

MINUTE ITEM

This Calendar Item No. 28
was approved as Minute Item
No. 37 by the State Lands
Commission by a vote of 2
to 0 at its 4-12-88
meeting.

CALENDAR ITEM

A 2
S 2

28

04/12/88
W 21428 PRC 7192
Martinez

CONSIDERATION OF A MINERAL EXTRACTION LEASE

APPLICANT: Reservation Ranch
P. O. Drawer C
Smith River, California 95567

AGENT: Richard A. Smith
Harland & Gromala
622 H Street
Eureka, California 95501

AREA, TYPE LAND AND LOCATION:
All of the gravel bar commonly known as Ranch
Bar located on the right bank of the Smith
River in Sections 20, 28, 29, 32 and 33, T18N,
R1W, HBM, Del Norte County.

LAND USE: Extraction of a minimum 5,000 cubic yards and a
maximum 20,000 cubic yards of sand and gravel
per year. The material will be removed using
heavy equipment and trucked onto the adjacent
upland owned by the applicant and operated as a
dairy farm where it will be used on site or
sold commercially.

TERMS OF THE PROPOSED LEASE:

Initial Period: Five years commencing on the
first of the month following
the month in which the lease
is fully executed.

Renewal Options: Two successive periods of
five years each.

Rental: \$3 per acre per year.

Royalty: 10% of the gross value but
not less than \$0.20 per cubic
yard.

ADDED 04/11/88: Pgs 244-244.47

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PREREQUISITE CONDITIONS, FEES AND EXPENSES:

Filing and processing fees have been received.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
- B. 14 Cal. Adm. Code: Title 2, Div. 3; Title 14, Div. 6.

AB 884: 05/04/88.

OTHER PERTINENT INFORMATION:

1. The applicant has extracted material from the site in the past but has never entered into a lease with the State Lands Commission for authorization to perform such activity. There is a dispute involving the location of the limit of State ownership at this tidal area on a natural wild river that is subject to seasonal extremes of high and low water as well as occasional severe floods and droughts. While this dispute has not been settled, negotiations with the applicant have resulted in the proposed mineral extraction lease authorizing sand and gravel extraction from sovereign lands.
2. In accordance with Section 6818 of the Public Resources Code, the Department of Parks and Recreation was notified of the proposed lease and has determined that the project will not interfere with recreational use of the littoral lands.
3. 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.

CALENDAR ITEM NO. 28 (CONT'D)

4. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15025), the staff has prepared a proposed negative declaration identified as ND 436, State Clearinghouse No. SCH 88022315. Such proposed negative declaration was prepared and circulated for public review pursuant to the provisions of CEQA.

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

APPROVALS REQUIRED:

Department of Fish and Game.
California Coastal Commission.
Del Norte County.

EXHIBITS:

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. CERTIFY THAT A NEGATIVE DECLARATION, ND 436 STATE CLEARINGHOUSE NO. SCH. 88022315 WAS PREPARED FOR THIS PROJECT PURSUANT TO THE PROVISIONS OF THE CEQA AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. DETERMINE THAT THE PROJECT, AS APPROVED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
3. FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO P.R.C. 6370, ET. SEQ.

CALENDAR ITEM NO. 28 (CONT'D)

4. FIND THAT THE GRANTING OF THE LEASE AS PROPOSED WILL NOT UNREASONABLY INTERFERE WITH THE MAINTENANCE OR USE OF LITTORAL LANDS FOR RECREATIONAL PURPOSES NOR THE PROTECTION OF SHORE PROPERTIES PURSUANT TO SECTION 6818 OF THE PUBLIC RESOURCES CODE.
5. AUTHORIZE STAFF TO ISSUE TO RESERVATION RANCH A FIVE YEAR MINERAL EXTRACTION LEASE AUTHORIZING THE EXTRACTION OF A MINIMUM 5,000 CUBIC YARDS AND A MAXIMUM 20,000 CUBIC YARDS OF SAND AND GRAVEL PER YEAR, AT A ROYALTY CHARGE OF 10% OF THE GROSS VALUE BUT NOT LESS THAN \$0.20 PER CUBIC YARD. SUCH PERMITTED ACTIVITY IS CONTINGENT UPON APPLICANT'S COMPLIANCE WITH APPLICABLE PERMITS, RECOMMENDATIONS OR LIMITATIONS ISSUED BY FEDERAL, STATE AND LOCAL GOVERNMENT AGENCIES.

EXHIBIT "A"

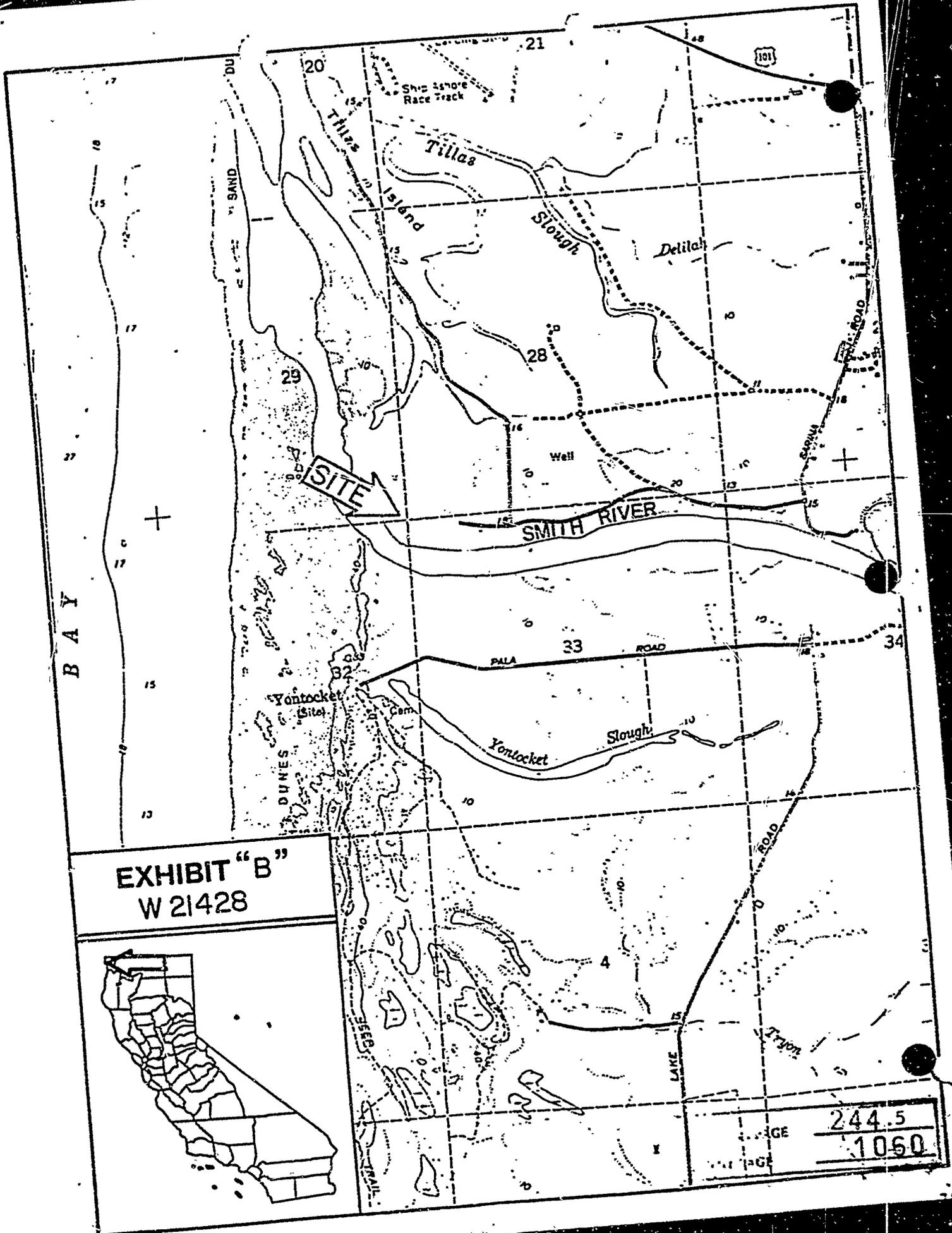
LAND DESCRIPTION

W 21428

All of the gravel bar along the right bank of the Smith River, facing downstream lying northerly and northeasterly of the present centerline of said river and waterward of mean high tide line along said river, and being within Sections 20, 28, 39, 32, and 33, T 18 N, R 1 W, H.B.M.

