

MINUTE ITEM

This Calendar Item No. 23  
is approved as Minute Item  
No. 23 by the State Lands  
Commission by a vote of 2  
to 0 at its 8/28/86  
meeting.

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CALENDAR ITEM

23

08/28/86  
PRC 6699  
Schaefer

APPROVAL OF EXTENSION OF PERMIT  
TO PROSPECT FOR MINERALS  
OTHER THAN OIL AND GAS AND GEOTHERMAL RESOURCES  
SAN BERNARDINO COUNTY

PERMITTEE: Fargo Resources, Inc.  
850 West Hastings Street  
9th Floor  
Vancouver, British Columbia  
Canada

AGENT: Gresham, Varner, Savage, Nolan & Tilden  
Attn: Robert W. Ritter, Jr.  
398 West Fourth Street  
San Bernardino, California 92401

PROPOSED AUTHORIZATION:

Approval of extension of a permit to prospect  
for gold, silver and other valuable minerals  
other than oil and gas, geothermal resources,  
sand and gravel, on approximately 604.62 acres  
of land, located in San Bernardino County.

TERMS OF EXTENSION:

September 1, 1986 through August 31, 1987.

AREA, TYPE OF LAND AND LOCATION:

Approximately 604.62 acres of State School Land  
described as Lots 1, 2, 3 and 4 in SE 1/4,  
SW 1/4, N 1/2, Section 16, T1S, R12E, SBM,  
San Bernardino County.

PREREQUISITE ITEMS:

Application for extension submitted by agent.

Statutory filing fee and processing fee have  
been submitted by agent.

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OTHER PERTINENT INFORMATION:

Mineral Prospecting Permit PRC 6699 was approved for issuance to Fargo Resources, Inc. by the Commission on June 21, 1984, but did not become effective until September 1, 1984 due to bonding delays.

Fargo Resources, Inc. erected monuments at each corner of the permit and posted notices. Fargo Resources, Inc. originally contemplated that a public offering could be completed and that financing for this project as well as others would be available by approximately mid-1985. In fact, however, a combination of unfortunate market conditions for the type of offering combined with a substantial backlog in the offices of the Superintendent of Brokers for the Vancouver Stock Exchange, resulted in substantial delays in completing the overall financing package. The public offering was completed in late April, 1986 and work began soon thereafter on the property in May of 1986. Although work is continuing to date on the property, the exploration program cannot feasibly be completed prior to the expiration of the current term of the Prospecting Permit on August 31, 1986. Accordingly, an extension of one year, through and including August 31, 1987, has been requested by the permittee.

Because of concern about the apparent relationship of the public offering to the prospecting permit staff initially recommended denial of the extension. However, as a result of further contacts with the applicant, it has been determined that the entire corporation went public. Funds were not solicited solely on the basis of the State permit. In fact, Fargo has holdings in British Columbia which are now being developed. The president of Fargo has advised us (verified through review of company's prospectus) that "at no time has Fargo used its current prospecting permit to selectively promote or raise public funds". Fargo also holds mineral patents for the section immediately south of the subject State

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land. Some of these mineral patents also project into Section 16, although this area is not part of the State permit.

Staff can now recommend approval of the proposed extension.

STATUTORY REFERENCES:

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

AB 884: N/A.

ENVIRONMENTAL INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 1506.1), 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).

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

2. Any change in the proposed prospecting activities will require an environmental review pursuant to CEQA Regulations.
3. Pursuant to P.R.C. Section 6895, the permittee would have a preferential right to a lease for a maximum of 604.62 acres embraced within the permit. Said right shall be subject to all necessary environmental approvals. The permits will not affect the discretion of the Commission in granting or denying such environmental approvals.

EXHIBITS:

- A. Site Map.
- B. Location Map.
- C. Land Description.

