

MINUTE ITEM

This Calendar Item No. C17
was approved as Minute Item
No. 17 by the State Lands
Commission by a vote of 2
to C at its 11-5-91
meeting.

CALENDAR ITEM

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11/05/91

PRC 7468

Kruger

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APPROVE EXTENSION OF A PROSPECTING PERMIT
FOR VALUABLE MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES
AND SAND AND GRAVEL ON 640 ACRES OF
STATE-OWNED SCHOOL LAND, IMPERIAL COUNTY

PERMITTEE:

American Girl Mining Joint Venture
Attn: Joseph Sawyer
P. O. Box 879
Winterhaven, California 92283

CONSIDERATION:

Statutory filing fee of \$25 and \$725 in Reimbursement
Agreement R03791 for a total of \$750.

AREA, TYPE LAND AND LOCATION:

Approximately 640 acres of State-owned school land described
as Section 36, T14S, R20E, SBM, in the Cargo Muchacho
Mountains of southeast Imperial County, about 15 miles north
of Winterhaven, California.

PROPOSED PROJECT:

American Girl Mining has requested an extension of an
existing mineral prospecting permit. The permit was
approved by the Commission in October 1990, executed on
behalf of the State in November 1990 and became effective on
December 1, 1990. The initial term will expire on
November 30, 1991. The term of the proposed extension, if
approved, would be December 1, 1991 to November 30, 1992.

The permit authorizes mineral prospecting activities
consisting of geologic reconnaissance, including geologic
mapping and surface hand sampling. No surface disturbance
was authorized during this phase of the prospecting
activity. A four-wheel drive vehicle is used for access and
is limited to existing dirt roads and jeep trails. The
geologic reconnaissance is being conducted in virtually the
entire section. Personnel involved during this phase

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include the project geologist and probably one other person. Any activity in roadless areas will be conducted on foot.

During the proposed extension, surface hand sampling will take place mostly in the south half of the section, since rugged topography precludes sampling throughout the entire parcel. About 70 samples will be obtained from the surface by conventional hand sampling methods utilizing a rock pick and chisel. Samples are analyzed off-site for precious metals. The Permittee will also conduct a geophysical survey using a hand held magnetometer carried over the surface by one person. This will include about eight miles of survey lines sighted in with a compass and measuring tape. The lines will be identified with pin flags at intervals of about 100 feet.

The Permittee indicates that the additional mapping, hand sampling, and geophysical survey are necessary to interpret more fully the mineral potential of the parcel, and, therefore, has requested a one year extension to continue the surface phase of the exploration program in more detail. The goal will be to define a number of possible locations for testing mineral potential in a future exploratory drilling program. This more detailed activity cannot be finished by the Permittee during the initial term of the permit due to exploration commitments in the land holdings elsewhere. These commitments include an exploratory drilling program on another State section nearby (PRC 7384).

Activities conducted during the initial term by the Permittee included detailed geologic mapping of the surface of the parcel and taking about 30 samples from various locations for assay. Exploration data gathered thus far have been submitted to the Commission pursuant to conditions of the permit.

After examining the Permittee's request for permit extension, staff believes that there are no circumstances surrounding the project and no changes in the permitted activity of the project which indicate the proposed extension will have a significant adverse impact on the environment. No adverse impacts or irreversible environmental changes will result from activities to be conducted during the period of the proposed extension.

After completion of the surface activities, exploration results will be examined to determine whether an exploratory

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drilling program will be indicated. If results are positive and the drilling program is warranted, the Permittee would apply for a permit amendment to include drilling. Such activity is subject to necessary CEQA review processes and further consideration by the Commission.

TERMS:

The initial term of this mineral prospecting permit was one year beginning December 1, 1991. The Commission, in its discretion, may extend the term for additional period(s) of one year each. In no event shall the terms of any permit exceed three years.

ROYALTY:

Royalty payable under this permit 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 filing fee and expense deposit for processing services have been submitted by the applicant.
2. The parcel is 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 acceptable royalty charges shall be at the discretion of the Commission and will be 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:

N/A.

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OTHER PERTINENT INFORMATION:

1. The proposed activity involves lands identified as possessing significant environmental values (P.R.C. 6370 et. seq.) with a restricted land use classification (Class A). Based on staff again conferring with the agency nominating these lands and through the environmental review process, staff concludes that the proposed activity is consistent with the parcel's land use classification.
2. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has again determined that the proposed activity is still exempt from the requirements of CEQA as a categorically exempt activity. The activity is exempt under Class 6, Information Collection, where minimal disturbance of State lands 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.

3. 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 Permittee would have a preferential right to a lease for a maximum of 640 acres embraced within the permit area, if the Commission elects to issue such a lease. The approval of this permit extension will not affect the discretion of the Commission to grant or deny a lease based on environmental conditions.
4. It is the position of the Commission that the proposed activity does not establish the existence of an economic mineral discovery under accepted mineral exploration procedures, and the completion of such surface exploration shall not be the basis for a mineral extraction lease. The project subject to this permit (geologic mapping, surface hand sampling and geophysical surveying) will not provide sufficient information to establish such a discovery and will not lead directly to a preferential lease application, pursuant to P.R.C. Section 6895.