END OF DESCRIPTION

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BAY

EXHIBIT "B"
W 21428



SCALE	244.5
DATE	1060

STATE LANDS COMMISSION
1807 13TH STREET
SACRAMENTO, CALIFORNIA 95814



PROPOSED NEGATIVE DECLARATION

EIR ND 436

File Ref.: W 21428

SCH#: 8892 2315

Project Title: Mineral Extraction Lease
Project Proponent: Reservation Ranch
Project Location: All of the gravel bar commonly known as Ranch Bar located on the right bank of the Smith River in Sections 20, 28, 29, 32, and 33, T.18 N., R.1 W., H.B.M., Del Norte County.
Project Description: Extraction of 40,000 cubic yards of material annually for five years. The material will be removed using heavy equipment and trucked onto the adjacent upland where it will be used on site or sold commercially.

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:

7 the project will not have a significant effect on the environment.

7 mitigation measures included in the project will avoid potentially significant effects.

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RESPONSES TO INITIAL STUDY RECEIVED AND COMMENTS

CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD

Comment: The project will not adversely affect or degrade State waters if conducted according to terms set by the State Department of Fish and Game and prohibitions contained in the Water Quality Control Plan for the Klamath River Basin(1A).

Response: The applicant has obtained annual permits from the Department of Fish and Game under Section 1600 of the Fish and Game Code for past extraction activities at Ranch Bar. The applicant is in the process of obtaining a Fish and Game permit for the proposed extraction.

There will be no waste discharge into the river from the proposed project. The material will be removed from Ranch Bar by heavy equipment and then will be used and processed offsite.

DEPARTMENT OF BOATING AND WATERWAYS

Comment: The Department of Boating and Waterways is not a regulatory agency and does not issue permits. However, for review purposes the Department's interests include the potential for navigation hazards, beach erosion, boating and boating facilities, and public trust.

Response: The proposed project will not adversely impact the Department of Boating and Waterway's primary areas of interest.

DEPARTMENT OF PARKS AND RECREATION

Comment: In regard to the need for an EIR it is felt there are sufficient concerns to warrant full study and examination which would not be done if the project is found to be categorically exempt.

The term of the permit should be less than 8 years to allow for revisions when updated information on the effects of gravel extraction on the Smith River become available.

There should be provisions established for monitoring and enforcing conditions of the permit:

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STATE LANDS COMMISSION
1807 13TH STREET
SACRAMENTO, CALIFORNIA 95814



August 20, 1987

File Ref.: W 21428

To: INTERESTED PARTIES

Subject: Consultation Pursuant to Public Resources Code Section 21080.3

Pursuant to the requirements of the California Environmental Quality Act, the State Lands Commission is the Lead Agency for review of the proposed dredging project described in the attached material.

You are requested to review the proposed project and determine whether you believe a Negative Declaration or an Environmental Impact Report should be prepared.

To allow timely processing of this application, you are requested to respond by September 12, 1987. If you have any questions, please call me at (916) 322-6375. Your cooperation is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Linda Martinez".

LINDA MARTINEZ
Dredging Coordinator

Attachment

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Response: Approval of this project using a categorical exemption has never been considered feasible. The staff of the State Lands Commission has worked with staffs of the Department of Parks and Recreation, Fish and Game, Del Norte County, Mines and Geology and the California Coastal Commission to develop mitigation to be incorporated into the project to make authorization under a negative declaration appropriate pursuant to the requirements of CEQA.

The maximum volume to be removed has been decreased to 40,000 cubic yards and the lease term has been reduced to five years with a renewal option of two successive periods of five years each.

Commission staff has reviewed the comments prepared by the Division of Mines and Geology dated January 20, 1988 to assist Del Norte County in its review of gravel extraction projects on the lower Smith River. After reviewing these comments staff has incorporated pertinent mitigation provided in the draft EIR prepared in 1977 and the Smith River Gravel Study prepared in 1974 into the lease.

The lease provides for ongoing onsite monitoring to insure Lessee compliance with the terms of the lease. It is anticipated the monitoring program will utilize the assistance of other State agencies when feasible and the costs will be absorbed by the Lessee.

INITIAL STUDY

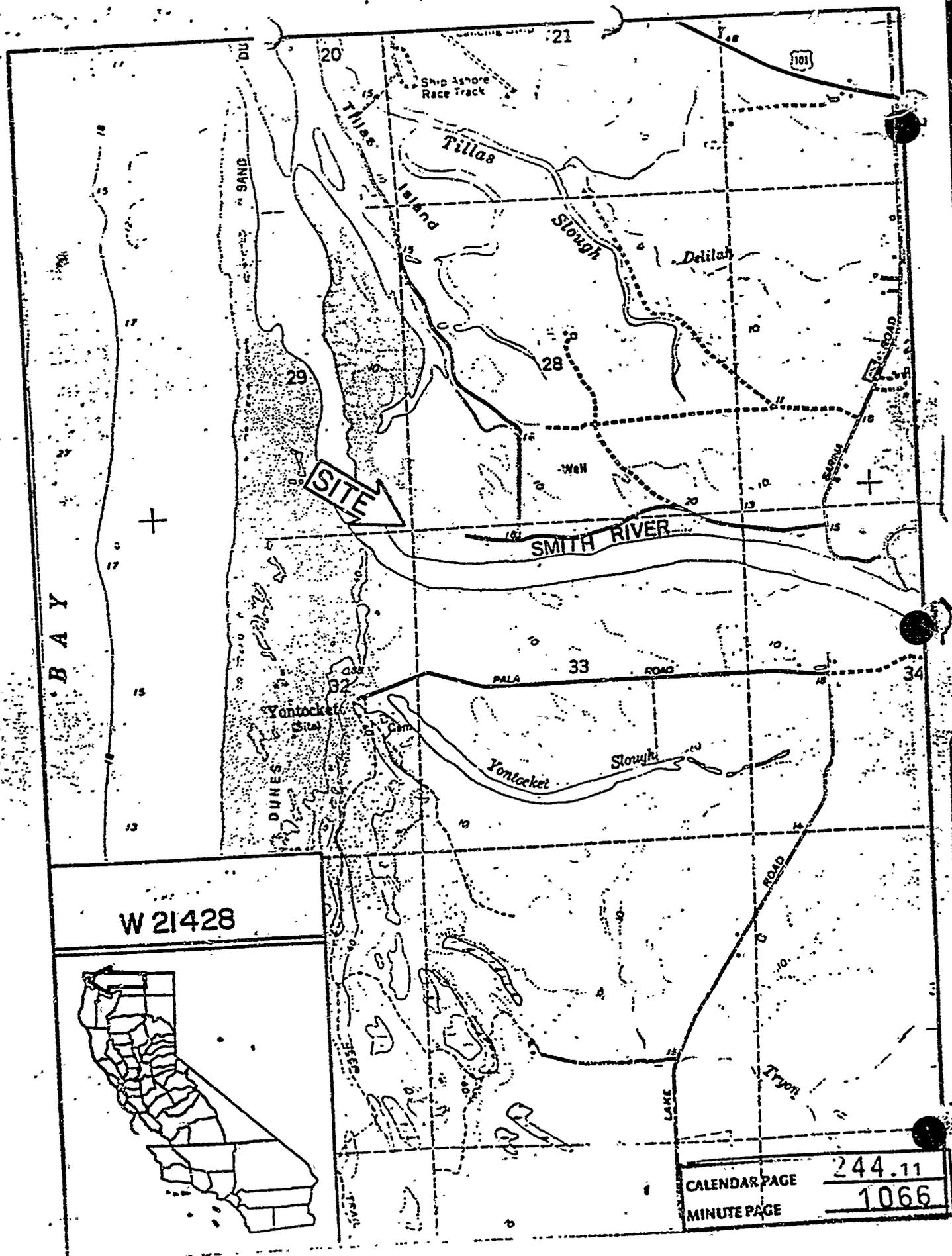
Introduction

Reservation Ranch has submitted an application for lease to continue extracting rock, sand and gravel along the right bank of the Smith River within Sections 20, 28, 29, 32 and 33, T 18 N, R 1 W, HBM, Del Norte County. The project site is a gravel bar subject to annual flooding that has been used by the applicant's sand and gravel operation in the past.

