MINUTE ITEM
This Calendar Item No. C35
was approved as Minute Item
No. 35 by the State Lands Commission by a vote of 3 at its 8/3/94 meeting.

CALENDAR ITEM
C35

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08/03/94
W 25089 PRC 7781
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ADOPTION OF NEGATIVE DECLARATION AND AUTHORIZATION TO OFFER AND AWARD BY COMPETITIVE BID, A MINERAL EXTRACTION LEASE

PARTY:

State Lands Commission
1807 - 13th Street
Sacramento, California 95814

AREA, TYPE LAND AND LOCATION:

Tide and submerged lands, approximately 938 acres, Suisun Bay and the San Joaquin River, in Solano, Sacramento and San Joaquin Counties.

LAND USE:

Extraction of a maximum 100,000 cubic yards annually of sand and gravel resources.

PROPOSED TERMS:

Initial period: Five (5) years.

Consideration:

Rent: $2 per acre annually.

Royalty:

Royalty shall be according to the following schedule:
R = (0.10 W [Y]) B
Where R = Royalty in dollars and cents paid to the State, and
W = Weighted average lease quarter sales price, f.o.b. the dock, per cubic yard, and
Y = Total lease quarter cubic yardage sold.
B = Bid factor which shall be no less than 1.0. The minimum royalty per cubic yard shall not be less than $0.55, and the minimum annual royalty shall not be less than $41,500.

BASIS FOR CONSIDERATION:

Pursuant to 2 Cal. Code Regs. 2003.

STATUTORY AND OTHER REFERENCES:

A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.

B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

AB 884:
N/A

OTHER PERTINENT INFORMATION:

1. Staff seeks authorization to offer, through competitive public bid, a lease for the extraction of sand and gravel resources in Suisun Bay and the San Joaquin River, hereafter referred to as the "project".

2. The areas to be offered for bid contain commercially valuable sand and gravel deposits.

3. In accordance with P.R.C. Section 6818, the Director of Parks and Recreation was notified of the proposed lease and has determined that the potential project will not interfere with recreational use of the littoral lands.

4. Following approval of the recommended findings below, the staff will call for competitive bids and, pursuant to Commission authorization provided in Minute Item No. C59 on March 8, 1994, will award a mineral extraction lease, substantially in the form shown on Exhibit "D" hereof, to the highest qualified bidder.

   In accordance with established procedure, the competitive bids will be opened in Sacramento. The bid factor to be applied to the royalty formula will be the bid submitted by the highest qualified bidder; the factor operates as a multiplier to the lease royalty formula, and will result in the payment of royalties at an acceptable percentage of the lessee's weighted average sales prices.

5. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 156025), the staff has prepared a Proposed Negative Declaration identified as EIR ND 655, State Clearinghouse No. 94052019. Such Proposed Negative Declaration was prepared and circulated for public review pursuant to the provisions of CEQA.

   Based upon the Initial Study, the Proposed Negative Declaration, and the comments received in response thereto, there is no substantial evidence that the project will have a significant effect on the environment. (14 Cal. Code Regs. 15074(b))

6. **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.**

FURTHER APPROVALS REQUIRED:

United States Army Corps of Engineers, San Francisco Bay Conservation and Development Commission (SFBCDC), Department of Fish and Game, United States Fish and Wildlife Service, and National Marine Fisheries Service (NMFS).

EXHIBITS:

A. Site Map and Description
B. Proposed Negative Declaration.
C. Notice to Bidders.
D. Form of Mineral Extraction Lease.

IT IS RECOMMENDED THAT THE COMMISSION:

1. CERTIFY THAT A PROPOSED NEGATIVE DECLARATION, ND 655, STATE CLEARINGHOUSE NO. 94052019, WAS PREPARED FOR THIS PROJECT PURSUANT TO THE PROVISIONS OF THE CEQA AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN AND THE COMMENTS RECEIVED IN RESPONSE THERETO.

2. ADOPT THE NEGATIVE DECLARATION AND DETERMINE THAT THE PROJECT, AS APPROVED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.

3. FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO P.R.C. 6370, ET SEQ.

4. DETERMINE THAT THE ACTION PROPOSED IN THE SUBJECT PROJECT DOES NOT UNREASONABLY INTERFERE WITH THE MAINTENANCE OR USE OF THE LAND INVOLVED FOR RECREATIONAL PURPOSES OR PROTECTION OF SHORE PROPERTIES.

