population of the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
L. Housing. Will the proposal result in:			
1. Affecting existing housing, or create a demand for additional housing?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
M. Transportation/Circulation. Will the proposal result in:			
1. Generation of substantial additional vehicular movement?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Affecting existing parking facilities, or create a demand for new parking?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Substantial impact upon existing transportation systems?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Alterations to present patterns of circulation or movement of people and/or goods?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. Alterations to waterborne, rail, or air traffic?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Increase in traffic hazards to motor vehicles, bicyclists, or pedestrians?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
N. Public Services. Will the proposal have an effect upon, or result in a need for new or altered governmental services in any of the following areas:			
1. Fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Police protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Parks and other recreational facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. Maintenance of public facilities, including roads?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Other governmental services?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
O. Energy. Will the proposal result in:			
1. Use of substantial amounts of fuel or energy?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Substantial increase in demand upon existing sources of energy, or require the development of new sources?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P. Utilities. Will the proposal result in a need for new systems, or substantial alterations to the following utilities:			
1. Power or natural gas?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Communication systems?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Water?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Sewer or septic tanks?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. Storm water drainage?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Solid waste and disposal?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Q. Human Health. Will the proposal result in:			
1. Creation of any health hazard or potential health hazard (excluding mental health)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Exposure of people to potential health hazards?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
R. Aesthetics. Will the proposal result in:			
1. The obstruction of any scenic vista or view open to the public, or will the proposal result in the creation of an aesthetically offensive site open to public view?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
S. Recreation. Will the proposal result in:			
1. An impact upon the quality or quantity of existing recreational opportunities?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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T. Cultural Resources.

Yes Maybe No

- 1. Will the proposal result in the alteration of or the destruction of a prehistoric or historic archeological site?
- 2. Will the proposal result in adverse physical or aesthetic effects to a prehistoric or historic building, structure, or object?
- 3. Does the proposal have the potential to cause a physical change which would affect unique ethnic cultural values?
- 4. Will the proposal restrict existing religious or sacred uses within the potential impact area?

U. Mandatory Findings of Significance.

- 1. Does the project have the potential to degrade the quality of the environment, reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?
- 2. Does the project have the potential to achieve short term, to the disadvantage of long-term, environmental goals?
- 3. Does the project have impacts which are individually limited, but cumulatively considerable?
- 4. Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?

DISCUSSION OF ENVIRONMENTAL EVALUATION (See Comments Attached)

See attached Detailed Project Description, Discussion of Environmental Evaluation, and Form 69.3.

DETERMINATION

On the basis of this initial evaluation:

- I find the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect to this case because the mitigation measures described on an attached sheet have been added to the project. A NEGATIVE DECLARATION will be prepared.
- I find the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

Date: 9/ 10 / 82

James R. Hart
 For the State Lands Commission CALENDAR PAGE 218 A
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DETAILED PROJECT DESCRIPTION

Queenstake Resources U.S.A., Inc. proposes to conduct multiphased exploration in the permit area with the execution of each phase dependent upon the achievement of success in the immediately preceding phase. The project consists of phases of increasing magnitude and expense. This permits an orderly compilation of information and holds expenses and surface disturbance to a minimum if the results do not justify proceeding further.

There are several altered and possibly mineralized areas which outcrop on the south slope of the peak on the north side of Crow Canyon in the State parcel. An old road up the slope and several old prospect pits and trenches exist in the subject area. This is within the old Argus gold mining district. An exploration program to evaluate the mineral potential of this area is proposed as follows:

Phase I:

Conduct geologic mapping of the area at the scale of 1 inch equals 400 feet and detailed mapping of the altered areas at a scale of 1 inch equals 100 feet.

Conduct a sampling program over the best zones located in the mapping. Assay the samples for gold and other indicator elements.

Phase II:

If gold mineralization or positive indications of its presence are found, a larger sampling program will be conducted.

Clean and repair the old road for access to the old prospect pits and trenches. No new road building will be done at this time.

Clean out the old pits and trenches and take bulk samples (+200 pounds per five foot width) across the best areas located in Phase I.

Extend and detail the sampling and mapping in areas that gave positive results in Phase I.

Phase III:

Phase III is a continuation and extension of Phase II. Those areas which gave favorable results will be re-sampled to ensure that the results are reproducible and not erratic anomalies. If the results can be confirmed, the pits and trenches will be deepened and re-sampled. Additional pits or trenches will be excavated as indicated by the results of the previous work.

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Road construction may be required at this time depending upon the sampling results. The topography of the hillside does not allow much leeway in road placement. If it is necessary to build a road, construction will be postponed as long as possible in order to get the most beneficial placement. It is not efficient to lose a diamond drill hole location because a road to a prospect pit has isolated it.