The existing zoning in the project area is agricultural. The adjacent area is agricultural, relatively flat and not heavily populated. The adjacent upland property, which is owned by the applicant, is primarily used as a dairy ranch.

The volume of material to be removed annually for eight years will vary from 5,000-100,000 cubic yards depending on demand. The material will be removed by heavy equipment and trucked to the adjacent upland where it will be used by the applicant or sold commercially.

There will be no waste discharge from the project since the extracted material will be processed and used off site.



BAY

SITE

SMITH RIVER

Yontocket

PALA ROAD

Yontocket Slough

LAKE ROAD

Tryon

W 21428



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— APPLICATION FORM —

PART I

GENERAL DATA
Form 33.45b (5/84)

FOR COMMISSION USE ONLY

Date Received: . . . _____
Work Order No.: . . . _____
Filing Fee: _____
Other Fees: _____
Assigned To: _____
Type of Document: _____

SECTION A: IDENTIFICATION OF APPLICANT

1. Applicant:

Name: Reservation Ranch, a California co-partnership.

Address: P. O. Drawer C

City: Smith River State: CA Zip Code: 95567

Phone: (707) 487-3516

2. Applicant's authorized representative or agent (if any):

Name: Richard A. Smith, Harland & Gromala

Address: 622 H Street

City: Eureka State: CA Zip Code: 95501

Phone: (707) 444-9281

3. Who should receive correspondence relevant to this application? (Check One)

Applicant Representative Both

SECTION B: TYPE OF APPLICANT

Check one and submit the required information.

1. CORPORATION: Attach a Certificate of Incorporation issued by the State of California or a certificate of incorporation issued by the state of incorporation with the Certificate of Good Standing of Foreign Corporation issued by the Office of the Secretary of State of California authorizing the transaction of business in California; a certified statement of the names of the corporate president, secretary, and/or officer authorized to execute contracts; and a board resolution or other evidence of authority to enter into the requested transaction.

2a. PARTNERSHIP: Attach a certified copy of the partnership statement. If no partnership statement has been filed in the county in which the partnership does business, so state in the application and further give all particulars of the partnership. Individuals of a partnership who are not United States citizens by birth shall submit a copy of their birth certificate and certificate(s) of naturalization, or evidence of their foreign citizenship.

CALENDAR PAGE 244.12
MINUTE PAGE 1067

SECTION B (Continued)

- 2b. **OTHER ASSOCIATION:** State its nature, membership and other particulars regarding its legal existence. Individuals of this association who are not United States citizens by birth shall submit a copy of their birth certificate and certificate(s) of naturalization, or evidence of their foreign citizenship.
- 3. **INDIVIDUAL:** Individual applicants who are not United States citizens by birth shall submit a copy of their birth certificate and certificate(s) of naturalization, or evidence of their foreign citizenship.
- 4. **PUBLIC AGENCY:** Generally, all permits or leases issued by the State Lands Commission require monetary consideration. However, a public agency applicant may qualify for a royalty-free dredging permit. In order to qualify, the applicant must submit in writing a statement of justification for the royalty-free status, which status shall be based on a statewide as compared with a primarily local public benefit. Such statement shall detail the statewide public benefit derived from the project. The State Lands Commission shall determine whether a statewide public benefit is derived from the project.

SECTION C: TYPE OF TRANSACTION REQUESTED

(Check one)

- 1. Geothermal Prospecting Permit
- 2. Geothermal Lease
- 3. Oil and Gas Lease
- 4. Mineral Prospecting Permit
- 5. Dredging Permit
- 6. Other Entitlement for Use (Lease for extraction of mineral resources - sand and gravel.)

SECTION D: FEE SCHEDULE

All applicants shall pay at the time of filing this application non-refundable filing and processing fees. These fees are necessary to reimburse the Commission for the cost of processing routine, uncomplicated transactions and making the initial title review for leases or permits.

- 1. Filing fee \$25
- 2. Processing fee:
 - a. All geothermal, oil, gas and other mineral transactions. \$250
 - b. Dredging permits \$300

In addition to the above fees, the Commission may require funds or deposits for other services. These services include but are not limited to:

- 1. Processing environmental documents.
- 2. Advertising or public notification.
- 3. Duplicating or certifying papers.
- 4. Searching records or ordering title reports.
- 5. Processing archaeological, biological or other necessary survey(s).

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PART II

PROJECT AND ENVIRONMENTAL DATA

Form 33.45c (5/84)

SECTION A: PROJECT INFORMATION

Please answer all questions and provide the following information on separate sheet(s) of paper. Please respond in detail. The information is needed to process the application. If any question is inapplicable or otherwise inappropriate to the application, please state the reasons for so concluding.

1. *Project Location.* Submit the following maps and/or drawings: (a) a small-scale (topographic) map or drawing showing the general vicinity of the proposed project including nearby landmarks, roads and other features that would make clear its relationship to the general vicinity, and (b) a large-scale (topographic) map or drawing showing the project location in detail and such features as existing structures, fills, dredged areas and public access. On one of these maps, indicate the property(ies) that are adjacent to the State lands in question and that are owned, leased or otherwise available for use by the applicant. Include copies of all conveyances, leases, permits, easements or other documents that show the extent of the applicant's interest to use or have access to the property(ies) adjacent to the State lands in question.
2. *Existing Zoning and General Plan Designation of Project Site.* Submit all zoning information and include (to the extent available and applicable) the project's street address, city, county, Assessor's parcel number, quad sheet name, section, township, range, base and meridian designation, and/or legal description of the property.
3. *Existing Land Use of Project Site.* Describe the current land use of the area (e.g., residential, commercial, agricultural).
4. *Project Description and Proposed Use of Site.* Describe fully and in detail the proposed activity, its purpose and intended use.
5. *Other Permits Required.* Identify other public agencies having approval authority over the proposed project (e.g., Corps of Engineers, Coastal Commission, county and city agencies) and submit copies of all acquired approvals relating to this project.

SECTION B: ENVIRONMENTAL SETTING

The data and degree of specificity required in this section shall correspond with the data and degree of specificity involved in the underlying activity. Typically, larger projects require more data and a greater degree of specificity, and smaller projects require less data and a lesser degree of specificity.

1. Describe the project site as it exists before commencement of the project. Include information such as topography, soil stability, plants and animals, and any cultural, historical or scenic aspects. Describe any existing structures on the site, the use of the structures, and whether they will be retained or removed. Include photograph(s) of the site, if available.

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SECTION B (Continued)

2. Describe the surrounding properties. Include information such as topography, soil stability, plants and animals, and any cultural, historical or scenic aspects. Indicate the type of land use (e.g., residential, commercial, agricultural), intensity of land use (e.g., one-family dwellings, apartment buildings, shops, department stores) and scale of development. Include photograph(s) of the area, if available.
3. Include a statement of the proposed liquid, solid or gaseous waste disposal methods necessary for the protection and preservation of existing land and water uses.

SECTION C: ASSESSMENT OF ENVIRONMENTAL IMPACTS

All phases of a project, such as planning, acquisition, development and operation, shall be considered when evaluating its impact on the environment. Please answer the following questions by placing a check in the appropriate box. Discuss all items checked "yes" or "maybe" on additional sheet(s).

