

MINUTE ITEM
This Calendar Item No. 66
was approved as Minute Item
No. 66 by the State Lands
Commission by a vote of 3
to 0 at its 2/6/89
meeting.

CALENDAR ITEM

A)
) Statewide
S)

66

02/06/89
W 23617
Chatfield

MEMORANDUM OF UNDERSTANDING

APPLICANT: Bureau of Land Management
2800 Cottage Way
Sacramento, California 95825

STATUTORY AND OTHER REFERENCES:

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

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. The State Office of the Bureau of Land Management (BLM) and the State Lands Commission (SLC) are engaged in a long-range program of statewide exchanges for mutual public benefit. Up to 350,000 acres represented by some 700 parcels of school lands and mineral interests, principally in the California Desert Conservation Area (CDCA), will be considered as possible offered lands for this program, along with their value-equivalent in candidate selected federal lands and reserved mineral interests.
2. Equal value in exchanges must be met by Fair Market Value appraisals of the total bundle of rights transferred. However, market transactions used in appraisals

CALENDAR ITEM NO. 66 (CONT'D)

typically do not indicate allocations of dollar value to mineral potential. The cost to do such an appraisal is generally far more than surface land values warrant. Appraisals cannot include "add-on" value for any undefined mineral potential. Because of these difficulties, mineralized parcels in exchanges are frequently deleted, leaving only the essentially nonmineral parcels.

However, the staffs of both agencies have devised a method to include mineralized parcels in these land exchanges. This approach approximately balances their potentials for mineral development without detailed, time consuming and expensive mineral appraisals. This methodology has been embodied in a Memorandum of Understanding prepared jointly by the staffs of the SLC and BLM.

3. The method includes: (1) agreement upon mineral reporting format, terms and assumptions by consulting together at critical stages; (2) a matrix approach to facilitate comparisons and balancing of mineral potentials; (3) agreement on parcels to be excluded; and (4) flexibility in judging comparability.
4. Both agencies recognize that over time, the potential for relative advantage is equal between them, and that the public benefit and cost-effectiveness of this method are high.
5. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA under the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The staff believes there is no possibility that this project may have a significant effect on the environment.

Authority: 14 Cal. Code Regs. 15061(b)(3).

CALENDAR ITEM NO. 66 (CONT'D)

EXHIBIT: A. Memorandum of Understanding

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THERE IS NO POSSIBILITY THAT THE ACTIVITY MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT. (14 CAL. CODE REGS. 15061(b)(3))
2. AUTHORIZE EXECUTION OF MEMORANDUM OF UNDERSTANDING BY AND BETWEEN THE STATE LANDS COMMISSION AND THE BUREAU OF LAND MANAGEMENT ESTABLISHING PROCEDURES FOR THE EXCHANGE OF MINERAL PROPERTIES SET FORTH IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

MEMORANDUM OF UNDERSTANDING
 BETWEEN
 CALIFORNIA STATE LANDS COMMISSION
 AND
 CALIFORNIA STATE OFFICE OF BUREAU OF LAND MANAGEMENT
 REGARDING
 TREATMENT OF MINERAL POTENTIAL IN LAND EXCHANGES

WHEREAS:

1. The California State Office of the Bureau of Land Management (BLM) and the California State Lands Commission (SLC) have agreed to a long range program of statewide land exchanges for mutual public benefit. Up to 400,000 acres in some 700 parcels of school lands and mineral interests will be considered as possible offered lands for this program, along with their value-equivalent in candidate selected Public Lands and Reserved Mineral Interests; AND
2. Equal value for all rights transferred in exchanges must be met by Fair Market Value appraisals. Therefore it cannot include "add-on" value for any undefined mineral potential (Uniform Appraisal Standards for Federal Land Acquisitions, 1973, pg.6); AND
3. Market transactions indicating allocations of dollar value to mineral potential have to date proved non-existent; AND
4. The cost to determine the dollar value of the mineral potential of a parcel is generally in excess of the surface value; AND
5. Both agencies are willing to develop and facilitate a procedure to allow exchanges of land with mineral potential without detailed, time consuming and expensive evaluation of mineral potential. Under this procedure the purpose of the Federal Land Policy and Management Act (FLPMA), and California Public Resources Code and State Lands Commission policy, will be satisfied and the public interest served;

NOW THEREFORE:

1. For exchanges in this program BLM and SLC will each prepare mineral reports and summary tables (as shown on attachment 2) on their respective lands, and then submit them for review by the other agency. Mineral reports will be exchanged as they become available. All reports (including appraisal reports and title encumbrance reports) will be organized in the parcel order of the Notice Of Realty Action to permit direct

comparisons.