5. CLASSIFY THE LANDS SHOWN IN EXHIBIT "A" AS LANDS CONTAINING COMMERCIALLY VALUABLE MINERAL DEPOSITS.

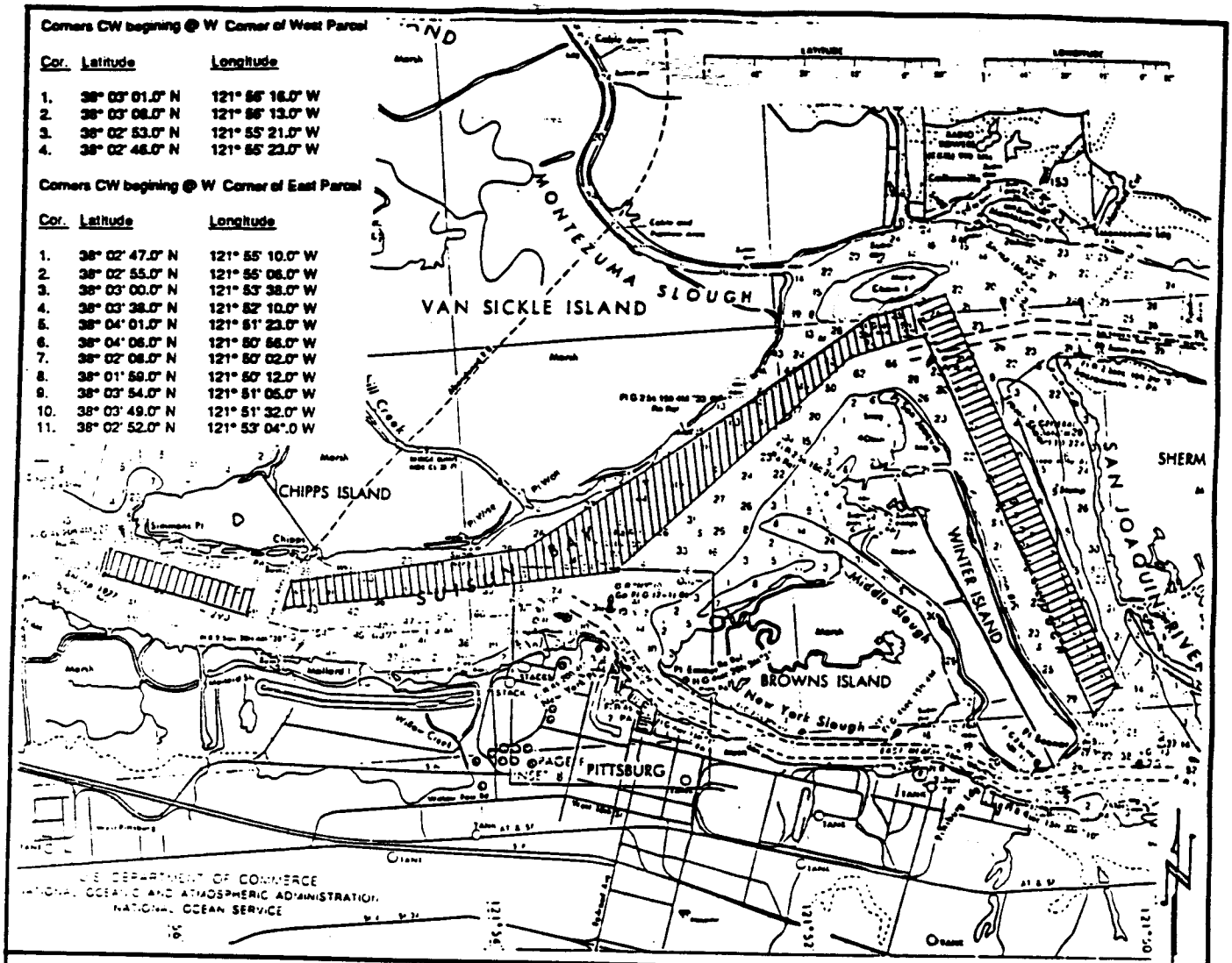
6. AUTHORIZE THE OFFERING AND AWARD TO THE HIGHEST QUALIFIED BIDDER, PURSUANT TO PUBLIC COMPETITIVE BID, OF SUBMERGED LANDS SITUATED IN SUISUN BAY AND THE SAN JOAQUIN RIVER, IN SOLANO, SACRAMENTO AND CONTRA COSTA COUNTIES, AS SHOWN IN EXHIBIT "A" ATTACHED HERETO, FOR A LEASE TO EXTRACT COMMERCIAL QUANTITIES OF SAND AND GRAVEL THEREFROM UNDER THE TERMS AND CONDITIONS SET OUT SUBSTANTIALLY IN EXHIBIT "D", ATTACHED HERETO AND BY REFERENCE MADE A PART HEREOF.