Will the project involve:

	YES	MAYBE	NO
1. A change in existing features of any bays, tidelands, beaches, lakes or hills, or substantial alteration of ground contours?	[]	[]	[x]
2. A change in scenic views from existing residential areas or public lands or roads? . . .	[]	[]	[x]
3. A change in pattern, scale or character of the general area of the project?	[]	[]	[x]
4. Significant effect on plant or animal life?	[]	[]	[x]
5. Significant amounts of solid waste or litter?	[]	[]	[x]
6. A change in dust, ash, smoke, fumes or odors in the vicinity?	[]	[]	[x]
7. A change in ocean, bay, lake, stream or ground water quality or quantity, or an altering of existing drainage patterns?	[]	[]	[x]
8. A change in existing noise or vibration levels in the vicinity?	[]	[]	[x]
9. Construction on filled land or on a slope of 10 percent or more?	[]	[]	[x]
10. Use or disposal of potentially hazardous materials such as toxic or radioactive substances, flammables or explosives?	[]	[]	[x]
11. A change in demand for municipal services (e.g., police, fire, water, sewage)?	[]	[]	[x]
12. Increase in fossil fuel consumption (e.g., electricity, oil, natural gas)?	[]	[]	[x]
13. A larger project or a series of projects?	[]	[]	[x]

PART III

SPECIAL REQUIREMENTS
FOR DREDGING PERMIT

Form 33.45h (5/84)

Dredging permits may be issued by the Commission on a non-competitive basis, provided that only a specified amount of material is removed and the removal is for the improvement of navigation, reclamation, flood control, or for purposes connected with the construction, alteration or maintenance of structures authorized under Public Resources Code section 6321. Applications for dredging permits shall include the following:

1. Location of disposal site.
2. Chemical analysis and volume of material to be dredged.
3. Intended use of dredged materials including spoils.
4. Proof of owner's approval for location of any proposed upland spoils; specification of compensation paid to or to be paid to, or received or to be received by upland owner for use of upland as disposal site.
5. Type of dredge or removal equipment that will be used.
6. Proposed transportation routes for upland disposal of spoils.

PART III does not apply.

PART IV
OTHER INFORMATION

In the course of processing this application, the staff of the Commission may require the applicant to clarify, amplify, correct or otherwise supplement the information requested. The following is some of the information which may be needed from the applicant in order to complete the requested transaction:

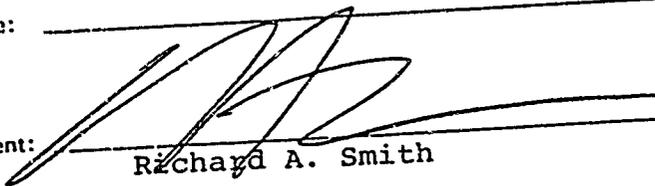
1. Chain of title or other title search, including legal description of the area to be developed.
2. Deposit to cover costs of preparing an archaeological, biological or other site study/survey.
3. Deposit to cover the cost of preparing an Environmental Impact Report or an analysis of specific impact (such as air quality). This cost may range from a low of \$5,000 to an amount exceeding \$100,000, depending on the complexity of the issues to be addressed, the available data, and the size and nature of the project.

PART V
CERTIFICATION

I certify that all information and materials furnished in this application are true and complete to the best of my knowledge and belief. I recognize that this application and the project it addresses are subject to all laws of the State of California, and the regulations and discretionary policies of the State Lands Commission.

Applicant: Reservation Ranch Date: July 10, 1987

Title: _____

Agent:  Date: July 10, 1987
Richard A. Smith

Title: Attorney for Applicant

CALENDAR PAGE	<u>244.17</u>
MINUTE PAGE	<u>1072</u>

ATTACHMENTS

Section A

1. See attached maps and drawings. The projected legal description is:

All of Ranch Bar (gravel bar) along the right bank of the Smith River, facing downstream lying northerly and lying riverward of the ordinary mean high water line northeasterly of the present centerline of said river, and being within Sections 20, 28, 29, 32, and 33, Township 18 North, Range 1 West, Humboldt Base and Meridian.

Map A, hereto, is a portion of the 1952 USGS Map of the area in question. Map B is an aerial photograph of the same area. All upland areas adjoining the State's lands belong to the applicant.

2. The existing zoning in the area is agricultural. The project site is adjoining property of the applicant which are designated by Del Norte County Assessor's Parcel Numbers:

103-01-01
103-01-02
102-010-04

3. The current land use of the project site is as a gravel bar which to some extent has been used for sand and gravel operations in the past.

4. The proposed project is a set forth on the draft lease agreement as attached hereto.

Generally, the applicant will extract sand and gravel to be processed off site. This material will be used upon the applicant's adjoining ranch and related properties and sold commercially. The volume extracted will depend on demand for this material and will most likely fall within a range of 5,000 cubic yards per year to about 100,000 cubic yards per year.

5. All extractions will be subject to review and annual permits issued by the California Department of Fish and Game under Section 1600 of the Fish and Game Code. Further, renewal and expansion of the applicants use permit and mining reclamation plan through the County of Del Norte may be required.

Section B

1. The current site is a vacant gravel bar which is annually subject to flooding. There are no known distinguishing features.

2. The site of the activity rests between the Smith River and a large dairy ranch owned by the applicant. Thus, the surrounding area is agricultural, relatively flat, not heavily populated and contains no remarkable plant, animal, cultural, historical or scenic values.

3. There will be no waste discharge from the project. The project will consist of removal of river run gravel from the site by heavy equipment. The material will then either be used off site in its existing form or would be processed off site.

ENVIRONMENTAL IMPACT ASSESSMENT CHECKLIST - PART II

Form 13.20 (7/82)

File Ref.: W 21428

I. BACKGROUND INFORMATION

A. Applicant: Reservation Ranch
P. O. Drawer C
Smith River CA 95567

B. Checklist Date: 8/20/87

C. Contact Person: Linda Martinez, Dredging Coordinator
 Telephone: (916) 322-6375

D. Purpose: Extraction of rock, sand and gravel for private use and commercial sale.

E. Location: Ranch Bar gravel bar along the right bank of the Smith River, Del Norte County within Sections 20, 28, 29, 32 and 33, T 18 N, R 1 W, HBM.

F. Description: Extraction of 5,000 to 100,000 cubic yards of material annually for 8 years using heavy equipment. The material will be stockpiled and when necessary processed on the adjacent upland.

G. Persons Contacted: Dan Scott, California Department of Parks and Recreation
Don Kelley, California Department of Fish and Game

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? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. Disruptions, displacements, compaction, or overcovering of the soil? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Change in topography or ground surface relief features? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4. The destruction, covering, or modification of any unique geologic or physical features? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5. Any increase in wind or water erosion of soils, either on or off the site? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 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 estuary, ground | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7. Exposure of all people or property to geologic hazards such as earthquakes, landslides, or similar hazards? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

44.20
 1075

- | | Yes | Maybe | No |
|--|--------------------------|--------------------------|-------------------------------------|
| B Air Will the proposal result in | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 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: | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 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 type="checkbox"/> | <input checked="" 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: | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 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: | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 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: | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 1. Increase in existing noise levels? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" 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: | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 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: | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 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: | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 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"/> |

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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 type="checkbox"/> | <input checked="" 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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MINUTE PAGE	1077

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? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. Will the proposal result in adverse physical or aesthetic effects to a prehistoric or historic building, structure, or object? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3. Does the proposal have the potential to cause a physical change which would affect unique ethnic cultural values? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4. Will the proposal restrict existing religious or sacred uses within the potential impact area? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

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? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. Does the project have the potential to achieve short-term, to the disadvantage of long-term, environmental goals? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3. Does the project have impacts which are individually limited, but cumulatively considerable? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4. Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

III. DISCUSSION OF ENVIRONMENTAL EVALUATION *(See Comments Attached)*

A.2. - Material deposited by period flooding will be removed.