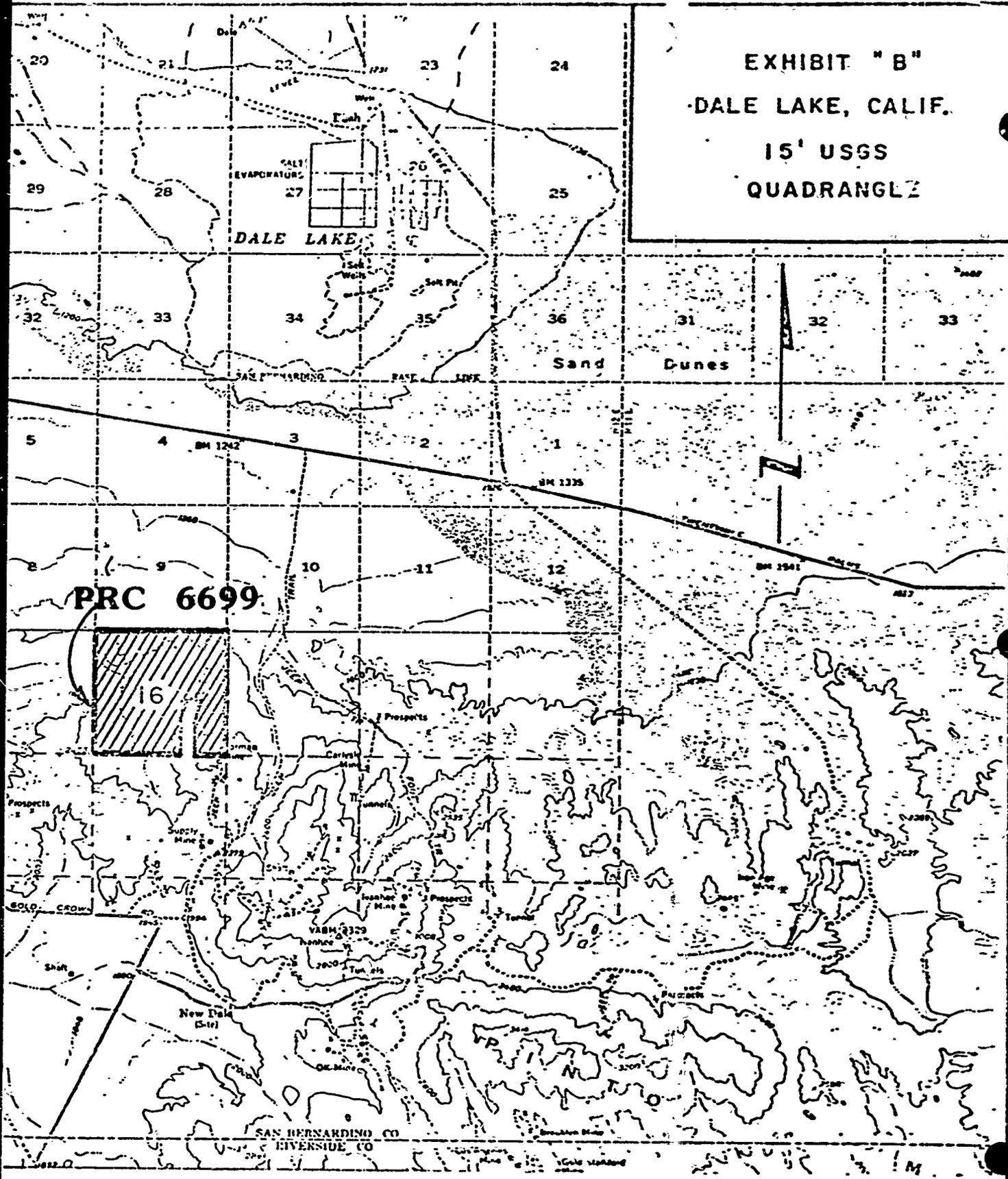
CALENDAR ITEM NO. 23 (CONT'D)

IT IS RECOMMENDED THAT THE COMMISSION:

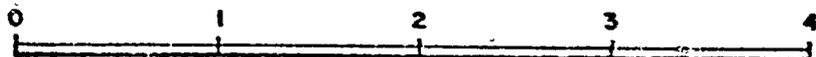
1. FIND THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 AS A CATEGORICAL EXEMPT PROJECT, CLASS 6, INFORMATION COLLECTION, 2 CAL. ADM. CODE 2905.
2. APPROVE THE APPLICATION FOR EXTENSION THROUGH AUGUST 31, 1987, OF PROSPECTING PERMIT PRC 6699 ISSUED TO FARGO RESOURCES, INC. TO PROSPECT FOR ALL MINERALS OTHER THAN OIL AND GAS AND GEOTHERMAL RESOURCES.



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



PRC 6699



MILES

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MINEYS PAGE	2136

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EXHIBIT "C"

Land Description

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

Lots 1, 2, 3 and 4 in SE 1/4, SW 1/4, N 1/2 Section 16,  
T1S, R12E, SBBM.

END OF DESCRIPTION

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