MINUTE ITEM C21

W 40641

Kruger

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

Calendar Item C21, attached, was pulled from the agenda prior to the meeting.

Attachment: Calendar Item C21

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CALENDAR ITEM

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01/08/92
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FOR VALUABLE MINERALS OTHER THAN OIL, GAS,
GEOTHERMAL RESOURCES, SAND AND GRAVEL
ON 640 ACRES OF STATE-OWNED SCHOOL LAND,
SAN BERNARDINO COUNTY

APPLICANT:

Viceroy Gold Corporation
Attn: J. C. Mitchell
9457 Las Vegas Blvd. South, Suite "E"
Las Vegas, Nevada 89123

AREA, TYPE LAND, AND LOCATION:

Approximately 640 acres of State-owned school land described as Section 36, T14N, R17E, SBM, in the Castle Mountains of eastern San Bernardino County, about 50 miles east of Baker, California.

Viceroy Gold Corporation proposes to conduct mineral prospecting activity for precious metals. The project consists of Phase I geological reconnaissance that includes geologic mapping and surface hand sampling. There will be minimal surface disturbance during this phase of the proposed project. One vehicle will be used for access and it will remain on existing dirt roads and jeep trails. Personnel working on this phase will include one project geologist.

The geological reconnaissance will be conducted in virtually the entire section. Any activity undertaken in roadless areas will be conducted on foot. Geologic mapping will consist of identifying surface features and locating mineralized samples. Surface sampling methods will include using hand tools to obtain samples of surface material weighing one to five pounds each that will be removed from the project area and assayed off-site for trace element geochemistry and precious metals content. A total of approximately 400 samples will be taken at various locations within the parcel. The locations will be on a grid pattern with 400 feet spacing.

Exploration results will be interpreted after completion of the Phase I geological reconnaissance. Should these results prove to be positive and an exploratory drilling program is warranted, the Applicant could then apply for a permit amendment providing for such activity. This would be subject to necessary CEQA review process and further approval by the Commission acting solely in its discretion.

It is the position of the Commission that the proposed surface activity 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 OF PERMIT:

The primary term of this mineral prospecting permit, as described in the application submitted by Viceroy Gold Corporation and detailed herein, shall be one year. The Commission, in its discretion, may extend the term for additional period(s) not to exceed one year each. In no event shall the term 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 statutory filing fee, acreage deposit 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 changes 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:

05/15/92.

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 this activity is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt 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.

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 640 acres embraced within the permit, if the Commission elects to issue such a lease. This right shall be subject to all necessary environmental approvals. The issuance of this permit 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 this permit (geologic mapping and surface hand sampling) will not provide sufficient information to establish an economic mineral discovery and will not lead directly to an application for a preferential lease application pursuant to Section 6895.

3. This mineral prospecting permit shall not provide for a performance bond or other security device in favor of the State until such time as the extent of further exploration activity, that includes an exploratory drilling program, is proposed by the Applicant.

4. 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.

5. The subject parcel is within BLM's East Mojave National Scenic Area. The permit will provide that if the parcel is ultimately included within a national park or other protected area, the Commission may require the Permittee to quitclaim the permit (or lease). Further, the permit will provide that the processing of any ore or mined material under the permit (or preferential mineral extraction lease) shall not include the use of open ponds containing cyanide leachate solutions used in the recovery of mined products.

6. The subject parcel is not within a BLM Wilderness Study Area and not within crucial desert tortoise habitat.

7. The parcel is subject to State grazing lease PRC 7190 expiring in September 1997. The permit, if approved, will provide that the permittee agrees not to undertake any activities during the term of the permit (or any lease) that will be inconsistent or incompatible with the rights and privileges under the grazing lease.

APPROVALS OBTAINED:

Pursuant to P.R.C. Section 6890, the prospecting permit document has 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.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE PROPOSED ACTIVITY IS EXEMPT FROM THE REQUIREMENT OF 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 THIS PROSPECTING PERMIT AND ANY OTHER EXTENSION THE COMMISSION MAY GRANT IN ITS DISCRETION FOR THE PROJECT AS DESCRIBED IN THE PERMIT. ANY SINGLE EXTENSION SHALL NOT

EXCEED A PERIOD OF ONE YEAR FOR THIS PERMIT, AND THE TOTAL TERM OF THIS PERMIT SHALL NOT EXCEED THREE YEARS.

2. DETERMINE THAT THE LANDS DESCRIBED IN THE PERMIT ARE NOT PRESENTLY KNOWN TO CONTAIN COMMERCIALLY VALUABLE MINERAL DEPOSITS.

