

MINUTE ITEM

This Calendar Item No. 31
was approved as Minute Item
No. 31 by the State Lands
Commission by a vote of 3
to 0 at its 6/21/84
meeting.

CALENDAR ITEM

A 61

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06/21/84
W 40388
Hart
PRC 6699

S 25

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

APPLICANT: Fargo Resources, Inc.
9th Floor, 850 W. Hastings Street
Vancouver, British Columbia
Canada V6C 1E1

AGENT: Gresham, Varner, Savage, Nolan & Tilden
398 West Fourth Street
San Bernardino, California 92401

PROPOSED AUTHORIZATION:
Approval of a Prospecting Permit for two years
to prospect for gold and silver and other
valuable minerals, other than oil, gas,
geothermal resources, sand and gravel, on
604.62 acres of land located in San Bernardino
County.

CONSIDERATION: Filing fee of \$25, expense deposit of \$100 and
an acreage deposit of \$605.

TYPE OF LAND AND LOCATION:
State school land -- Lots 1, 2, 3 and 4 in
SE 1/4, SW 1/4, N 1/2, Section 16, T1S, R12E,
SBBM, San Bernardino County, 20 miles southeast
of Twentynine Palms.

PROPOSED PROJECT:
Fargo Resources, Inc. proposes to conduct
multiphased exploration for valuable minerals
with the execution of each phase dependent upon
the achievement of success in the immediately
preceding phase.

Phase I:

Conduct geologic mapping of the area at the scale of one inch equals 400 feet and detailed mapping of mineralized areas at a scale of one inch equals 100 feet. Conduct a sampling program of the mineralized outcrop areas and the old existing prospect pits. Assay the samples for gold and other indicator elements.

Phase II:

Extend in detail mapping and sampling in mineralized areas of interest discovered in Phase I. Extend jeep road for access to mineralized outcrop areas.

Phase III:

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 will be deepened and resampled. Additional pits or trenches will be excavated as indicated by the results of the previous work. The prospect pits and trenches will be dug by manual labor or backhoe type machine. The use of explosives may be required. Additional road construction may be required at this time depending upon the sampling results.

Phase IV:

If the results of the previous work are favorable, a maximum of 2,500 feet of three inch diameter diamond-drill hole will be completed to test the most favorable zones at depth. The length of the estimated six holes will be determined by the location of the area to be tested and the possible location of drill sites. Shallow holes will be drilled first so their results can be used in planning the deeper holes.

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The drill rig will be a wire line diamond drill mounted on either a truck or skid. The support vehicles will consist of a water truck, pickup truck, and a supervisor's truck. Drill site preparation will be limited, consisting only of leveling the site. In the event that a truck-mounted rig is utilized, the leveled site will be approximately 30' x 40'. If a skid-mounted rig is utilized, the site will be approximately 20' x 25' or smaller.

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 Fargo and will be non-toxic. Recovery pits or tanks will be used if drilling mud is utilized. Prior to abandonment, any drill holes penetrating water-bearing rock will be cemented and capped or otherwise sealed as provided by California law.

Any proposed activity not authorized by this permit will not proceed without prior approval of a project amendment processed under the regulations of CEQA. If commercial mining operations are proposed, appropriate environmental documentation will be prepared and certified prior to issuing a mineral extraction lease.

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 20 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.

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2. Subject parcel is not known to contain a commercially valuable deposit of minerals.
3. Royalty payable under any preferential lease issued shall be 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:

10/19/84.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15025), the staff has prepared and circulated for public review a proposed Negative Declaration identified as EIR ND 357, State Clearinghouse 83100509, pursuant to the provisions of the CEQA. A copy of this environmental document is attached as Exhibit "C".

Based upon the initial study, the proposed Negative Declaration and the comments received in response thereto, there is no substantial evidence that the project will have a significant effect on the environment ((14 Cal. Adm. Code 15074(b)).