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 / 25 / 88

John J. [Signature]
For the State Lands Commission
MINUTE PAGE 1078

Form 13.20 (7/82)

INITIAL STUDY
DISTRIBUTION LIST

Air Resources Board
1131 S Street
Sacramento CA 95814

Department of Boating and Waterways
1629 S Street
Sacramento CA 95814

Native American Heritage Commission
915 Capitol Mall, Room 288
Sacramento CA 95814

Office of Historic Preservation
P. O. Box 2390
Sacramento CA 95811

Ken Fellows
Department of Water Resources
1416 Ninth Street, Room 215-1
Sacramento CA 95814

Robert Collins
Office of Attorney General
3580 Wilshire Blvd.
Los Angeles CA 90010

U. S. Fish and Wildlife Service
2800 Cottage Way, Room E-1803
Sacramento CA 95825

Water Quality Control Board
3201 S Street
Sacramento CA 95816

U. S. Army Corps of Engineers
650 Capitol Mall
Sacramento CA 95814

Department of Fish and Game
601 Locust St.
Redding CA 96001

Department of Parks and Recreation
600 W. Clark
Eureka CA 95501

Joe Rusconi
Office of the Attorney General
350 McAllister
San Francisco CA 94102

Reservation Ranch
P. O. Drawer
Smith River CA 95567

Richard A. Smith
522 H Street
Eureka CA 95501

Del Norte County Planning Dept.
700 - 5th St.
Crescent City CA 95531

Crescent City Planning Department
City Hall
Crescent City CA 95531

James Doyle
Department of Parks and Recreation
P. O. Box 942896
Sacramento CA 94296-0001

EXHIBIT "C"

STATE OF CALIFORNIA - STATE LANDS COMMISSION

GEORGE DEUKMEJIAN, Governor

STATE LANDS COMMISSION
1807 13TH STREET
SACRAMENTO, CALIFORNIA 95814

File Ref.: W 21428

Date: Feb. 26, 1988

NOTICE OF PUBLIC REVIEW
OF A
PROPOSED NEGATIVE DECLARATION
(Section 15073 CAC)

A Proposed Negative Declaration has been 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), for a project currently being processed by the staff of the State Lands Commission.

The document is attached for your review. Comments should be addressed to the State Lands Commission office shown above, with attention to the undersigned. All comments must be received by March 28, 1988.

Should you have any questions or need additional information, please call (916)322-7813.

ATTACHMENT



TED T. FUKUSHIMA
Division of Research &
Planning

CALENDAR PAGE	244.25
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STATE LANDS COMMISSION
STATE OF CALIFORNIA

LEASE FOR EXTRACTION OF MINERAL RESOURCES

Section 1

THIS INDENTURE OF LEASE, made and entered into pursuant to Division 6 of the Public Resources Code, Statutes of California, by and between the State of California, acting by and through the STATE LANDS COMMISSION, sometimes hereinafter called the State, as Lessor, and RESERVATION RANCH, a California co-partnership, hereinafter called the Lessee, whose mailing address is: P. O. Drawer C, Smith River, CA 95567.

WITNESSETH

That the Lessor, in consideration of the royalties provided hereunder, as well as the covenants, conditions and agreements herein contained, does hereby lease to the Lessee the State of California's mineral rights in that certain parcel of land, hereinafter designated as the "Leased Lands," situate in the County of Del Norte, State of California and more particularly described as:

All of the gravel bar along the right bank of the Smith River, facing downstream lying northerly and northeasterly of the present centerline of said river and waterward of mean high tide line along said river, and being within Sections 20, 28, 29, 32 and 33, T18N, R1W, H.B.M., containing 91 acres, more or less.

1. This lease shall commence on the first of the month following the month in which this lease is executed by Lessor, which date shall be hereinafter referred to as the "effective date of this lease" and shall continue for five years, unless

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SANITIZATION	1081

sooner terminated as provided below. Lessee shall have the option to renew this lease for two successive periods of five years each, upon such reasonable terms and conditions as may be prescribed by Lessor, including but not limited to, modification of the royalty or any other provisions in a manner which, in the opinion of Lessor, will adequately protect the interests of Lessor.

2. The Lessee shall have the exclusive right to remove a maximum of 20,000 cubic yards of rock, sand and gravel deposits from the Leased Lands each year. Lessee shall have no right to prospect for, extract, mine or remove any other mineral, including but not limited to, oil, gas, other hydrocarbons and geothermal resources.

3. The bond required pursuant to paragraph 18 of Section 3 is to be in the amount of \$2,000.

4. This lease consists of three sections and exhibits all attached hereto and by reference made a part of the whole agreement.

Section 2

ROYALTY AND RENT

1. Lessee shall pay to the State a royalty of ten percent (10%) of the gross value of any and all minerals produced, extracted, shipped, used or sold under this lease, less any transportation and processing charges of the State's royalty share of production but not less than \$.20 per cubic yard. The gross value upon which said royalty rate is based shall not be less than the reasonable fair market value, as fixed by the State, of any mineral resources extracted from the permitted lands.

2. A nonrefundable minimum annual royalty payable on the lease anniversary date, whether or not material is extracted from the leased premises, shall be computed based on a minimum annual required production of 5,000 cubic yards per year times

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RENT	1082

the royalty rate as set by paragraph 1 hereof. Such minimum royalty shall be credited against royalties due on product sold during year.

3. Lessee owns and will, simultaneously with its activities under this lease, conduct similar operations upon a gravel bar adjoining the Leased Lands. The adjoining gravel bar is located landward of the Leased Lands, above the mean high tide line. Over the life of this lease, the parties hereto estimate that approximately one-half of the minerals to be removed in both operations will be derived from the Lessee's property and one-half will be derived from the Leased Lands. For the convenience of both parties, the State royalty will apply to all minerals removed at the rate of 50 percent of the royalty amount set herein.

By way of example, if the Lessee removes 10,000 cubic yards of minerals from the Leased Lands and Lessee's Land (the 10,000 cubic yards being removed from a combination of both) then the royalty shall be calculated as follows, assuming that 10 percent of gross sales value equals \$.20 per cubic yard.

$$10,000 \times \$.20/2 = \$1,000.00$$

4. Lessee shall pay to the State an annual land rent of \$3.00 per acre.

Section 3

STANDARD COVENANTS - STATE LANDS COMMISSION LEASE

1. PURPOSE:

(a) Lessee shall have the right to remove only those mineral resource deposits from the Leased Lands as are specified in paragraph 2 of Section 1 hereof.

(b) No structural improvements shall be placed at the project site at any time.

(c) Any channels created at the sandbar by the extraction of material shall be dug as near as possible to the existing flow channel so as to change the general

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course of the river as little as possible and to allow for the greatest meandering length of the new channel. Such strategic extraction of material and the resulting configuration are described further in the County of Del Norte Draft EIR, Westbrook Gravel Extraction prepared by Terrascan in April 1977.

(d) Prior to any extraction activities being conducted under this lease, Lessee will enter into an environmental monitoring agreement with the Department of Parks and Recreation for a minimum of eight inspections per month at a cost not to exceed \$100.00 per month. Failure to execute such an agreement within 60 days of Lessor approval of this lease and to keep it in force continuously during the term of this lease shall be a breach of this lease.

(e) Lessor shall have the right to go upon the Leased Lands for the purposes of conducting surveys, tests or experiments using any geological, geochemical, geophysical or other method, including core drilling, for determining the presence on or in the Leased Lands of any natural resources, including but not limited to, oil, hydrocarbon, gas, other hydrocarbons and geothermal resources, as well as other mineral deposits listed in Public Resources Code Section 6407, (hereinafter collectively "mineral resources") provided that such surveys, tests, or experiments do not unreasonably interfere with or endanger Lessee's operations pursuant to this lease.

(f) Lessor shall have the right to issue additional nonexclusive exploratory rights to conduct surveys, tests or experiments using any geological, geochemical, geophysical or other method, including core drilling, for determining the presence on or in the Leased Lands of any mineral resource except those listed in paragraph 2 of Section 1; provided that operations conducted pursuant to

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such rights do not unreasonably interfere with or endanger Lessee's operations pursuant to this lease. Further, Lessee agrees to allow all persons authorized by such rights to enter upon the lease lands in order to conduct such surveys, tests of experiments.

