MINUTE ITEM

This Calendar Item No. 39 was approved as Minute Item No. 39 by the State Lands Commission by a vote of 3 to 0 at its 1/31/85 meeting.

CALENDAR ITEM

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

APPLICANT: ERSE Corporation
545 South Figueroa Street
Los Angeles, California 90017

Agent: Mr. John F. O'Grady
545 South Figueroa Street
Los Angeles, California 90017

PROPOSED AUTHORIZATION:
Approval of a Prospecting Permit for two years to prospect for ilmenite and other valuable minerals, other than oil, gas, geothermal resources, sand and gravel on 320 acres of land located in San Francisco County.

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

TYPE OF LAND AND LOCATION:
A parcel of tide and submerged land in the Pacific Ocean, Sunset District, City and County of San Francisco, more particularly described in Exhibit "A".

PROPOSED PROJECT:
ERSE Corporation will prospect for valuable minerals by hand sampling beach sediments on 40 x 20 foot centers from the shoreline seaward one half mile. Applicant will use divers where necessary to collect up to 50 pound samples from hand driven holes approximately four inches square and up to six feet below the

ocean floor. No machinery will be used and access to the beach will be by using existing means. Sampling will be scheduled over several months and at times to minimize any conflicts with other beach users.

Water depth averages 10 feet with a maximum of 30 feet in the project area, so only a small boat will be used for support of the divers and to bring samples to shore.

Samples will be processed at an existing onshore facility to determine the feasibility of the extraction of titanium metal from ilmenite in the sediments.

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

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.

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. The determination of said royalty shall be at the discretion of the Commission and set forth in said lease.

STATUTORY REFERENCES:

A. P.R.C.: Div. 6, Section 6891.

B. Cal. Adm. Code: Title 2, Section 2200.

AB 884: 04/10/85.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a categorical exemption under Class 6, Information Collection, 14 Cal. Adm. Code 15306.

   Authority: P.R.C. 21084 and 14 Cal. Adm. Code 15306.

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 320 acres embraced within the permit. Said right shall be subject to all necessary environmental approvals. The issuance of the permit shall not affect the discretion of the Commission in granting or denying such lease because of environmental considerations.

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 the applicable provisions of the law.

EXHIBITS:

A. Land Description.
B. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVIT. IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 AS A CATEGORICAL EXEMPT PROJECT, CLASS 6, INFORMATION COLLECTION, 14 CAL. ADM. CODE 15306. THE PROJECT SHALL INCLUDE THIS PROSPECTING PERMIT AND ANY EXTENSION THE COMMISSION MAY GRANT IN ITS DISCRETION FOR THE SAME PROJECT DESCRIBED IN THE PERMIT. ANY EXTENSION SHALL NOT EXCEED ONE YEAR.

2. DETERMINE THAT THE LANDS DESCRIBED IN THE PERMIT ARE NOT PRESENTLY KNOWN TO CONTAIN COMMERCIALLY VALUABLE DEPOSITS OF MINERALS.

3. AUTHORIZE THE ISSUANCE OF THE PROSPECTING PERMIT TO ERSE CORPORATION FOR A TERM OF TWO YEARS, FOR ALL MINERALS, OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES, SAND AND GRAVEL ON THE PARCEL OF LAND IN THE PACIFIC OCEAN, SUNSET DISTRICT, CITY AND COUNTY OF SAN FRANCISCO, AS DESCRIBED IN EXHIBIT "A".

   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 COMMERCIALLY VALUABLE DEPOSITS OF MINERALS 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 ROYALTY SHALL BE AT THE DISCRETION OF THE COMMISSION.

EXHIBIT "A"

LAND DESCRIPTION W40406

A parcel of tide and submerged land in the Pacific Ocean, Sunset District, City and County of San Francisco, State of California, more particularly described as follows:

BEGINNING at the intersection of the Great Highway and westerly prolongation of Santiago Street in said City of San Francisco; thence westerly along said prolongation to the ordinary high water mark of said Pacific Ocean; thence continuing westerly along said prolongation 2640 feet; thence southerly at right angles to said prolongation 5280 feet; thence easterly at right angles to last said line 2640 feet to the ordinary high water mark of said Pacific Ocean; thence continuing easterly to said Great Highway; thence northerly along said Great Highway to the point of beginning.