2. For all exchange parcels evaluated for mineral potential, BLM and SLC will each prepare matrices of its respective parcels for comparison, using the model in Attachment 2, accompanying the mineral reports. Since each party will serve as an agent of the other in preparing required documentation, mineral reports will be prepared and submitted for review with originals of maps and photographs attached to the report.

3. Mineral evaluation staffs of both agencies shall be responsible for ensuring that procedures, premises and assumptions employed in SLC and BLM mineral reports are consistent and comparable with each other, and are fully stated. To that end, mineral staffs involved should meet before beginning any mineral reports, and again prior to preparation of final mineral reports. The object of this communication is to facilitate subsequent comparisons of parcels for exchange.

4. The format will be that described in the BLM "3060 manual" and the terms as defined in the "3031 manual" (see Attachment 1). Reports should answer the obvious and anticipated questions so reviewers of both agencies can concentrate on substance, not form.

5. Estimated acreage of the mineralized area should be listed in the report and in the matrix; otherwise the parcel acreage will control. Entire contiguous parcels will not usually be assigned to a single mineral potential unless substantially all of the parcel shares that potential. "Contiguous" in this context excludes parcels touching only at the corners.

6. If the Highest And Best Use is determined by the appropriate agency appraiser to be mineral production for all or part of any parcels, these will ordinarily be set aside for further study, and if appropriate, ultimately dropped from the exchange. Otherwise, no dollar values will be assigned to general mineral potential except as shown by confirmed market transactions, or by appraisals based on exploration data sufficient to support a valuation.

7. In most cases public lands encumbered by unpatented mining claims will not be appropriate for exchange. Lands of both parties currently leased or under application for lease or permit ordinarily will be excluded from further consideration for exchange unless mutually agreed to by both parties. Appraisal reports should also reflect the presence of such situations.

8. It is acknowledged that state school lands have access for development in the manner contemplated by the trust under which they were granted. Therefore in exchanges under this agreement the Fair Market Value of school lands will not be discounted for lying within, for example, Wilderness Study Areas, or for being totally landlocked by surrounding federal land. These lands will be appraised in consideration of the right of reasonable access to the surface and subsurface estates.

9. Parcels rated as Low mineral potential or less, with any level of certainty, will be exchanged without further mineral comparisons or considerations. Parcels rated as Moderate potential or better, with any level of certainty, will be subject to further consideration under this MOU as outlined below.

10. The appropriate BLM District Manager and the SLC Minerals Program Manager (or their delegates), with their respective mineral staffs, jointly will determine rough equivalence of potential for High mineral potentials, and Moderate potential parcels with C or D levels of certainty. Where potentials are roughly comparable, the respective acreages may be used as the basis for equivalence.

11. The intent of this agreement is that equivalence of mineral potential does not require parcel by parcel, high for high or moderate for moderate matching with identical commodities, mineral concentration characteristics, or the quality of mineralization, if these are known. Instead, it is the goal of both agencies to seek agreement on overall equivalence of potential. Attempts should be made to overcome problems or disagreements about equivalence by seeking equivalence with other parcels. It is recognized that, following the evaluation process as outlined above, some parcels of selected or offered lands may be delayed in processing pending identification of appropriate exchange candidates, or determined to be unsuitable for voluntary exchange.

12. Due to the state generally selecting lands of higher surface use value than it is giving up, a difference may exist between acreages of mineral potential in exchange proposals. In those instances, SLC may include selection of federal Reserved Mineral Interests in patented lands of the appropriate mineral potential to balance the exchange. Appraised values of the entire exchange must still balance within acceptable tolerance.

13. Both BLM and SLC expect to receive and give up parcels which have advantages or disadvantages from a mineral or surface development perspective (e. g., access, distance to market, environmental considerations and other extractive problems). The opportunity for diverse professional interpretation of available data in mineral reports, and for uncertainty due to lack of information, is the same for both agencies. The parties agree that, over the term of the exchange program, neither agency will be disadvantaged in considering all resource management opportunities.