The prospect pits and trenches will be dug by manual labor or backhoe type machine. Bulldozer work is not planned because it is not suitable for the terrain and often obscures more than it reveals. The use of explosives may be required during Phase III.

Phase IV:

If the results of the previous work are favorable, approximately 1200 feet of three inch diameter diamond-drill hole will be completed to test the most favorable zones.

Two drill holes of approximately 200 feet each and two of 400 feet each are planned. The length of the holes will be determined by the location of possible drill sites. The shallow holes will be drilled first so their results can be used in planning the deeper holes.

It is anticipated that the drill rig to be used will be a wire line diamond drill, which is either truck or skid mounted; a skid mounted drill will be preferred. The support vehicles will consist of a water truck and a four wheel drive pickup.

Site preparation will be limited, consisting only of leveling the site. In the event that a truck mounted rig is utilized, the site to be leveled will be approximately 30' x 40'. If a skid mounted rig is utilized, the site size will be 20' x 25' or less.

Water is the planned drilling fluid and will be imported to the parcel. If drilling mud is utilized, it will be a commercial preparation selected by the contract driller engaged by Queenstake. It is anticipated that any such drilling mud will be a bentonite or barite based mud. Recovery pits or recovery tanks will be used, in the event that drilling mud is utilized.

Any drill holes penetrating water bearing rock will be filled with cement upon abandonment.

Surface Disturbance

The estimated maximum excavated sample volume of new sample pits and/or trenches for Phases I through III is 2.5 to 3 cubic yards of material. The estimated maximum surface area disturbance of new sample pits and/or trenches for Phases I through III is 0.25 acre.

The estimated maximum excavated volume of old road repair and new road building for Phases II through IV is 20 cubic yards. This figure includes approximately 8 cubic yards of excavated volume for old road repair, and approximately 12 cubic yards of excavated volume for new road building. The estimated maximum surface area disturbance of old road repair and new road building for Phases II through IV is 0.375 acre total.

The estimated maximum surface area disturbance of drill site preparation for the four planned holes is 0.12 acre. If unfavorable results cause termination of the exploration program at any point, all disturbed areas will be scarified if compacted and seeded if suitable for vegetation.

If a commercially valuable mineral deposit is discovered through prospecting efforts under authorization of a prospecting permit, a comprehensive environmental report will be required on the future impacts of mining the deposit.

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III. Discussion of Environmental Evaluation

- A 2. Disruption, displacement, compaction, and overcovering of the rocky soil will occur in the immediate vicinity of the sampling sites that have soil if Phases II, III, and IV are executed. All new excavations will be restored to the natural ground contour, as nearly as possible. If Phases II, III and IV prospecting is unsuccessful.

If Phases II, III and IV are executed, a minimal amount of disruption and compaction of the soil will occur at sites that have soil when the sampling equipment is moved on and off a site.

- A 3. The Phase III sampling and Phase IV drilling might involve constructing some hillside roads and level drillsites in hilly terrain.

- A 5. An increase in wind and water erosion of the disturbed soil at subsurface sampling sites with soil will take place during wind and rain storms. An increase in wind and water erosion of the soil at newly constructed roads and drillsites, especially in hilly terrain, will occur during rain and wind storms. Erosion will be minimal if there is no construction of roads or drillsites.

- C 6. Drilling may penetrate one or more aquifers with a subsequent flow path through the drill hole; however, it is anticipated that no water bearing formations will be penetrated. If ground water is encountered, the drill hole will be plugged with cement upon abandonment.

- F 1. The operating backhoe and drill rig and accessory activities will temporarily increase the existing noise levels.

- J 1. Until such time as the prospecting program is underway, there can be no firm indication of whether or not explosives will be used at all. In the event of an accident with explosives, the possibility of an unplanned explosion exists.

ENVIRONMENTAL INFORMATION FORM

(To be completed by applicant)

GENERAL INFORMATION

1. Name and address of developer or project sponsor: QUEENSTAKE RESOURCES
5619 N. Paseo Ventoso, Tucson, Arizona 85715
2. Address of project: S 1/2 of Section 36, Township 23 South, Range 42 East,
Assessor's Block and Lot number: Mt. Diablo Base and Meridian
3. Name, address, and telephone number of person to be contacted concerning this project: Robert W. Ritter, Jr.
Gresham, Varner, Savage, Nolan & Tilden
398 West Fourth Street, San Bernardino, California 92401
4. Indicate number of the permit application for the project to which this form pertains: _____
5. List and describe any other related permits and other public approvals required for this project, including those required by City, regional, state and federal agencies: none
6. Existing zoning district: _____
Present use of site: none
7. Proposed use of site (Project for which this form is filed). evaluation for economic extraction
of precious metals (prospecting permit)

PROJECT DESCRIPTION:

8. Site size. 1/2 mile x 1 mile (320 acres)
9. Square footage. 13,939.200 (approx)
10. Number of floors of construction. N/A
11. Amount of off-street parking provided. N/A
12. Attach plans. See exploration plan, Tab B.
13. Proposed scheduling. See exploration plan, Tab B.
14. Associated projects. See exploration plan, Tab B.
15. Anticipated incremental development. See exploration plan, Tab B.
16. If residential, include the number of units, schedule of unit sizes, range of sale prices or rents, and type of household and household size expected.
N/A
17. If commercial, indicate the type, whether neighborhood or city oriented, square footage of sales area, and loading facilities.
N/A
18. If industrial, indicate type, estimated employment per shift, and loading facilities. N/A
19. If institutional, indicate the major function, estimated employment per shift, estimated occupancy, loading facilities, and community benefits to be derived from the project. N/A

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20. If the project involves a variance, conditional use or rezoning application, state this and indicate clearly why the application is required. N/A

Are the following items applicable to the project or its effects? Discuss below all items checked yes. (attach additional sheets as necessary)

YES NO

- 21. Change in existing features of any bays, tidelands, beaches, lakes or hills, or substantial alteration of ground contours.
- 22. Change in scenic views or vistas from existing residential areas or public lands or roads.
- 23. Change in pattern, scale or character of general area of project.
- 24. Significant effect on plant or animal life.
- 25. Significant amounts of solid waste or litter.
- 26. Change in dust, ash, smoke, fumes or odors in vicinity.
- 27. Change in ocean, bay, lake, stream or ground water quality or quantity, or lateration of existing drainage patterns.
- 28. Change in existing noise or vibration levels in the vicinity. some blasting may be required
- 29. Site on filled land or on slope of 10 percent or more. steep hillside in area
- 30. Use of disposal of potentially hazardous materials, such as toxic substances, flammables or explosives. some blasting may be required, all explosives will be safely stored
- 31. Change in demand for municipal services (police, fire, water, sewage, etc.)
- 32. Increased fossil fuel consumption (electricity, oil, natural, gas, etc.)
- 33. Relationship to a larger project or series of projects. depending on results of project, a preferential mineral lease may be requested.

ENVIRONMENTAL SETTING - See Addenda

- 34. Describe the *project site* as it exists before the project, including information on topography, soil stability, plants and animals, and any cultural, historical or scenic aspects. Describe any existing structures on the site, and the use of the structures. Attach *photographs* of the site. Snapshots or polaroid photos will be accepted.
- 35. Describe the *surrounding properties*, including information on plants and animals and any cultural, historical or scenic aspects. Indicate the type of land use (residential, commercial, etc.), intensity of land use (one-family apartment houses, shops, department stores, etc.), and scale of development (height, frontage, set-back, rear yard, etc.). Attach *photographs* of the vicinity. Snapshots or polaroid photos will be accepted

CERTIFICATION:

I hereby certify that the statements furnished above and in the attached exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented are true and correct to the best of my knowledge and belief.

Date

April 29, 1982

George B. Phelps Esq. Atty
For Q. Moore & Co. Resources (USA) Inc.

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ADDENDUM TO
ENVIRONMENTAL INFORMATION FORM (Form 69.3)

Item 34/35. Project site and surrounding area. The area is in the California Desert Conservation Area (CDCA) and, as such, was included as planning unit 26a in the CDCA "Final Environmental Impact Statement and Proposed Plan, Appendix, Volume A", September 1980 at pages 203 through 207. It was recommended as Class L (limited use) in order to "protect wild life, cultural, and native American resources, while providing for vehicular access for mineral exploration and recreation". An extract from the CDCA Environmental Impact Statement is included at Tab "F".

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MAILING LIST - LETTERS
W 40332
September 16, 1982

Queenstate Resources (U.S.A.), Inc.
c/o Gresham, Varner, Savage, Nolan, & Tilden
398 West Fourth Street
San Bernardino, CA 92401
Attn: Mr. Robert W. Ritter, Jr.

County of Inyo
Planning Department
Drawer L
Independence, CA 93526
Attn: Rodger De Hart

U.S. Fish and Wildlife Service
Division of Ecological Services
2400 Avila Road
Laguna Niguel, CA 92677

Lone Pine Reservation
P.O. Box 917
Lone Pine, CA 93545
Attn: Neddeen Naylor, Chairperson

Big Pine Reservation
P.O. Box 384
Big Pine, CA 93513
Attn: Cheryl Coleman, Chairperson

Bishop Reservation
P.O. Box 548
Bishop, CA 93514
Attn: Paul Chavez, Chairperson

Fort Independence Reservation
P.O. Box 67
Independence, CA 93526
Attn: Vernon Miller, Chairperson

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