2. Pursuant to P.R.C. Section 6895, upon establishing to the satisfaction of the Commission that commercially valuable deposits of minerals have been discovered within the limits of the permit, 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 affect the discretion of the Commission

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in granting or denying the lease because of such environmental considerations.

3. Permit shall provide for a performance bond of \$15,000 in favor of the State.

APPROVALS OBTAINED:

Pursuant to P.R.C. Section 6820, the subject permit application has been approved by the Office of the Attorney General as to compliance with the 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 357, STATE CLEARINGHOUSE 83100509, WAS PREPARED FOR THIS PROJECT PURSUANT TO THE PROVISIONS OF THE CEQA AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN. THE PROJECT SHALL INCLUDE THIS PROSPECTING PERMIT AND ANY EXTENSION THE COMMISSION MAY GRANT IN ITS DISCRETION FOR THE SAME PROJECT DESCRIBED IN THEIR PERMIT. ANY EXTENSION SHALL NOT EXCEED ONE YEAR.
2. DETERMINE THAT THE PROJECT, AS APPROVED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
3. DETERMINE THAT THE LANDS DESCRIBED IN THE PERMIT ARE NOT PRESENTLY KNOWN TO CONTAIN COMMERCIALY VALUABLE DEPOSITS OF MINERALS.
4. AUTHORIZE THE ISSUANCE OF THE PROSPECTING PERMIT TO FARGO RESOURCES, INC. FOR A TERM OF TWO YEARS, FOR ALL MINERALS, OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES, SAND AND GRAVEL, ON LOTS 1, 2, 3 AND 4 IN THE SE 1/4, SW 1/4, N 1/2, SECTION 16, T1S, R12E, S88M, SAN BERNARDINO COUNTY, CONTAINING 604.62 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 MINERALS EXTRACTED OR REMOVED FROM SAID PREMISES FOR SALE OR STOCKPILING SHALL BE 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.

EXHIBIT "A"

LAND DESCRIPTION

W 40388

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

Lots 1, 2, 3, 4, SW $\frac{1}{4}$, and the N $\frac{1}{2}$ of Section 16, T1S, R12E, SBM.

END OF DESCRIPTION

PREPARED MAY 10, 1984, BY BOUNDARY AND TITLE UNIT, LEROY WEED, SUPERVISOR.