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5. This permit extension shall not provide for a performance bond or other security device in favor of the State until such time as further prospecting activity such as an exploratory drilling program is proposed by American Girl Mining.
6. The parcel is not within a BLM Wilderness Study Area, not within an area of proposed desert protection legislation, and not within desert tortoise habitat.

EXHIBITS:

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY PROPOSED UNDER THE PERMIT EXTENSION IS STILL EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 AS A CATEGORICALLY EXEMPT PROJECT UNDER CLASS 6, INFORMATION COLLECTION, 2 CAL. CODE REGS. 2905.
2. PURSUANT TO SECTION 6891 OF THE P.R.C., AUTHORIZE THE EXTENSION THROUGH NOVEMBER 30, 1992 OF MINERAL PROSPECTING PERMIT PRC 7468 ISSUED TO THE AMERICAN GIRL MINING JOINT VENTURE TO CONTINUE PROSPECTING FOR VALUABLE MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES, AND SAND AND GRAVEL. ALL TERMS AND CONDITIONS OF THE PERMIT ARE TO REMAIN IN FULL FORCE AND EFFECT.

EXHIBIT "A"
LAND DESCRIPTION

PRC 7468.2

That State owned school land near Yuma, Imperial County, California, described as follows:

All of Section 36, T14S, R20E, SBM.

END OF DESCRIPTION

PREPARED SEPTEMBER 6, 1990 BY LLB.

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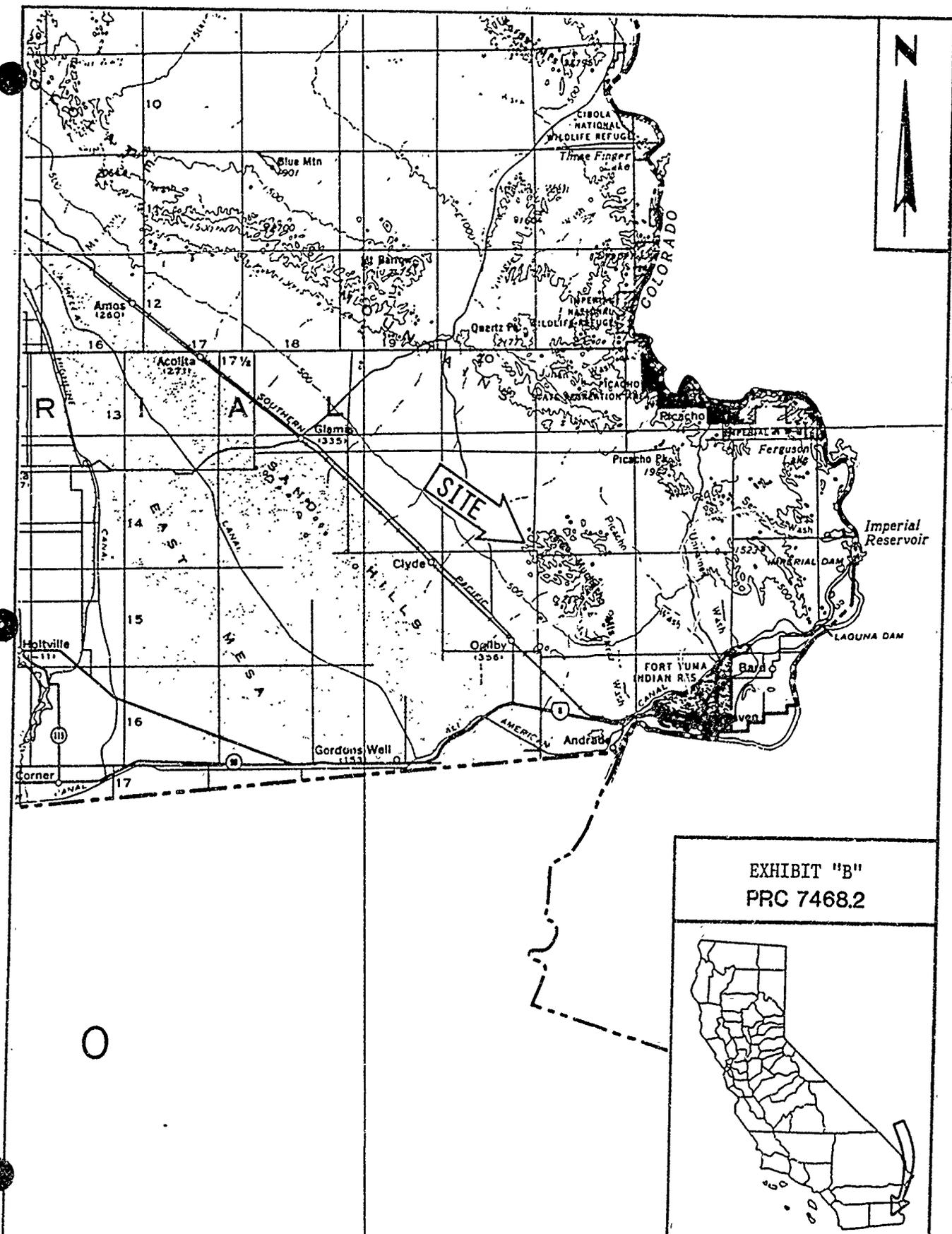


EXHIBIT "B"
PRC 7468.2