3. AUTHORIZE THE ISSUANCE OF A MINERAL PROSPECTING PERMIT TO VICEROY GOLD CORPORATION FOR A PRIMARY TERM OF ONE YEAR, FOR ALL MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES, SAND AND GRAVEL ON SECTION 36, T14N, R17E, SBM, SAN BERNARDINO COUNTY CONTAINING APPROXIMATELY 640 ACRES, IN ACCORDANCE WITH THE STANDARD FORM OF PERMIT SUBJECT TO THE UNDERSTANDING THAT IF A COMMERCIAL DISCOVERY IS MADE, A LEASE APPLICATION MAY BE DENIED FOR ENVIRONMENTAL REASONS, INCLUDING, BUT NOT LIMITED TO, THAT THE LAND IS WITHIN A NATIONAL PARK OR OTHER PROTECTED AREA. ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE THAT MIGHT BE ISSUED UPON THE DISCOVERY OF COMMERCIALLY 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"

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LAND DESCRIPTION

A parcel of state-owned school land in San Bernardino County, California, more particularly described as follows:

All of Section 36, T 14 N, R 17 E, SBM.

END OF DESCRIPTION

PREPARED DECEMBER, 1991 BY LLB.

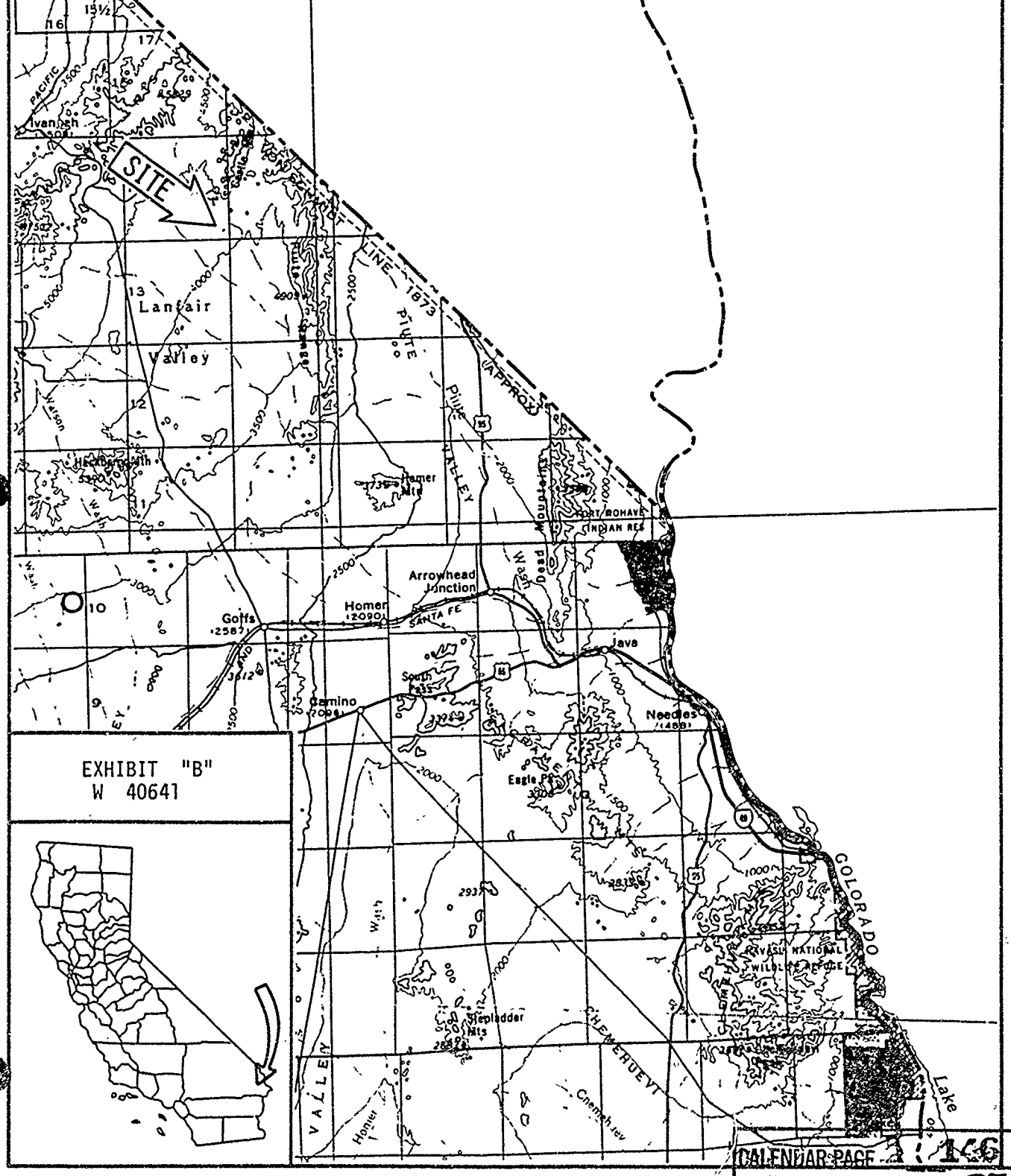

EXHIBIT "B"
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