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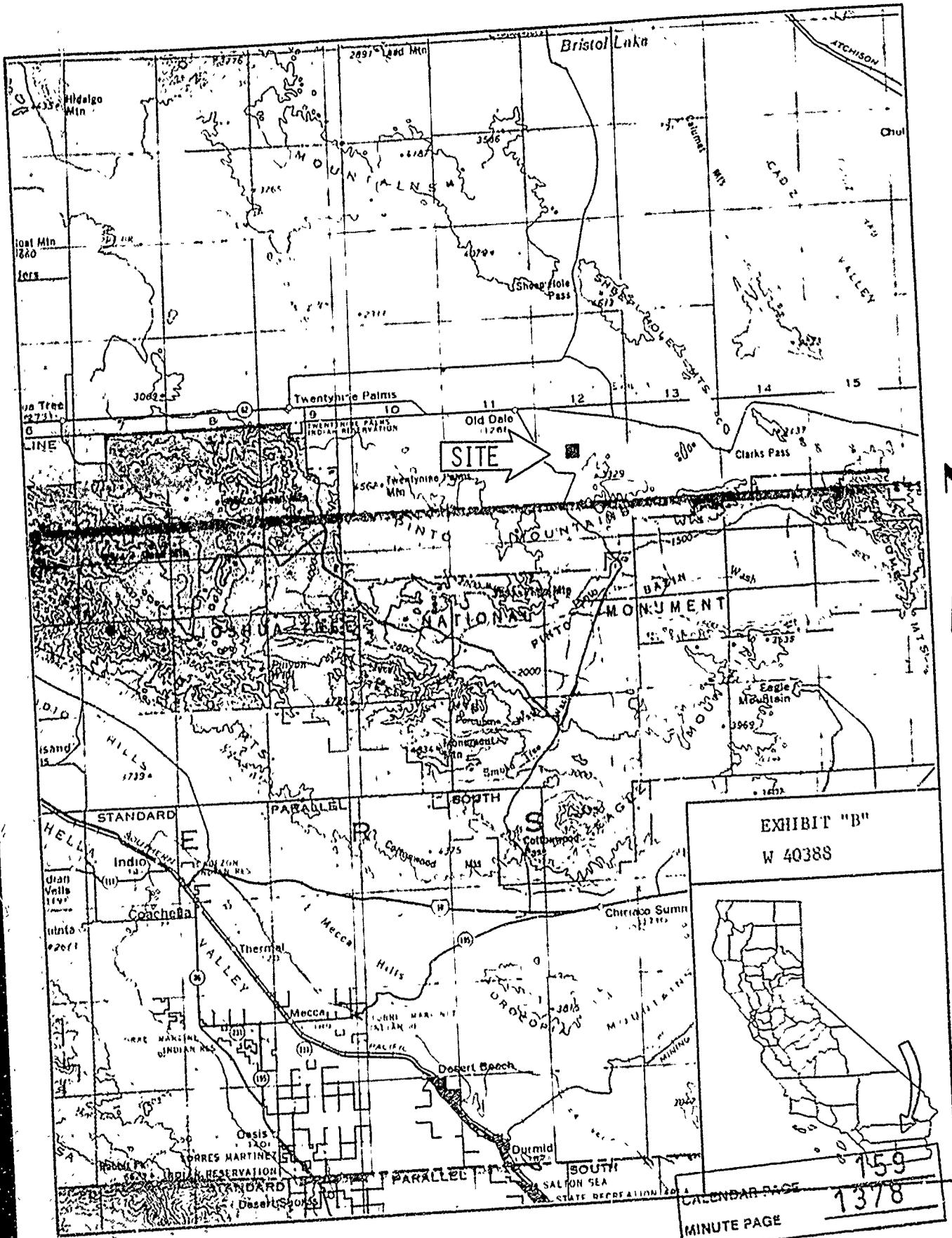


EXHIBIT "B"
W 40388

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PROPOSED NEGATIVE DECLARATION

EIR ND 357

File Ref.: W 40388

SCH#: 83100509

Project Title: Mineral Prospecting Permit - Pinto Mountains

Project Proponent: Fargo Resources, Inc.

Project Location: Portion of Section 16, T.1 S., R.12 E., S.B.M., approximately 20 miles southeast of Twentynine Palms, San Bernardino County.

Project Description: The applicant will map the geology, sample rock outcrops, and assay the samples for gold. If the sampling results are favorable, six holes will be drilled in the most promising areas to discover and delineate any possible orebody.

Contact Person: Ted T. Fukushima

Telephone: (916)322-7813

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

Mitigation measures included in the project will avoid potentially significant effects.

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File Ref.: W 40388
SCH# 83100509

COMMENTS RECEIVED ON INITIAL STUDY
AND RESPONSES TO COMMENTS

1. Department of Transportation, District 8

Comments:

"Based upon the Initial Study, it appears that a Negative Declaration would be adequate for our purposes."

Response:

None required.

2. California Regional Water Quality Control Board, Region 7

Comments:

"The Regional Board staff has reviewed the Initial Study and the Environmental Impact Assessment Checklist for the subject project. Since chemicals are not to be used and only small areas of surface disturbance are proposed, we consider this project as having only an insignificant potential impact on water quality, and therefore a Negative Declaration would be adequate."

Response:

None required.

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File Ref.: W 40388
SCH# 83109509

January 9, 1984

INITIAL STUDY
INTRODUCTION

Fargo Resources, Inc. has applied to the State Lands Commission for a prospecting permit on State lands located in the Pinto Mountains in southern San Bernardino County. The proposed project consists of mapping, sampling, and drilling an estimated six holes in favorable areas, if any, to discover and delineate any possible orebody. The permit, when issued, is for a two-year period and may be extended for a maximum of one year.