(g) This lease is entered into with the agreement that its purposes are and its administration shall be consistent with the principle of multiple use of public lands and resources; this lease shall allow coexistence of other permits or lease of the same lands for deposits of mineral resources other than rock, sand and gravel under applicable laws, and the existence of this lease shall not preclude other uses of this area covered hereby. However, operations under such other permits or leases or other such uses shall not unreasonably interfere with or endanger operations under this lease, nor shall operations under this lease unreasonably interfere with or endanger operations under any permit, lease, or other entitlement for use issued pursuant to the provisions of any other act. Nor shall this lease be construed as superseding the authority which the head of any state department or agency has with respect to the management, protection, and utilization of the Leased Lands and resources under its jurisdiction. Lessor may prescribe in its rules and regulations those conditions it deems to be necessary for the protection of other mineral resources.

(h) This lease does not confer upon the Lessee any other privilege or right not expressly given hereto.

2. CONSIDERATION:

Lessee agrees to pay to Lessor the following royalties without deduction, delay or offset and as further provided for herein:

(a) Royalties for the mineral resources produced or extracted based on the formula, rate, or in the amount specified in Section 7 hereof, which shall be due and

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AGE	1.085

payable on the 25th day of the month following extraction or production.

(b) Lessee shall keep accurate books and records of his operations hereunder, including all minerals extracted from the Leased Lands, combined with the adjoining lands of Lessee as described in paragraph 3 of Section 2, together with the cost of extraction of same and of mining, quarrying and shipping thereof and shall file with Lessor copies of all sales contracts for the disposition of any and all minerals extracted from the Leased Lands, combined with the adjoining lands of Lessee, as described in paragraph 3 of Section 2.

(c) On or before the 25th day of each month, the Lessee shall deliver to Lessor statements in the form prescribed showing the work performed upon the Leased Lands and at the request of Lessor upon any other land necessary to make the determination and the amount, quality and value of all mineral resources extracted, produced, shipped or sold or whether any work was performed on the Leased Lands.

(d) Land rent shall be due on each anniversary date of this lease.

3. INTEREST AND PENALTIES:

(a) It is agreed by Lessee hereto that any royalties or other monetary considerations, arising under the provisions of the lease and not paid when due as provided in this lease, shall bear interest from the day following the day upon which such monetary consideration was due at the rate of one and one-half (1 1/2) percent per month until the date of payment.

(b) It is agreed by Lessee hereto that any royalties or other monetary considerations arising under the provisions of this lease, and not paid when due as provided in this lease, shall be subject to a five- (5) percent penalty on the amount of any such royalties,

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DATE RECEIVED	1086

rentals, or other monetary considerations arising under the provisions of this lease.

(c) It is agreed by Lessee hereto that, for the purposes of this Section, "royalties or other monetary considerations, arising under the provisions of this lease, and not paid when due" includes but is not limited to any amounts determined by Lessor to have been due to Lessor if, in the judgment of Lessor, an audit by Lessor of the accounting statement and records required by paragraphs 2(b) and 2(c) of Section 3 hereof, shows that inaccurate, unreasonable or inapplicable information contained or utilized in the statement resulted in the computation and payment to the State of less royalties or rentals than actually were due to the State.

4. REQUIRED PRODUCTION:

Lessee agrees to produce or extract from the Leased Lands, combined with the adjoining lands of Lessee as described in paragraph 3 of Section 2, an annual minimum of 5,000 cubic yards of rock, sand and gravel.

5. ENVIRONMENTAL IMPACT:

Negative Declaration ND 36, State Clearinghouse No. SCH88022315 was prepared for this project by the staff of the State Lands Commission and circulated for public review pursuant to the provisions of CEQA. A copy of the Negative Declaration is attached hereto as Exhibit A and incorporated herein as though set forth in full.

6. WASTE OF RESOURCES, DAMAGE, LOSS AND LIABILITY:

Lessee shall use all reasonable precautions to prevent waste of, damage to, or loss of mineral resources and wildlife on or in the Leased Lands and shall be liable to Lessor for any such waste, damage or loss to the extent that such waste, damage, or loss is caused by (1) the negligence of Lessee, its employees, servants, agents or contractors; (2) the breach of any provision of this lease by Lessee, its employees, servants, agents or contractors; or (3) the noncompliance of the Lessee, its employees, servants, agents or contractors,

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with applicable statutes or rules and regulations of Lessor provided, however, that nothing herein shall diminish any other rights or remedies which Lessor may have in connection with any such negligence, breach or noncompliance. With respect to any other such damage or loss, Lessee agrees to indemnify, save Lessor harmless and, at the option of the State, defend, except in matters involving Lessor's title, Lessor against any and all losses, damages, claims, demands or actions caused by, arising out of, or connected with the operations of the Lessee hereunder as are more specifically provided under paragraph 18 of Section 3 hereof.

8. ENTRY BY LESSOR:

Lessor, or persons authorized by Lessor, shall have the right, at all reasonable times, to go upon the Leased Lands for the purpose of inspecting the same, for the purpose of maintaining or repairing said premises, for the purpose of placing upon the property any usual or ordinary signs, for fire or police purposes, to protect the premises from any cause whatever, or for purposes of examining and inspecting at all times the operations, improvements, machinery, and fixtures used in connection therewith, all without any rebate of charges and without any liability on the part of Lessor, for any loss of occupation or quiet enjoyment of the premises thereby occasioned.

9. NOTICES:

(a) All notices to Lessee or Lessor herein provided to be given shall be deemed to have been fully given when made in writing and deposited in the United States mail, return receipt requested and postage prepaid, addressed as follows:

To the Lessor:

State Lands Commission
424 West Broadway, Suite 424
Long Beach, CA 90802

To the Lessee:

As set forth in Section 1 hereof



The addresses to which the notices shall be mailed as aforesaid to either party may be changed by written notice given by such party to the other as hereinabove provided.

(b) All notices to Lessee herein provided to be given shall also be deemed to have been fully given if made in writing and personally served upon Lessee or any officer thereof.

(c) All payments specified in this lease shall be made to Lessor at the address provided in paragraph 9(a) above.

10. EXAMINATION OF BOOKS:

Lessee hereby waives any and all rights and objections it may have to prevent an examination of the books and records at reasonable times of any individual, association, or corporation which has transported for, or received from Lessee, any minerals extracted or produced from the Leased Lands, combined with the adjoining lands of Lessee as described in paragraph 3 of Section 2. Further, Lessee waives any and all rights and objections it may have to prevent an examination and inspection of the books and records at reasonable times of the Lessee or of any such individual, association or corporation with respect to such individual's, association's, or corporation's or to Lessee's operations, improvements, machinery and fixtures used or in connection with the Leased Lands, combined with the adjoining lands of Lessee as described in paragraph 3 of Section 2.

11. WAIVER OF USE OF DATA:

(a) Lessee does hereby waive any statutory or other right or objection to prevent disclosure to Lessor or a duly authorized employee or representative of Lessor of any information, reports, data, or studies of any kind, filed by Lessee with any public agency, federal, state or local, relating to the Leased Lands, or any operations carried out in connection with the lease, irrespective of

whether such information, reports, data or studies of any kind contain sensitive or proprietary or confidential information or trade secrets. Any and all such information, reports, data, or studies of any kind filed by Lessee with any public agency, federal, state or local, including all information filed with, pursuant to any paragraph or Section 1 of this lease, shall be available at all times for the use of Lessor or its duly authorized representatives for any purpose. Notwithstanding any provisions hereof, however, any information, reports, data or studies obtained by Lessor from any public agency and which are not public records shall be deemed to have been "obtained in confidence" for purposes of Government Code Section 6254(e) and may be disclosed to other persons only with the written consent of Lessee or upon a determination by Lessor that such disclosure is in the public interest.

