

MINUTE ITEM

This Calendar Item No. 623
was approved as Minute Item
No. 23 by the State Lands
Commission by a vote of 3
to 0 at its 11/8/92
meeting.

CALENDAR ITEM

A 61
S 25

C 23

01/08/92
W 40635 PRC 7607
Kruger

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

APPLICANT:

Palms Mining Company
Attn: Robert Ives
8100 N.E. Parkway Drive
Vancouver, Washington 98662

AREA, TYPE LAND AND LOCATION:

Approximately 640 acres of patented State school land described as Section 16, T4N, R12E, SBM, in the Bristol Dry Lake area of south-central San Bernardino County, about 25 miles north of Twenty-nine Palms. The subject lands were acquired by the State as school lands and subsequently patented with 100 percent mineral reservation. The staff has informed the surface owner that a future development project may take place on the property.

Palms Mining proposes to conduct mineral prospecting activity for precious metals. The project consists of Phase I geologic reconnaissance which includes geologic mapping, surface hand sampling and geophysical surveys. There will be no surface disturbance during this phase of the proposed project. Two vehicles will be used for access and will remain on existing dirt roads and jeep trails. Personnel working on this phase will include the project geologist and two or three others.

The geologic reconnaissance will be conducted in virtually the entire section. Any activity undertaken in roadless areas will be conducted on foot. Mapping will consist of identifying surface geologic features. Surface sampling

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methods will include the use of hand tools to obtain samples of surface material weighing about one pound each that will be removed from the project area and assayed off-site for chemical composition. A total of approximately 200 samples will be taken at various locations within the parcel.

Geophysical survey methods consist of one person with portable equipment carried on a back-pack walking over the surface of the parcel. This equipment will record measurements useful in the interpretation of subsurface structural features and mineralization. These surveys include very low frequency (VLF) and total field magnetics. The induced potential (IP) survey consists of placing an electrode pushed into the ground and recording measurements on detection devices placed at various surface locations. Upon completion of the survey, all electrode and detection devices are removed from the surface. No equipment will remain on the surface. This activity would include about 16 miles of survey lines sighted in with compass and measuring tape. These lines will be flagged at 100 feet intervals with ribbon markers for future reference.

Exploration results will be interpreted after completion of the Phase I geologic reconnaissance. Should these results prove to be positive and an exploratory drilling program is indicated, the Applicant could then apply for a permit amendment providing for such activity. This would be subject to necessary CEQA review processes and further discretionary consideration by the Commission.

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.

TERMS OF PERMIT:

The term of this mineral prospecting permit 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:

02/26/92.

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 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.

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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 preferential 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, surface hand sampling and geophysical surveys) 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 prospecting activity, including an exploratory drilling program, is proposed by the Applicant.
4. The parcel has not been identified as possessing significant environmental values (P.R.C. 6370, et seq.), is not within a BLM Wilderness Study Area, and is not identified as desert tortoise habitat. This parcel is also not within the area of proposed desert protection legislation.

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.

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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 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, 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 COMMERCIALY VALUABLE MINERAL DEPOSITS.
3. AUTHORIZE THE ISSUANCE OF A MINERAL PROSPECTING PERMIT TO PALMS MINING COMPANY FOR A TERM OF ONE YEAR, FOR ALL MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES, AND SAND AND GRAVEL, ON SECTION 16, T4N, R12E, SBM, SAN BERNARDINO COUNTY, CONTAINING APPROXIMATELY 640 ACRES, IN ACCORDANCE WITH THE STANDARD FORM OF PERMIT. ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE THAT MIGHT BE ISSUED UPON THE DISCOVERY OF COMMERCIALY 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 40635

LAND DESCRIPTION

A parcel of state owned school lands, situate in San Bernardino County, California, more directly described as, Section 16, Township 4 North, Range 12 East, San Bernardino Base and Meridian.