This Initial Study consists of an environmental impact assessment checklist, information form responses, and maps.

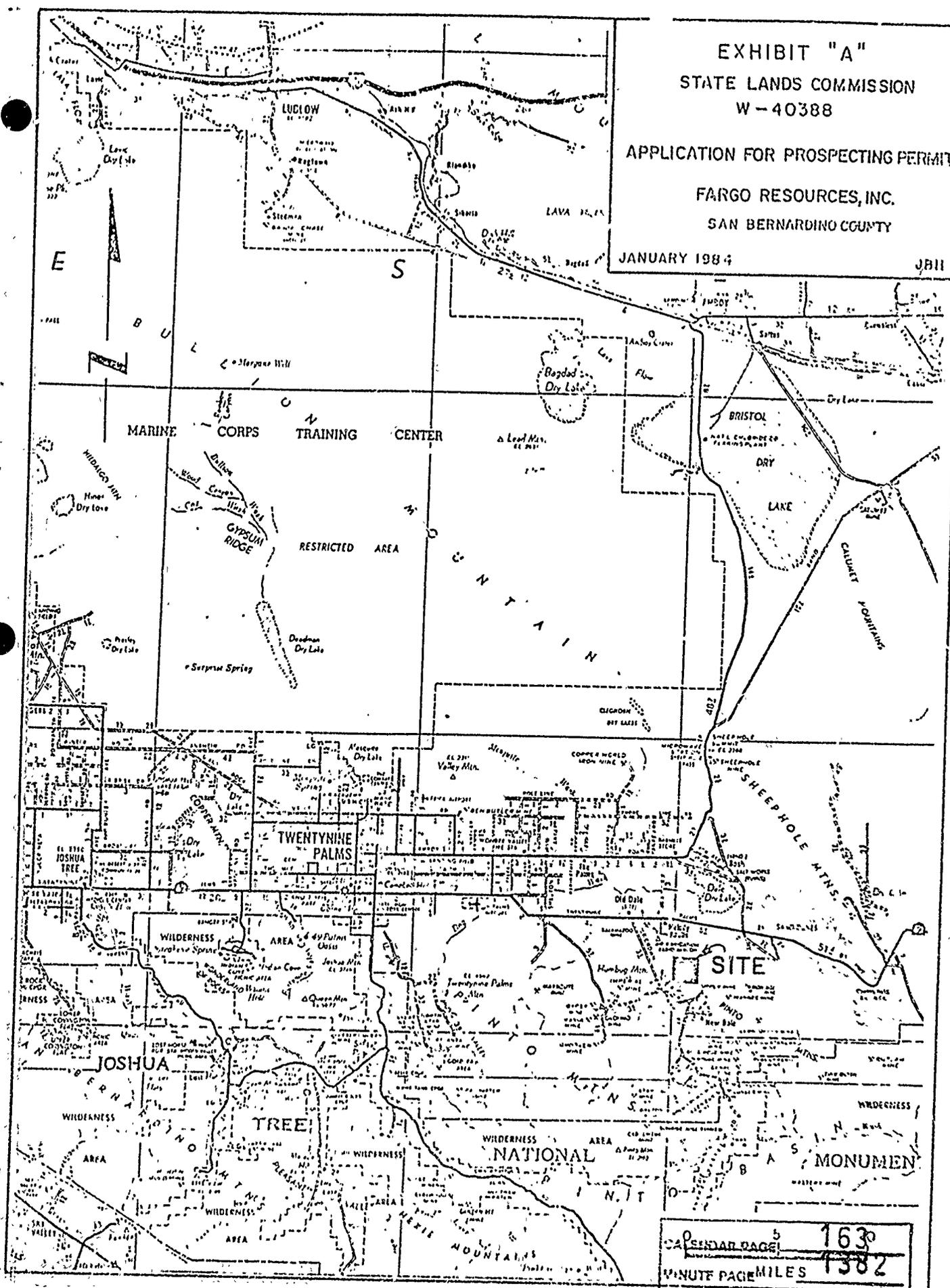
STATE LANDS COMMISSION
January 1984

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EXHIBIT "A"
 STATE LANDS COMMISSION
 W-40388
 APPLICATION FOR PROSPECTING PERMIT
 FARGO RESOURCES, INC.
 SAN BERNARDINO COUNTY

