This Calendar Item No. C48 was approved as Minute Item No. 48 by the State Lands Commission by a vote of 3 to 0 at its 11-9-93 meeting.

CALENDAR ITEM

C48

A 34

S 25

11/09/93
W 40660
W 40661
Kruger
PRC7729
PRC7730

APPROVE TWO PROSPECTING PERMITS FOR MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES, SAND AND GRAVEL ON 1,280 ACRES OF STATE-OWNED SCHOOL AND PATENTED LANDS, INYO COUNTY

APPLICANT:

Naxos Resources (USA) Ltd.
Attn: J. John, President
856 Homer Street, Suite 206
Vancouver, B.C., Canada V6B 2W5

AREA, TYPE LAND AND LOCATION:

Approximately 1,280 acres of State-owned and patented school lands described as Section 36, T25N, R5E, SBM and Section 16, T26N, R5E, SBM, Inyo County near Death Valley Junction, California.

BACKGROUND:

Naxos Resources (USA) Ltd. (Naxos) proposes to conduct mineral prospecting activities for precious metals. The project consists of auger drilling 80 shallow-depth holes (40 holes in each section) from drillsites entirely along existing dirt roads. The drill holes will be about six inches in diameter and will be completed to depths of about 40 feet. This amounts to a total of about 23 cubic yards of excavated material removed during the project, if all 40 holes are drilled. Drill cuttings from each hole will be removed off-site for testing. Drill holes will be plugged with bentonite.

The proposed auger drilling will not require water, drilling fluids or casing. The auger drill will be towed on a small carriage and shifted into position by hand at each drillsite. Each auger segment will constitute about 15 feet of drilled depth.

Surface disturbance will be minimal. Drillsites will not require leveling. Each site will be about ten feet by ten feet in area. Total surface disturbance for the proposed project will be about 0.2 acres, or about 1/10th of an acre in each section. Existing dirt roads will be utilized for access to the project area. Vehicles will be required to stay on existing dirt roads during the permitted activity.

Exploration results will be interpreted after this preliminary phase. Should these results prove to be positive and further exploratory work, including additional drilling, is warranted, the Applicant may 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.

TERMS OF PROPOSED PERMITS:

The primary term of each CEQA-exempt mineral prospecting permit 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.

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 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 issued 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 or processing of the state's royalty share of production. The determination of the 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 2200.

AB 884:

12/26/93

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. The collection of data for information purposes where minimal disturbance of state property is involved, 2 Cal. Code Regs. 2905(e)(2).

   Authority: P.R.C. 21084, 14 Cal. Code Regs. 15306, 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 limit of the permitted acres, the Applicant would have a preferential right to lease a maximum of 1,280 acres embraced within the permits, if the Commission elects to issue such a lease. This right shall be subject to all necessary environmental approvals. The issuance of these permits shall not affect the discretion in granting or denying such a lease because of environmental considerations.

3. This activity involves lands identified as possessing significant environmental values pursuant to P.R.C. 6370, et. seq. Based on Commission staff's consultation with the agency nominating such lands and through the CEQA review process, it is the Commission staff's opinion that the project, as proposed, is consistent with its use classification.

4. The subject parcels are not within BLM wilderness study areas, not within crucial desert tortoise habitat and not within the area of proposed desert protection legislation.

5. The mineral prospecting permit for Section 36, where the State has retained the surface estate, 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. However, the mineral prospecting permit for Section 16, where the State has not retained the surface estate, shall require the posting of a $4,000 bond to guarantee faithful performance by the Applicant.

