

MINUTE ITEM
This Calendar Item No. C06
was approved as Minute Item
No. C06 by the State Lands
Commission by a vote of 2
to 0 at its 3/6/91
meeting.

CALENDAR ITEM

A 30

S 37

C 0 6

03/06/91

W 40619 PRC 7500
W 40620 PRC 7501
W 40621 PRC 7502
W 40622 PRC 7503
Kruger

APPROVE FOUR MINERAL PROSPECTING PERMITS
TO PROSPECT FOR VALUABLE MINERALS
OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES,
AND SAND AND GRAVEL ON 2,560 ACRES OF
STATE-OWNED SCHOOL LANDS, IMPERIAL COUNTY

APPLICANT:

Fischer-Watt Gold Company, Inc.
1805 Wedgemere Road
El Cajon, California 92020

PROPOSED AUTHORIZATION:

Approval of four mineral prospecting permits to conduct a geologic mapping and surface sampling program for precious metals and valuable minerals other than oil, gas, geothermal resources, and sand and gravel on a total of 2,560 acrs of vacant, State-owned school lands located in northwest Imperial County.

CONSIDERATION:

Filing fee of \$100 and the acreage deposit of \$2,560 in addition to \$3,000 to cover processing fees under Reimbursement Agreement R05690 for a total of \$5,660.

AREA, TYPE LAND AND LOCATION:

Parcel 1: W 40619 - 640 acres of vacant, State-owned school land described as Section 8, T10S, R9E, SBM, Imperial County, approximately five (5) miles northwest of Salton City, CA.
Parcel 2: W 40620 - 640 acres of vacant, State-owned school land described as Section 10, T10S, R9E, SBM, Imperial County, approximately 5 miles northwest of Salton City, CA.

CALENDAR ITEM NO. C 0 6 (CONT'D)

- Parcel 3: W 40621 - 640 acres of vacant, State-owned school land described as Section 14, T10S, R9E, SBM, Imperial County, approximately 5 miles northwest of Salton City, CA.
- Parcel 4: W 40622 - 640 acres of vacant, State-owned school land described as Section 22, T10S, R9E, SBM, Imperial County, approximately 5 miles northwest of Salton City, CA.

PROPOSED PROJECT:

The Applicant proposes to conduct mineral prospecting for precious metals. The proposed activity includes geologic mapping and surface sampling using hand tools. There will be no new surface disturbance during this activity. A four-wheel drive vehicle will be used for access and will stay on existing dirt roads and jeep trails. Geologic recon-naissance in off-road areas will be conducted on foot. Samples obtained for analysis will be removed to an off site location for assay tests.

After completion of the surface mapping and sampling program, the Applicant could then apply for a permit amendment providing for other activity such as exploratory drilling. This would be subject to necessary CEQA review process and further consideration by the Commission. The Applicant could also apply for a prospecting permit extension.

It is the position of the Commission that the proposed surface phase of prospecting does not establish the existence of an economic mineral discovery under accepted mineral exploration procedures, and completion of such surface exploration shall not be the basis for a mineral extraction lease.

TERM:

The primary term of this mineral prospecting permit, as described in the application submitted by Fischer-Watt Gold Company, Inc. and detailed herein, shall be one year. The Commission, in its discretion, may extend the term for additional periods not to exceed one year each. In no event shall the term of any permit exceed three years.

CALENDAR ITEM NO. C 0 6 (CONT'D)

ROYALTY:

Royalty payable under these permits shall be 20 percent of the gross value of the minerals secured from the permitted area and sold, or otherwise disposed of or held for sale or other disposition.

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

1. Required statutory filing fee, processing fee and acreage deposit have been submitted by the applicant.
2. The subject parcels are not known to contain commercially valuable mineral deposits.
3. Royalty payable under any preferential lease, that might be issued in the future, shall not be less than ten percent of the gross value of all mineral production from the leased lands, less any charges approved by the Commission made or incurred with regard to transportation and processing of the State's royalty share of production. The determination of the acceptable royalty charges shall be at the discretion of the Commission and set forth in the lease.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Section 6891.
- B. Cal. Code Regs.: Title 2, Section 2000.