JANUARY 1984

JBH

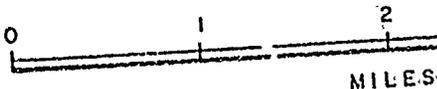


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EXHIBIT "B"
DALE LAKE, CALIF.
15' USGS
QUADRANGLE



W 40388



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ENVIRONMENTAL IMPACT ASSESSMENT CHECKLIST - PART II

Form 13.20 (7/82)

File Ref.: W 40388

I. BACKGROUND INFORMATION

A. Applicant: Fargo Resources, Inc.
5619 N. Paseo Ventoso
Tucson, Arizona 85715

B. Checklist Date: 01 / 03 / 84

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

D. Purpose: Prospect for valuable minerals.

E. Location: Section 16, T. 1 S., R. 12 E., S.B.B. & M.
San Bernardino County. See attached maps.

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

G. Persons Contacted:

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

A. Earth. Will the proposal result in:

Yes Maybe No

- 1. Unstable earth conditions or changes in geologic substructures?
2. Disruptions, displacements, compaction, or overcovering of the soil?
3. Change in topography or ground surface relief features?
4. The destruction, covering, or modification of any unique geologic or physical features?
5. Any increase in wind or water erosion of soils, either on or off the site?
6. Changes in deposition or erosion of beach sands, or changes in siltation, deposition or erosion which may modify the channel of a river or stream or the bed of the ocean or any bay, inlet, or lake?
7. Exposure of all people or property to geologic hazards such as earthquakes, landslides, mudslides, or similar failures, or similar hazards?

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Yes Maybe No

- B. *Air*. Will the proposal result in:
- 1. Substantial air emissions or deterioration of ambient air quality?
 - 2. The creation of objectionable odors?
 - 3. Alteration of air movement, moisture or temperature, or any change in climate, either locally or regionally?

- 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?
 - 2. Changes in absorption rates, drainage patterns, or the rate and amount of surface water runoff?
 - 3. Alterations to the course or flow of flood waters?
 - 4. Change in the amount of surface water in any water body?
 - 5. Discharge into surface waters, or in any alteration of surface water quality, including but not limited to temperature, dissolved oxygen or turbidity?
 - 6. Alteration of the direction or rate of flow of ground waters?
 - 7. Change in the quantity of ground waters, either through direct additions or withdrawals, or through interception of an aquifer by cuts or excavations?
 - 8. Substantial reduction in the amount of water otherwise available for public water supplies?
 - 9. Exposure of people or property to water-related hazards such as flooding or tidal waves?
 - 10. Significant changes in the temperature, flow or chemical content of surface thermal springs?

- 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)?
 - 2. Reduction of the numbers of any unique, rare or endangered species of plants?
 - 3. Introduction of new species of plants into an area, or in a barrier to the normal replenishment of existing species?
 - 4. Reduction in acreage of any agricultural crop?

- 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)?
 - 2. Reduction of the numbers of any unique, rare or endangered species of animals?
 - 3. Introduction of new species of animals into an area, or result in a barrier to the migration or movement of animals?
 - 4. Deterioration to existing fish or wildlife habitat?

- F. *Noise*. Will the proposal result in:
- 1. Increase in existing noise levels?
 - 2. Exposure of people to severe noise levels?

- G. *Light and Glare*. Will the proposal result in:
- 1. The production of new light or glare?