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. Site Map

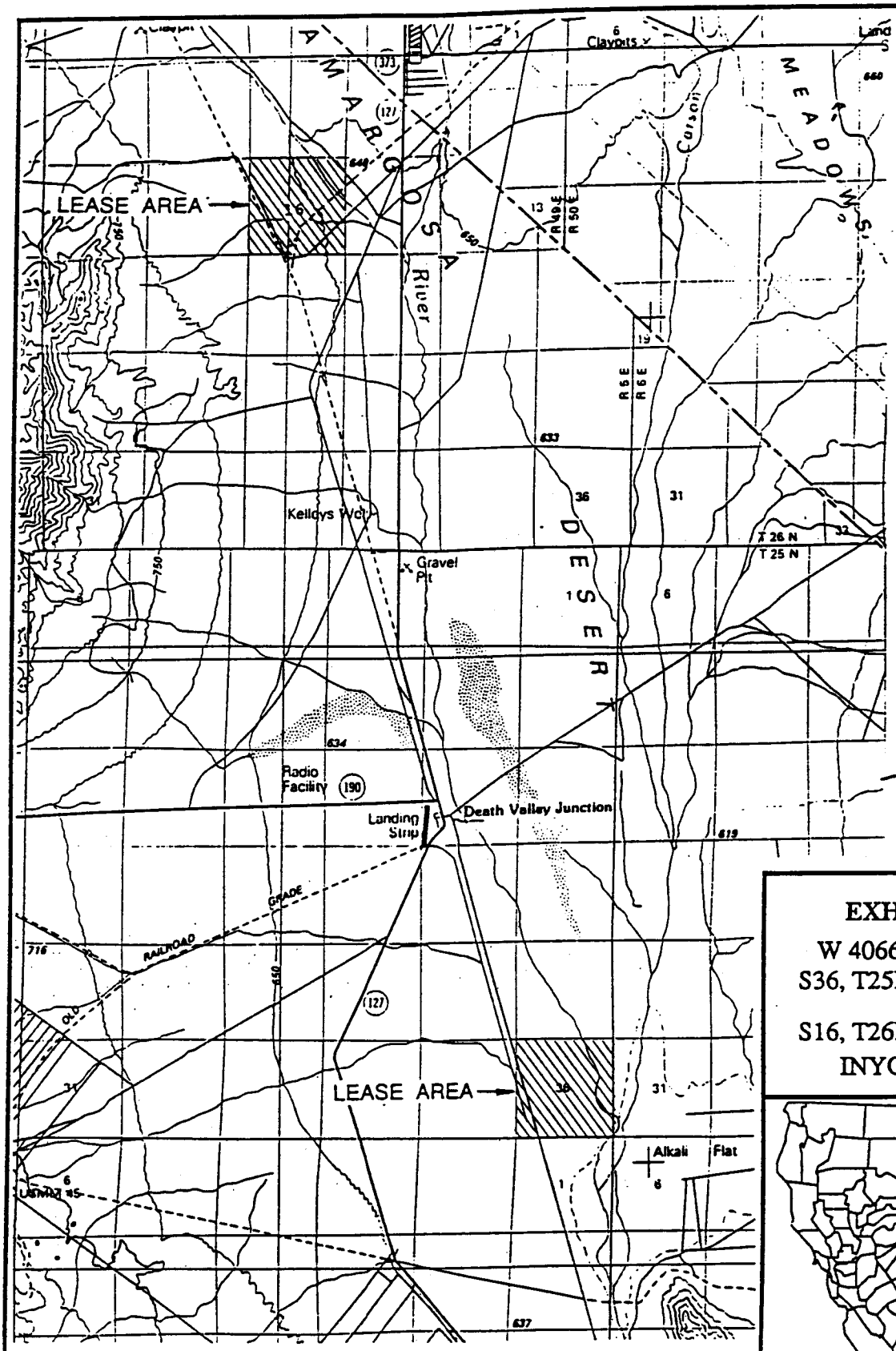
IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 6, INFORMATION COLLECTION, 2 CAL. CODE REGS. 2905(e)(2). 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 EXTENSION SHALL NOT EXCEED ADDITIONAL PERIODS OF ONE YEAR EACH. IN NO EVENT SHALL THE TERM OF A PERMIT EXCEED THREE YEARS.

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

3. AUTHORIZE THE ISSUANCE OF TWO MINERAL PROSPECTING PERMITS TO NAXOS RESOURCES (USA) LTD. FOR A PRIMARY TERM OF ONE YEAR FOR ALL MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES AND SAND AND GRAVEL ON (I) SECTION 36, T25N, R5E, SBM, INYO COUNTY AND (II) SECTION 16, T26N, R5E, SBM, INYO COUNTY, CONTAINING APPROXIMATELY 1,280 ACRES, MORE OR LESS IN ACCORDANCE WITH THE STANDARD FORM OF PERMIT. ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON THE DISCOVERY OF COMMERCIALLY VALUABLE MINERAL DEPOSITS SHALL BE NOT 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 OR PROCESSING OF THE STATE'S ROYALTY SHARE OF PRODUCTION. THE DETERMINATION OF THE ROYALTY AND CHARGES SHALL BE AT THE DISCRETION OF THE COMMISSION.



