

MINUTE ITEM

This Calendar Item No. C24
was approved as Minute Item
No. 24 by the State Lands
Commission by a vote of 2
to 0 at its 5/22/86
meeting.

CALENDAR ITEM

C24

A 80

S 37

05/22/86
W 40489 PRC 6985
Pelka

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

APPLICANT: Texasgulf Minerals and Metals, Inc.
5932 McIntyre Street
Golden, Colorado 80403

AGENT: Paul D. Hartley
255 Glendale Avenue, Suite #13
Sparks, Nevada 89431

PROPOSED AUTHORIZATION:
Approval of a Prospecting Permit for two years
to prospect for precious metals, base metals,
and other valuable minerals, other than oil,
gas, geothermal resources, sand and gravel on
640 acres of land, located in Imperial County.

CONSIDERATION: Filing fee of \$25, processing fee of \$250 and
acreage deposit of \$640 has been received.

AREA, TYPE LAND AND LOCATION:
State school land, Section 36, T14S R20E, SBM,
Imperial County, located in the northwestern
Cargo Muchacho Mountains.

PROPOSED PROJECT:
Texasgulf Minerals and Metals, Inc., proposes
to prospect for precious and base metals by
performing geologic mapping and rock chip
sampling. Approximately 300 rock chip samples
will be taken utilizing hand held chisels and
rock hammers. The location of the rock chip
sample sites will be dictated by the results of

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the geologic mapping. All rock chip samples will be taken off site to a commercial lab, and fire assayed for precious and base metals.

Any vehicle access will be restricted to existing roads and jeep trails. No surface disturbance such as road construction, trenching, blasting or clearing will be permitted.

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.

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.

Royalty payable under any preferential lease issued shall not be less than ten percent of the gross value of all mineral production from the leased lands, less any charges approved by the Commission made or incurred with respect to transporting or processing the State's royalty share of production. The determination of said royalty charges shall be at the discretion of the Commission and set forth in said lease.

PREREQUISITE ITEMS:

1. Required statutory filing fee, processing fee and acreage deposit have been submitted by the applicant.
2. Subject parcel is not known to contain a commercially valuable deposit of minerals.

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STATUTORY REFERENCES:

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

AB 884: 07/03/86.

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 exempt project. The project is exempt under Class 6, Information Collection, 2 Cal. Adm. Code 2905(e)(3).

Authority: P.R.C. 21084, 14 Cal. Adm. Code 15300, and 2 Cal. Adm. Code 2905.

2. This activity involves lands identified as possessing significant environmental values pursuant to P.R.C. 6370 et. seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed is consistent with its use classification.
3. 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 640 acres embraced within the permit. Said right will be subject to all necessary environmental approvals. The issuance of the permit will 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.

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EXHIBITS: A. Land Description.
 B. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM CODE 15061 AS A CATEGORICAL EXEMPT PROJECT, CLASS 6, INFORMATION COLLECTION, 2 CAL. ADM. CODE 2905. 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 COMMERCIALY VALUABLE DEPOSITS OF MINERALS.
3. AUTHORIZE THE ISSUANCE OF THE PROSPECTING PERMIT TO TEXASGULF MINERALS AND METALS, INC. FOR A TERM OF TWO YEARS, FOR ALL MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES, SAND AND GRAVEL ON SECTION 36, T14S R20E, SBM, IMPERIAL COUNTY, CONTAINING APPROXIMATELY 640 ACRES; IN ACCORDANCE WITH THE STANDARD FORM OF PERMIT. ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON THE DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS OF MINERALS SHALL NOT BE LESS THAN TEN PERCENT OF THE GROSS VALUE OF ALL MINERALS PRODUCTION FROM THE LEASED LANDS, LESS ANY CHARGES APPROVED BY THE COMMISSION MADE OR INCURRED WITH RESPECT TO TRANSPORTING OR PROCESSING THE STATE'S ROYALTY SHARE OF PRODUCTION. THE DETERMINATION OF SAID ROYALTY AND CHARGES SHALL BE AT THE DISCRETION OF THE COMMISSION.

EXHIBIT "A"

LAND DESCRIPTION

W 40489

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

Section 36, T14S, R20E, SBM.