- H. *Land Use*. Will the proposal result in:
- 1. A substantial alteration of the present or planned land use of an area?

- I. *Natural Resources*. Will the proposal result in:
- 1. Increase in the rate of use of any natural resources?
 - 2. Substantial depletion of any nonrenewable resources?

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- J. *Risk of Upset.* Does the proposal result in:
- | | Yes | Maybe | No |
|---|--------------------------|-------------------------------------|-------------------------------------|
| 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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Yes Maybe No

T. Cultural Resources

- 1. Will the proposal result in the alteration of or the destruction of a prehistoric or historic archaeological 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?

III. DISCUSSION OF ENVIRONMENTAL EVALUATION (See Comments Attached)

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

IV. PRELIMINARY 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 in 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: 2 / 7 / 84

James R. Hart
For the State Lands Commission

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DETAILED PROJECT DESCRIPTION

Fargo Resources, 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 mineralized areas which outcrop on the State parcel. Several old prospect pits and trenches exist in the subject area. This parcel is within the old DALE 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 mineralized areas at a scale of 1 inch equals 100 feet.

Conduct a sampling program of the mineralized outcrop areas and the old existing prospect pits. Assay the samples for gold and other indicator elements.

Phase II:

Extend and detail the mapping and sampling in mineralized areas of interest discovered in Phase I.

Extend jeep road for access to mineralized outcrop areas.

Phase III:

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 will be deepened and resampled. Additional pits or trenches will be excavated as indicated by the results of the previous work. The prospect pits and trenches will be dug by manual labor or backhoe type machine. The use of explosives may be required. Additional road construction may be required at this time depending upon the sampling results.

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Phase IV:

If the results of the previous work are favorable, a maximum of 2,500 feet of three inch diameter diamond-drill hole will be completed to test the most favorable zones at depth. The length of the estimated six holes will be determined by the location of the area to be tested and the possible location of drill sites. Shallow holes will be drilled first so their results can be used in planning the deeper holes.

The drill rig will be a wire line diamond drill mounted on either a truck or skid. The support vehicles will consist of a water truck, pickup truck, and a supervisor's truck.

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

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 Fargo and will be non-toxic. Recovery pits or tanks will be used if drilling mud is utilized.

Prior to abandonment, any drill holes penetrating water-bearing rock will be cemented and capped or otherwise sealed as provided by California law.

Surface Disturbance

The estimated maximum excavated sample volume of new sample pits and/or trenches for Phases I through III is 360 cubic yards of material. The estimated maximum surface area disturbance of new sample pits and/or trenches for Phases I through III is 0.12 acre.

The estimated maximum surface area disturbance for old road repair and new road building is 0.18 acre. Up to an additional 0.15 acre of surface disturbance is possible for drill pad preparation. The estimated maximum excavated volume for roads and drill pad preparation combined is 240 cubic yards.

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

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 II and III sampling and Phase IV drilling will 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.

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ENVIRONMENTAL IMPACT ASSESSMENT FORM - Part I
(To be completed by applicant)
FORM 69.3(11/82)

A. GENERAL INFORMATION

1. Name, address, and telephone number:

a. Applicant

FARGO RESOURCES INC.c/o GRESHAM, VARNER, SAVAGE, NOLAN & TILDEN398 West Fourth Street, San Bernardino, CA
92401(714) 884-2171

b. Contact person if other than applicant:

ROBERT W. RITTER, JR.GRESHAM, VARNER, SAVAGE, NOLAN & TILDEN398 West Fourth Street, San Bernardino,
CA 92401(714) 884-2171

2. a. Project location: (Please reference to nearest town or community and include county)

SECTION 16, T1S, R12E, S.B.E. & M. near Twenty-Nine PalmsSan Bernardino County, California

b. Assessor's parcel number: _____

3. Existing zoning of project site: DL 404. Existing land use of project site: None5. Proposed use of site: Evaluation for economic extraction of precious metals (prospecting permit)6. Other permits required: None**B. PROJECT DESCRIPTION**

1. For building construction projects, complete "ATTACHMENT A".

2. For non-building construction projects: Describe fully, the proposed activity, its purpose and intended use, e.g. for proposed mineral prospecting permits, include the number of test holes, size of holes, amount of material to be excavated, maximum surface area of disturbance, hole locations, depth of holes, etc. Attach plans or other drawings as necessary.