AB 884:

Parcel 1: 07/04/91
Parcel 2: 07/04/91
Parcel 3: 07/04/91
Parcel 4: 07/04/91

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that the proposed activity is a categorically exempt project from the requirements of CEQA under Class 6: information collection where minimal disturbance of State property is involved, 2 Cal. Code Regs. 2905(e)(3).

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

CALENDAR ITEM NO. C 0 6 (CONT'D)

2. Pursuant to P.R.C. Section 6895, upon establishing to the satisfaction of the Commission that commercially valuable mineral deposits have been discovered within the limits of the permitted area, the Applicant would have a preferential right to a lease for a maximum of 2,560 acres embraced within the permits, if the Commission elects to issue a lease. Said right shall be subject to all necessary environmental approvals. The issuance of these permits shall not affect the discretion of the Commission in granting or denying such a lease because of environmental considerations.

As discussed above, the project subject to these permits (surface mapping and sampling) will not provide sufficient information to establish an economic mineral discovery and lead directly to an application for a preferential lease application, pursuant to Section 6895.

3. These mineral prospecting permits shall not provide for a performance bond or other security device in favor of the State until such time as the extent of further prospecting activity, including an exploratory drilling program, is proposed by the Applicant.
4. The subject parcels are not within a BLM Wilderness Study Area and not within crucial desert tortoise habitat. These parcels are also not within the area of proposed desert protection legislation.

APPROVALS OBTAINED:

Pursuant to P.R.C. Section 6890, the prospecting permit documents have been approved by the Office of the Attorney General as to compliance with the applicable provisions of the law.

EXHIBITS:

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

CALENDAR ITEM NO. C 0 6 (CONT'D)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE PROPOSED ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA, PURSUANT TO 14 CAL. CODE REGS. 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 6, INFORMATION COLLECTION, 2 CAL. CODE REGS. 2905(e)(3). THE PROJECT SHALL INCLUDE THESE PROSPECTING PERMITS AND ANY OTHER EXTENSION THE COMMISSION MAY GRANT IN ITS DISCRETION FOR THE PROJECT AS DESCRIBED IN THE PERMITS. ANY SINGLE EXTENSION SHALL NOT EXCEED A PERIOD OF ONE YEAR FOR EACH PERMIT, AND THE TOTAL TERM OF EACH PERMIT SHALL NOT EXCEED THREE YEARS.
2. DETERMINE THAT THE LANDS DESCRIBED IN THE PERMIT ARE NOT PRESENTLY KNOWN TO CONTAIN COMMERCIAI-LY VALUABLE MINERAL DEPOSITS.
3. AUTHORIZE THE ISSUANCE OF FOUR MINERAL PROSPECTING PERMITS TO FISCHER-WATT GOLD COMPANY, INC. FOR A PRIMARY TERM OF ONE YEAR EACH WHICH TERMS SHALL RUN CONCURRENTLY, FOR ALL MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES, AND SAND AND GRAVEL ON SECTIONS 8, 10, 14 AND 22, T10S, R9E, SBM, IMPERIAL COUNTY CONTAINING APPROXIMATELY 2,560 ACRES, IN ACCORDANCE WITH THE STANDARD FORM OF PERMIT. ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE THAT MIGHT BE ISSUED UPON THE DISCOVERY OF COMMERCIAI-LY VALUABLE MINERAL DEPOSITS SHALL NOT BE LESS THAN TEN PERCENT OF THE GROSS VALUE OF ALL MINERAL PRODUCTION FROM THE LEASED LANDS, LESS ANY CHARGES APPROVED BY THE COMMISSION MADE OR INCURRED WITH REGARD TO THE TRANSPORTATION AND PROCESSING OF THE STATE'S ROYALTY AND THE DETERMINATION OF THE ACCEPTABLE ROYALTY CHARGES SHALL BE AT THE DISCRETION OF THE COMMISSION.