END OF DESCRIPTION

PREPARED JANUARY 15, 1986, BY BOUNDARY SERVICES UNIT, M. L. SHAFER, SUPERVISOR.

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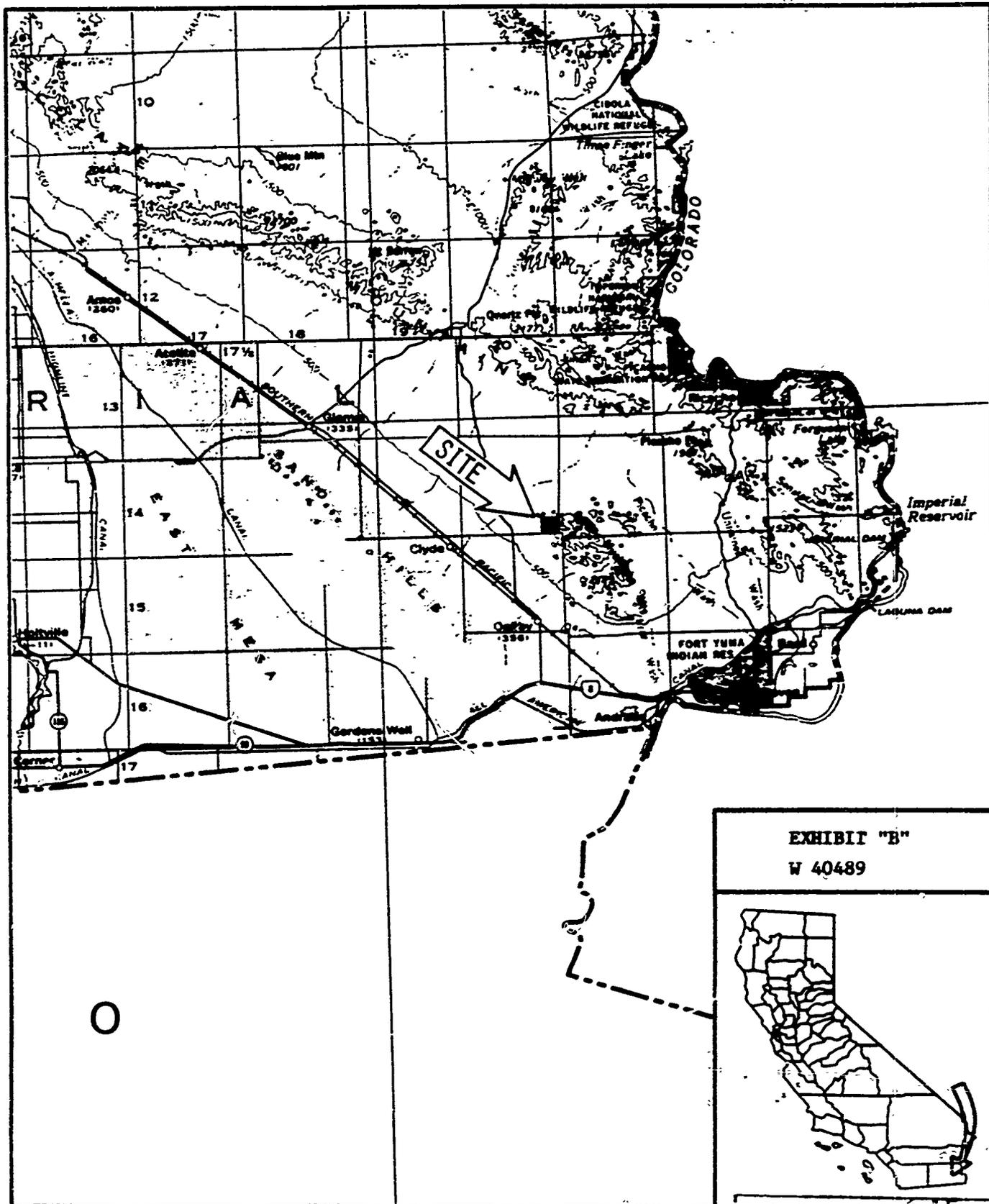


EXHIBIT "B"

W 40489