- See "Proposed Exploration Program" -

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C. ENVIRONMENTAL SETTING

1. 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.
- basically a desert area with only a few small shrubs.
2. 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.).
- desert area with only a few small shrubs, no trees, only animals are lizards and rattlesnakes. There is no land use within the "Desert Conservation Area".

D. ENVIRONMENTAL IMPACT ASSESSMENT

Answer the following questions by placing a check in the appropriate box. Discuss all items checked "yes" or "maybe".
(Attach additional sheets as necessary)

- | | YES | MAYBE | NO |
|--|--------------------------|-------------------------------------|-------------------------------------|
| Will the project involve: | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 1. a change in existing features of any bays, tidelands, beaches, lakes, or hills, or substantial alteration of ground contours? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. a change in scenic views or vistas from existing residential areas or public lands or roads? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3. a change in pattern, scale, or character of the general area of project? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4. a significant effect on plant or animal life? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5. significant amounts of solid waste or litter? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6. a change in dust, ash, smoke, fumes, or odors in the vicinity? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7. a change in ocean, bay, lake, stream, or ground water quality or quantity, or alteration of existing drainage patterns? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. a change in existing noise or vibration levels in the vicinity? .. <i>blasting may be required</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. construction on filled land or on slope of 10 percent or more? .. <i>steep hillside in area</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. use or disposal of potentially hazardous materials, such as toxic or radioactive substances, flammables, or explosives? .. <i>some blasting may be required. All explosives will be safely stored.</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. a change in demand for municipal services (police, fire, water, sewage, etc.)? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 12. an increase in fossil fuel consumption (electricity, oil, natural gas, etc.)? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 13. a larger project or a series of projects? .. <i>depending on results of project, a preferential mineral lease may be requested.</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

E. 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: August 2, 1983

Signed: *Paul Harris*

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MAILING LIST - LETTERS
W 40388

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

San Bernardino Co. Planning Dept.
Attn: Fred Hinshaw
1111 East Mill St., Bldg. 1
San Bernardino, CA 92415

San Manuel Reservation
Attn: Henry Duro, Chairperson
5771 North Victoria Ave.
Highland, CA 92346

Twenty-Nine Palms Reservation
Attn: Dean Mike, Spokesman
2116 "A"
Bellingham, WA 98225

Katherine S. Saubeo
P.O. Box 373
Banning, CA 92220

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MAILING LIST - MEMOS
W 40388

Regional Water Quality
Control Board
Colorado River Basin Region 7
Attn: Arthur Swajian,
Executive Officer
73-271 Highway 111, Suite 21
Palm Desert, CA 92260

Department of Parks & Recreation
Attn: James M. Doyle
P.O. Box 2390
Sacramento, CA 95811

Department of Transportation
District 8
Attn: Robert Pote
247 West Third Street
San Bernardino, CA 92403

Native American Heritage Commission
Attn: Loretta Allen
915 Capitol Mall, Room 288
Sacramento, CA 95814

Office of Historic Preservation
Nick del Cioppo
1050-20th Street
Sacramento, CA 95814

State Water Resources
Control Board
Division of Water Quality
Joan Jurancich
P.O. Box 100
Sacramento, CA 95801

Dept. of Fish and Game
Fred A. Worthley, Jr.,
Regional Manager
245 W. Broadway, Suite 350
Long Beach, CA 90802

Dept. of Health
Harvey Collins
714 "P" Street, Room 430
Sacramento, CA 95814

Air Resources Board
Ann Geraghty
1120 "Q" Street
Sacramento, CA 95814

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