END OF DESCRIPTION

REVIEWED AUGUST, 1991 BY LLB

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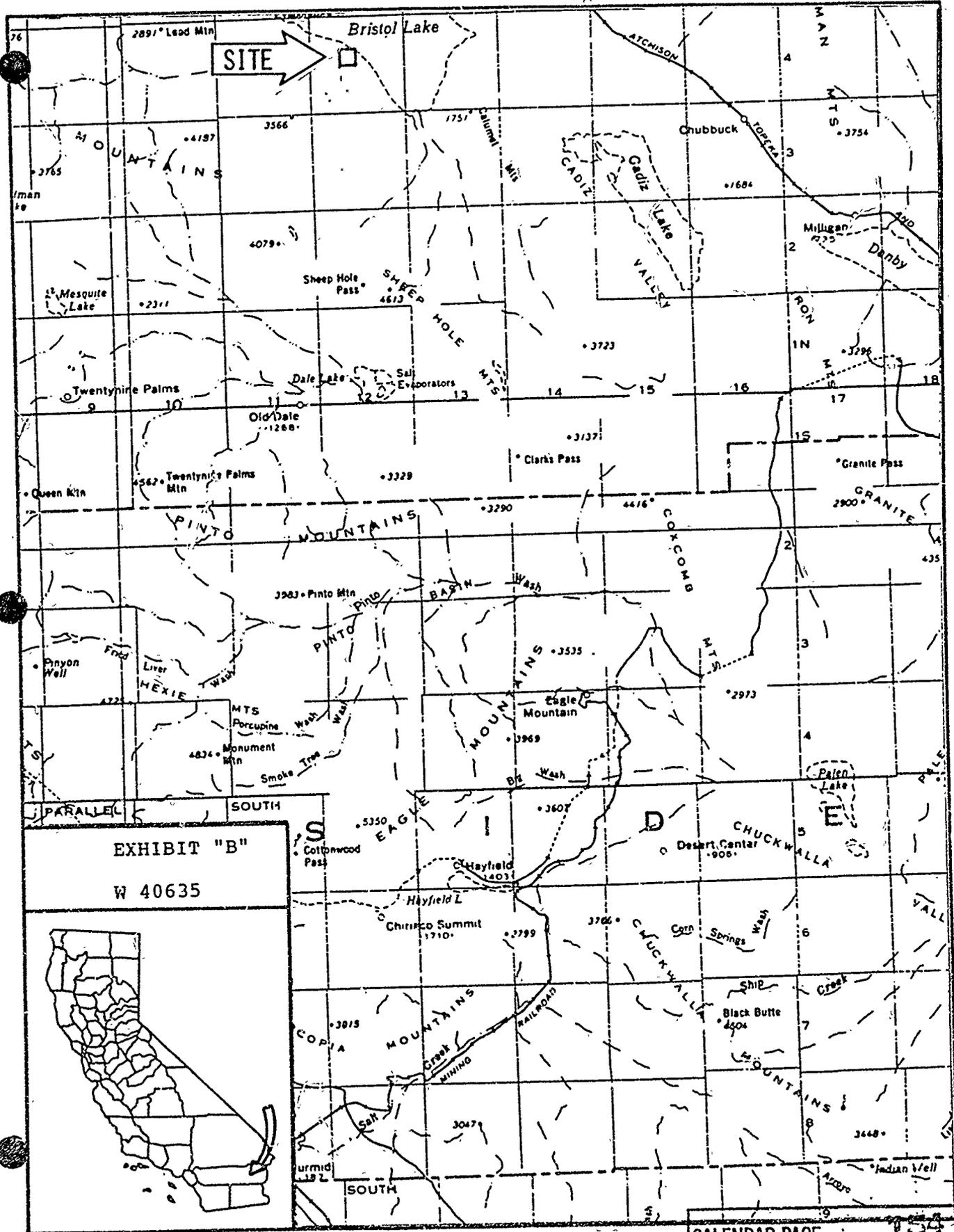


EXHIBIT "B"
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