(b) Lessee agrees to supply to Lessor within thirty (30) days of Lessor's request, all physical and factual exploration results, logs, surveys and any other data in any form resulting from operations under this lease or from any surveys, tests, or experiments conducted on the Leased Lands by Lessee or any person or entity acting with the consent of Lessee or with information or data provided by Lessee. Lessee agrees to supply to Lessor within thirty (30) days of Lessor's request, the results of all geological, geophysical or chemical experiments, tests, reports and studies, interpretive or factual, irrespective of whether the results of such tests, experiments, reports or studies contain sensitive, proprietary or confidential information or trade secrets. Lessee further agrees that any statutory or other rights or objections it might have to prevent disclosure of any such tests, experiments, reports or studies referred to in this paragraph 11 to Lessor are hereby waived. Notwithstanding any provisions hereof, however, all data and documents supplied by Lessee

pursuant to this section shall be deemed to have been "obtained in confidence" for purposes of Government Code Section 6254(e) and may be disclosed to other persons only with the written consent of Lessee or upon a determination by Lessor that such disclosure is in the public interest.

12. PRESERVATION OF PROPERTY, WASTE DISCHARGE:

Lessee shall carry on all work hereunder with due regard for the preservation of the property covered by this lease with due regard to the environmental impact of its operations in accordance with the following terms and conditions:

(a) Lessee shall remove equipment and facilities within ninety (90) days after Lessee has ceased making use thereof in its operations.

(b) All permanent operating sites shall be landscaped or fenced so as to screen them from public view from public roads to the maximum extent practical. Such landscaping or fencing shall be approved in advance by Lessor and kept in good condition.

(c) All excavating and production operations shall be conducted in such manner as to eliminate as far as practicable dust, noise, vibration or noxious odors. Operating sites shall be kept neat, clean and safe. Operations shall be conducted so as to prevent widespread deposition of dust. Detrimental material deposited on trees and vegetation shall be removed. The determination as to what is detrimental is a responsibility of Lessor.

(d) Any operations disturbing the soil surface, including road building, construction and movement of heavy equipment in support of or relating to specific mineral extraction or production activities shall be conducted in such a manner as will not result in unreasonable damage to trees and plant cover, soil erosion, or in the degradation of waters of the state, including fish and aquatic habitat.

(e) Pollution of rivers, lakes or other bodies of water, and all impairment of and interference with bathing, fishing or navigation in such waters is prohibited, and no refuse of any kind from any extraction or production activities shall be permitted to be deposited on or pass into waters of any rivers, lakes or other bodies of water without specific written State authorization.

(f) Access to extraction or production sites by the public shall be controlled by Lessee to prevent accidents or injury to persons or property.

(g) The above are in addition to, and not to be construed as limitations upon, all other rules, regulations, restrictions, mitigation measures and all other measures designed to restrict, limit, modify or minimize the environmental impact of operations carried out pursuant to this lease.

13. EXISTING RIGHTS:

This lease is issued subject to all existing valid rights as of the date of execution hereof, and such rights shall not be affected by the issuing of this lease. In the event the Leased Lands have been sold by the State of California, subject to mineral reservation, Lessee agrees to follow such conditions and limitations prescribed by law.

14. OTHER EASEMENTS AND INTERESTS:

To the extent of the right, title and interest of the State of California in the Leased Lands, Lessor shall have the right at any time during the term of this lease, or any extension thereof, to grant to any person upon such terms as it may determine such easements, rights-of-way, permits, leases or other interests in the Leased Lands, including easements for tunnels or wells bored through or in the Leased Lands as Lessor may, in its discretion, determine to be necessary or appropriate, provided, however, interests which unreasonably

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interfere with or endanger Lessee's operations shall not be granted.

15. COMPLIANCE WITH LAWS AND RULES:

Lessee shall comply with all valid laws of the United States and of the State of California and with all valid ordinances of cities and counties applicable to Lessee's operations hereunder, including without limitation by reason of the specification thereof, Lessee's compliance with all provisions of the Public Resources Code, the Administrative Code and the Statutes of California. Lessee further agrees without limitation by reason of the specification thereof to comply with all provisions of Division 2 and Division 6 of the Public Resources Code, Statutes of California, applicable to Lessee's operations hereunder and with all rules and regulations as may from time to time be issued by the State, or by other state agencies, applicable to the Lessee's operations hereunder. Lessee also agrees that, in its employment practices hereunder, it shall not discriminate against any person because of race, color, religion, sex, ancestry or national origin.

16. WORKMEN'S COMPENSATION INSURANCE:

Lessee shall at all times in any and all operations under this lease and in any and all work in and upon the Leased Lands, carry full and complete Workmen's Compensation Insurance covering all employees.

17. BOND:

Lessee shall furnish and shall thereafter maintain a bond in favor of the State of California in the sum specified in paragraph 3 of Section 1 hereof to guarantee the faithful performance of Lessee of the requirements, terms, covenants and observance of the conditions of this lease and of the provisions of the Public Resources Code and the rules and regulations of the State. Said bond shall require the surety to give at least ninety (90) days' written notice of its intention to cease acting as guarantor. If a surety gives

notice of its intention to cease acting as guarantor, the Lessee shall provide to Lessor within sixty (60) days of such notice a replacement bond of equal value to become effective upon the expiration of the existing bond. Failure to provide such a replacement bond within the required time shall constitute a default entitling Lessor to levy against the entire amount of the existing bond. Lessee agrees that in no event shall the amount of the bond be construed as a limitation on its liability. In place of a Corporate Surety Bond, Lessee may post cash, pledge a deposit account or provide an irrevocable stand by letter of credit from a state or nationally chartered bank.

18. INDEMNIFICATION:

To the extent hereafter provided, Lessee agrees to indemnify, save harmless and, at the option of Lessor, defend, except in matters involving title, the State of California, its officers, agents and employees against any and all claims, losses, demands, causes of action or liability of any kind which may be asserted against or imposed upon the State of California or any of its officers, agents or employees by any third person or entity arising out of or connected with operations hereunder, or the use by Lessee or its agents, employees or contractors of the land. Without limiting the generality of the foregoing, such indemnification shall include any claim, loss, demand, cause of action or liability of any kind asserted against or imposed upon the State of California or any of its officers, agents or employees arising out of or connected with any alleged or actual violation by Lessee, its agents, employees or contractors of property or contractual rights of any third person or entity. This provision shall not be construed so as to require Lessee to indemnify the State for any alleged acts or negligence or other wrongful act of the State or any officer, agency or employee thereof, except to the extent that such negligence or other wrongful act is alleged to consist of the issuance of this lease or the adoption and

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enforcement of the provisions set forth in the lease or in the rules and regulations in effect at the time of the issuance of this lease, or in any alleged failure to the State to adequately enforce any such provisions, provided further that said indemnification shall be limited as follows:

(a) That the foregoing indemnity specified in the lease and regulations is not intended to nor shall it be construed to require the Lessee to defend Lessor's title to mineral resources and that, in the case of litigation involving the titles of the Lessee and Lessor, Lessee and Lessor will join in defending their respective interests, each bearing the cost of its own defense.

(b) For the purpose of satisfying any judgments, settlements, claims or liabilities for damages or trespasses to land or mineral resources resulting from a judicial determination that Lessor has no title to the land or mineral resources in the Leased Lands and that the owner thereof is entitled to payment for resources extracted under the lease, this indemnification will be limited to any Lessor liability in excess of the monies received by Lessor in the form of royalties or other payments, as owner of the mineral resources, including any interest actually earned thereon.

At the option of Lessor, Lessee shall procure and maintain liability, property damage or other insurance for the benefit of Lessor in an amount satisfactory to Lessor.

19. SUSPENSION OF OPERATIONS

(a) The State may temporarily suspend production or any other operation by the Lessee under this lease whenever the State finds that the operation, unless suspended, would pose an immediate and serious threat to life, health, property or natural resources. The suspension shall be effective immediately upon either oral or written notice by the State to the Lessee. Any oral notice shall be followed by written confirmation from the

State. The State shall lift the suspension when the State finds, on the basis of evidence submitted by the Lessee or otherwise available, that resumption of the suspended operation or operations would no longer pose an immediate and serious threat to life, health, property or natural resources. If the State orders suspension of operations because their continuation would or might cause or aggravate erosion of the leased lands or other properties, the operations shall be resumed only in compliance with a State approved program for erosion prevention.