EXHIBIT "A"

W 40619
W 40620
W 40621
W 40622

LAND DESCRIPTION

Those four parcels of state owned lands situated in Imperial County, California , more particularly described as follows:

PARCEL 1

Section 8, T10S, R9E, SBM.(W 40619)

PARCEL 2

Section 10, T10S, R9E, SBM.(W 40620)

PARCEL 3

Section 14, T10S, R9E, SBM.(W 40621)

PARCEL 4

Section 22, T10S, R9E, SBM.(W 40622)

END OF DESCRIPTION

PREPARED JANUARY, 1991 BY LLB

CALENDAR PAGE	154
MINUTE PAGE	495

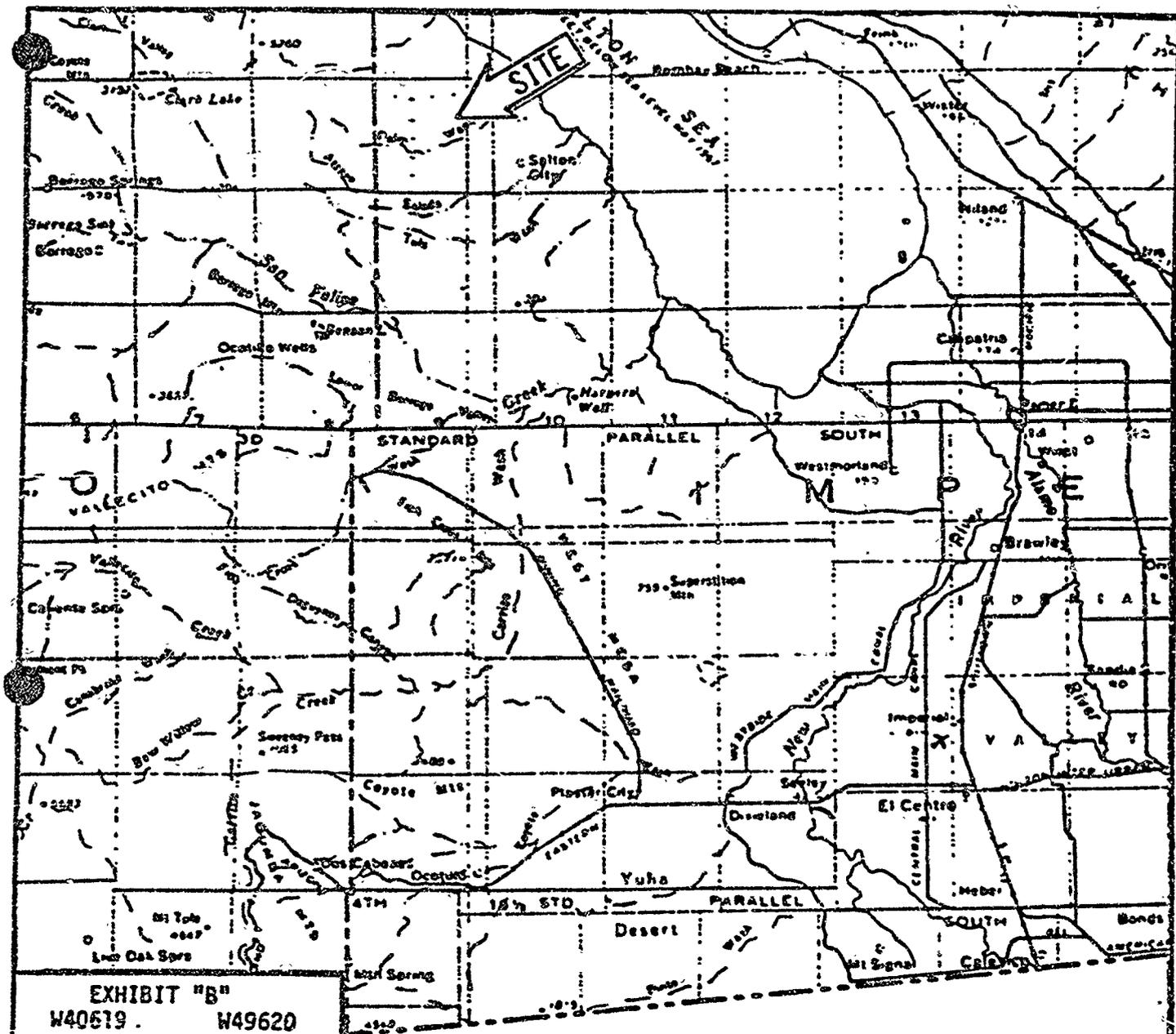


EXHIBIT "B"
 W40619 W49620
 W40621 W40622



X I C