NO SCALE

EXHIBIT "A"

W 40660 & W 40661
S36, T25N, R5E, MDM
&
S16, T26N, R5E, MDM
INYO COUNTY

This Exhibit is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

CG 4/93

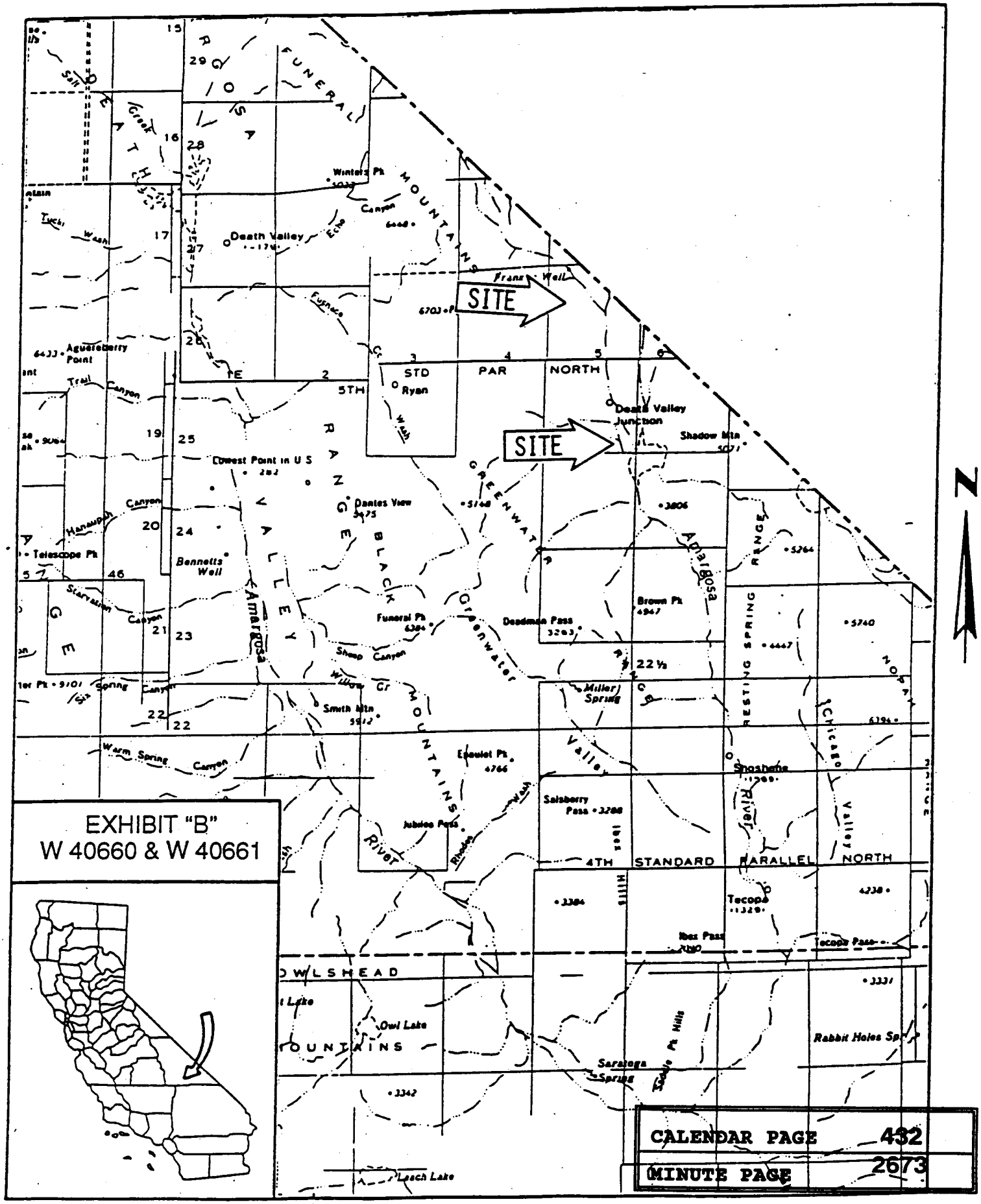


EXHIBIT "B"
W 40660 & W 40661
SITE
SITE
N
FUNERAL MOUNTAINS
Winters Pk
Death Valley
Franz Well
Furnace Cr
Aguereberry Point
Trail Canyon
STD PAR NORTH
5TH
Ryan
Death Valley Junction
Shadow Mtn
Lowest Point in U S
Dantes View
Telescope Pk
Bennetts Well
Amargosa
Greenwater
Amargosa
Brown Pk
Deadman Pass
Funeral Pk
Sheep Canyon
Smith Mtn
Miller Spring
Warm Spring Canyon
Epaulet Pk
Salsberry Pass
Jubilee Pass
Shoshone
Tecopa
Ibex Pass
Tecopa Pass
4TH STANDARD PARALLEL NORTH
Owl Lake
Saratoga Spring
Rabbit Holes Sp
Leach Lake
CALENDAR PAGE 432
MINUTE PAGE 2673