(b) No suspension ordered or approved under this paragraph shall relieve the Lessee from any obligation under this lease unless specifically provided in the terms of the suspension.

20. BREACH:

In the event of Lessee's failure to comply with any of the provisions of this lease, or with any regulation or laws applicable thereto and in force during the period of the lease, Lessor reserves the right, following a 90-day written notice of breach and opportunity to cure as provided by paragraph 28 of Section 3, to declare a forfeiture and cancel this lease subject to paragraph 27 of Section 3 thereof. In the event of the cancellation of this lease, Lessee shall comply with the restoration, reclamation and removal conditions specified in paragraph 26 of Section 3 hereof.

21. WAIVER OF BREACH:

The waiver by Lessor of any default or breach of any term, covenant or condition shall not constitute a waiver of any other default or breach whether of the same or of any other term, covenant or condition, regardless of Lessor's knowledge of such other defaults or breaches. The subsequent acceptance of monies hereunder by Lessor shall not constitute a waiver of any preceding default or breach of any term, covenant or condition, other than the failure of Lessee to pay the particular monies so accepted, regardless of Lessor's knowledge

of such preceding default or breach at the time of acceptance of such monies, nor shall acceptance of monies after termination constitute a reinstatement, extension or renewal of the lease or revocation of any notice or other act by Lessor.

22. SOLVENCY:

In the event that Lessee at any time during the term hereof is insolvent under any of the provisions of the Federal Bankruptcy Act or makes a voluntary assignment of his assets for the benefit of creditors, or is adjudged a bankrupt, either upon Lessee's voluntary petition in bankruptcy, or upon the voluntary petition of Lessee's creditors, or any of them, or should an attachment be levied and permitted to remain for any unreasonable length of time upon or against the interest, rights or privileges of Lessee in and to all mineral resources extracted, produced and saved from the Leased Lands by reason of Lessee's operations thereon, then upon election by Lessor, all of the interest, rights and privileges of Lessee in and to all mineral resources extracted, produced and saved from the Leased Lands by reason of Lessee's operations thereon, shall terminate upon receipt of written notice from Lessor advising that Lessor has so elected. In such event Lessor shall have, and Lessee by the acceptance hereof, hereby gives Lessor the right, option and privilege to cancel and terminate this lease and all of the terms and provisions granted hereby, and all of the rights and privileges of Lessee in and to or upon the Leased Lands, and in and to any mineral resources extracted, produced and saved from the Leased Lands by reason of Lessee's operations thereon, and all of Lessee's rights and privileges granted by this lease shall terminate immediately upon receipt of written notice from Lessor that Lessor has so exercised its option.

23. ASSIGNMENT AND SUBLETTING:

Lessee may assign or transfer this lease or any interest therein and may sublet said land or any part thereof, as provided in Public Resources Code Section 6804, to any

person, association of persons, or corporation, who at the time of such assignment, transfer or sublease possesses the qualifications required of Lessees by Division 6, Part 2, Chapter 3 of the Public Resources Code, subject to the prior written consent of the State. Such written consent to an assignment, transfer or sublease may be conditioned upon the altering, changing or amending of this lease, the acceptance of additional consideration or participation of Lessor in any consideration received by the Lessee or its successors in interest for such assignment, transfer or sublease, as is deemed to be in the best interest of Lessor. The consent to any transfer of any interest of this lease shall not be deemed a consent to any subsequent assignment, subletting or occupancy or use by another person. Any assignment, transfer or subletting without such consent, whether voluntary or by operation of law, shall be void and transfer no rights to the purported transferee; further, any such attempted transfer shall be a breach of the lease and shall at the option of Lessor terminate this lease. However, the above provision shall not prevent Lessee from subcontracting parts of the work to be performed without Lessor approval so long as Lessee remains responsible to Lessor. Upon approval of any assignment, transfer or sublease, the assignee, transferee or sublessee shall be bound by the terms of this lease to the same extent as if such assignee, transferee or sublessee were the original lessee, any conditions in the assignment, transfer or sublease to the contrary notwithstanding.

24. SUCCESSORS:

The covenants and conditions herein contained shall, subject to the provisions of any assignment, apply to and bind all heirs, successors, executors, administrators and assigns of all of the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

25. MODIFICATION OF LEASE:

Whenever it appears to be in the public interest, the parties hereto by mutual agreement in writing, may alter or modify the terms of this lease, or may terminate the same, with such adjustments and for such considerations as may be fair and equitable in the circumstances.

26. QUITCLAIM:

Lessee may at any time make and file with Lessor a written quitclaim of all rights under this lease. Such quitclaim shall be effective as of the date of its filing, subject to the continued obligation of the Lessee and his surety to make all payments of all rentals and royalties therefor accrued, and Lessee will immediately and, at its own expense and risk, restore the land to any environmentally safe and usable condition with due care to carry out all obligations imposed by this lease. No such quitclaim shall release Lessee or his surety from any liability for breach of any obligation of this lease with respect to which Lessee is in default at the time of the filing of such quitclaim or relinquishment.

27. SURRENDER OF PREMISES:

If Lessee is not the surface owner at the time of the expiration of this lease, or sooner termination thereof, the Lessee shall deliver up and surrender possession of the Leased Lands with all improvements, structure and fixtures thereon in good order and condition; alternatively, and at the option of Lessor and as specified by Lessor, Lessee, who is not the surface owner at the expiration of this lease, or sooner termination thereof, shall deliver up and surrender possession of the Leased Lands after removing all or any part of the improvements, structures and fixtures, and other things which have been put upon the Leased Lands by Lessee, removing such of the same as shall be required by lessor within ninety (90) days, and otherwise restore the premises and replant those areas designated by Lessor.

28. CANCELLATION:

This lease may be forfeited and cancelled upon the failure of the Lessee after ninety (90) days' written notice and demand to comply with any of its provisions or with the laws, rules or regulations thereto.

29. FORCE MAJEURE:

The obligations imposed upon Lessee by the provisions of this lease may be suspended during such time as Lessee is prevented from complying therewith by wars, riots, acute and unusual labor or material shortages, acts of God, laws, rules and regulations of any federal, state, county or municipal agency or by such other unusual conditions as are beyond the control of the Lessee.

30. TIME OF ESSENCE:

Time is of the essence in this lease.

31. RELATIONSHIP OF THE PARTIES:

In performing obligations arising under this lease, it is understood that this lease does not constitute, and the parties hereto do not intend it to create among the parties or their successors in interest a partnership, or joint venture or the relationship of master and servant, or principal and agent.

32. SEVERABILITY:

If any provision herein is judicially determined to be invalid, it shall be considered deleted herefrom and shall not invalidate the remaining provisions.

33. TAXES:

(a) Lessee shall pay, when due, all taxes and assessments lawfully assessed and levied under the laws of the State or of any political subdivision thereof or the United States of America, against any and all improvements, property or assets of Lessee situate upon the Leased Lands or other rights of Lessee arising out of the lease.

(b) Lessee recognizes and understands in accepting this lease that it may be liable for a possessory interest

tax imposed by a city or county on its leasehold interest and that its payment of such a tax shall not reduce the amount of consideration due Lessor under this lease and that Lessor shall have no liability for the payment of such a tax.

34. CAPTIONS:

The captions in this lease are for convenience only and are not a part of this lease and do not in any way limit or amplify the terms and provisions of this lease.

IN WITNESS WHEREOF, the parties hereto do execute this lease.

STATE OF CALIFORNIA
STATE LANDS COMMISSION

Dated: _____

By _____
W. M. THOMPSON, Chief
Extractive Development Program

(Lessee)

Dated: _____

By _____
Title _____

CORPORATE SEAL,
if corporation