14. This agreement may be amended or terminated by the agreement of both parties at any time; however, it is the intent of the parties that it continue in force until the conclusion of any exchange then in progress. This agreement does not obviate the need to enter into exchange-specific agreements for cost sharing, scheduling, assignment of responsibilities and other purposes. Both the SLC Executive Officer and BLM State Director recognize the need to complete exchanges in a timely and expeditious manner. The parties hereto agree to actively pursue the completion of exchanges which incorporate both surface and mineral values and solve land management problems on both sides.

Entered into this _____ Day of _____, 198_.

Department of the Interior
Bureau of Land Management

California State Lands Commission

State Director

Executive Officer

Date _____

Date _____

3031 - ENERGY AND MINERAL RESOURCE ASSESSMENT

Mineral Potential Classification System*

I. Level of Potential

- O. The geologic environment, the inferred geologic processes, and the lack of mineral occurrences do not indicate potential for accumulation of mineral resources.
- L. The geologic environment and the inferred geologic processes indicate low potential for accumulation of mineral resources.
- M. The geologic environment, the inferred geologic processes, and the reported mineral occurrences or valid geochemical/geophysical anomaly indicate moderate potential for accumulation of mineral resources.
- H. The geologic environment, the inferred geologic processes, the reported mineral occurrences and/or valid geochemical/geophysical anomaly, and the known mines or deposits indicate high potential for accumulation of mineral resources. The "known mines and deposits" do not have to be within the area that is being classified, but have to be within the same type of geologic environment.
- ND. Mineral(s) potential not determined due to lack of useful data. This notation does not require a level-of-certainty qualifier.

II. Level of Certainty

- A. The available data are insufficient and/or cannot be considered as direct or indirect evidence to support or refute the possible existence of mineral resources within the respective area.
- B. The available data provide indirect evidence to support or refute the possible existence of mineral resources.
- C. The available data provide direct evidence but are quantitatively minimal to support or refute the possible existence of mineral resources.
- D. The available data provide abundant direct and indirect evidence to support or refute the possible existence of mineral resources.

For the determination of No Potential use O/D. This class shall be seldom used, and when used it should be for a specific commodity only. For example, if the available data show that the surface and subsurface types of rock in the respective area is batholithic (igneous intrusive), one can conclude, with reasonable certainty, that the area does not have potential for coal.

* As used in this classification, potential refers to potential for the presence (occurrence) of a concentration of one or more energy and/or mineral resources. It does not refer to or imply potential for development and/or extraction of the mineral resource(s). It does not imply that the potential concentration is or may be economic, that is, could be extracted profitably.

MINERAL POTENTIAL TABLE
FOR
EXCHANGES BETWEEN BLM AND STATE OF CALIFORNIA

Para. Parcel	Top/Rge/Sec/Subdiv	Parcel Mineral Commodity & Acreage (Approximate Acreage)	Level of Potential - High (H), Moderate (M), Low (L), Zero (D), or No Data (ND)	Level of Certainty A, B, C or D	Deposit Characteristics of Mineral Concentration i.e. Depth, Thickness, Quality of Mineralization	MC	Mining Claims (MC), Leases (L) or Surface Use (SU)	COMMENTS, RECOMMENDATIONS	Parcel Will Need Further Consideration Yes or No
1	T. 16 N., R. 26 E., 24 SW SW	40 Gold (40)	H	C	Vein Deposits	MC	40 acres	Mining claims are present	Yes
2	T. 15 N., R. 27 E., 19, SW	160 Sand and gravel (160)	H	D	10' thick, well sorted	None	None	No demand - 100 miles from market	No
3	T. 15 N., R. 27 E., 11, All	640 Gold (300) Limestone (80)	L	C	Desseminated	None	None	80 acres of high quality limestone. Need 1/2 acre from State	Yes
			M	D	20' thick, 95% CaCO ₃	None	None	No leases	No
4	T. 13 N., R. 25 E., 12	640 Oil and Gas (All)	L	D		None	None		No
			M	A		None	None	Mining claims relinquished in 1987	No
	T. 6 S., R. 4 N., 14, SW	160 Barium Compounds (80)	M	A		None	None		No
			H	D	10' thick	None	None	Need 1/2 acre from State	Yes
	T. 4 S., R. 5 E., 12, SW	160 Silver, Lead Barite	M	B	Vein Deposits	None	None	Sand & Gravel near Barstow High demand for this material, should be highest and best use for appraisal purposes	Yes
			L	C		None	None		No

CALENDAR PAGE 6
MINUTE PAGE

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