EXCEPTING THEREFROM any portion thereof lying landward of the ordinary high water mark of the Pacific Ocean.

END OF DESCRIPTION

PREPARED NOVEMBER 7, 1984 BY BOUNDARY SERVICES UNIT, M. L. SHAFER, SUPERVISOR.

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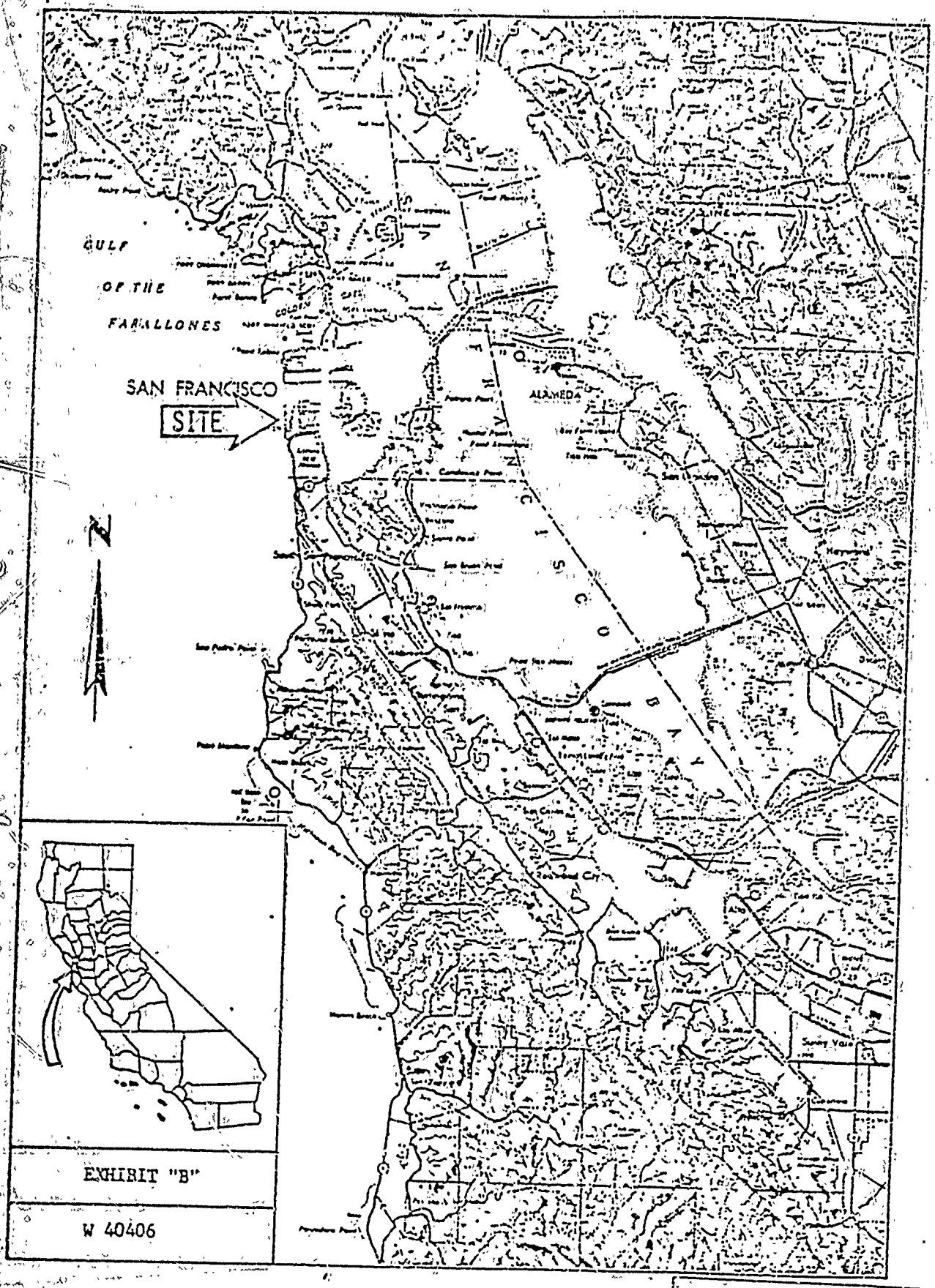

EXHIBIT "B"

W 40406

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