Corners CW begining @ W Corner of West Parcel

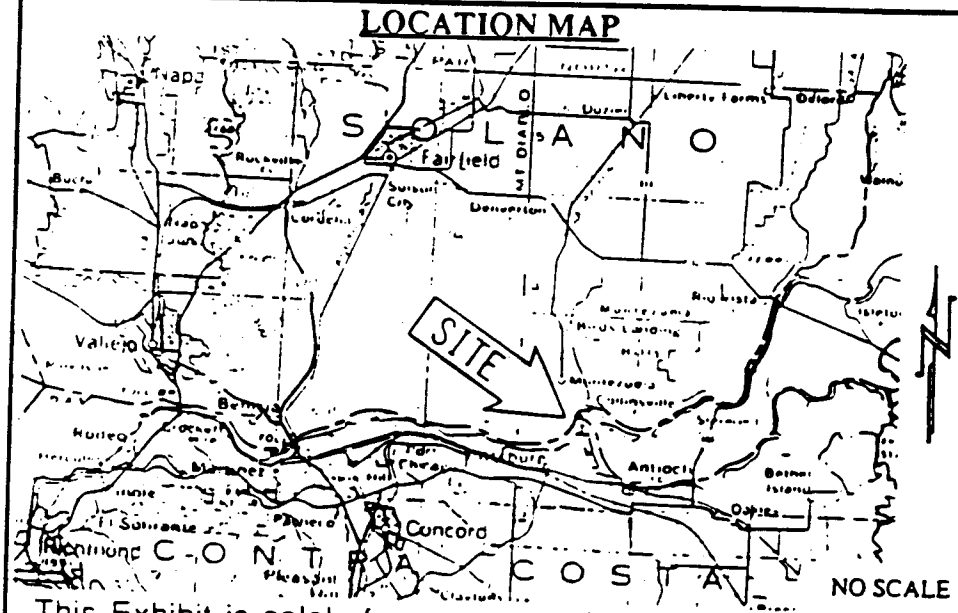
Cor.	Latitude	Longitude
1.	38° 03' 01.0" N	121° 56' 16.0" W
2.	38° 03' 08.0" N	121° 56' 13.0" W
3.	38° 02' 53.0" N	121° 55' 21.0" W
4.	38° 02' 46.0" N	121° 55' 23.0" W

Corners CW begining @ W Corner of East Parcel

Cor.	Latitude	Longitude
1.	38° 02' 47.0" N	121° 55' 10.0" W
2.	38° 02' 55.0" N	121° 55' 06.0" W
3.	38° 03' 00.0" N	121° 53' 38.0" W
4.	38° 03' 38.0" N	121° 52' 10.0" W
5.	38° 04' 01.0" N	121° 51' 23.0" W
6.	38° 04' 06.0" N	121° 50' 56.0" W
7.	38° 02' 08.0" N	121° 50' 02.0" W
8.	38° 01' 59.0" N	121° 50' 12.0" W
9.	38° 03' 54.0" N	121° 51' 05.0" W
10.	38° 03' 49.0" N	121° 51' 32.0" W
11.	38° 02' 52.0" N	121° 53' 04".0 W



LOCATION MAP



NO SCALE

EXHIBIT "A"

W 25089

Dredging Application

Olin Jones Sand Company

Suisun Bay

SOLANO, SACRAMENTO & CONTRA COSTA COUNTIES

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.

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STATE OF CALIFORNIA

PETE WILSON, Governor

STATE LANDS COMMISSION

LEO T. McCARTHY, *Lieutenant Governor*
GRAY DAVIS, *Controller*
THOMAS W. HAYES, *Director of Finance*

EXECUTIVE OFFICE
1807 - 13th Street
Sacramento, CA 95

CHARLES WARR
Executive Officer

EXHIBIT B

PROPOSED NEGATIVE DECLARATION

File: W 25089
ND 655
SCH No. 94052019

Project Title:	Sand Extraction from Submerged Lands for Commercial Sale
Project Proponent:	State Lands Commission
Project Location:	Two parcels, approximately 938 acres, in Suisun Bay and the San Joaquin River, near Pittsburg, in Solano, Sacramento, and Contra Costa counties.
Project Description:	Hydraulically dredge sand up to 100,000 cubic yards per year for a five-year period.
Contact Person:	Herbert Maricle Telephone: (916) 322-7822

This document is prepared pursuant to the requirements of the California Environmental Quality Act (Section 21000 et seq., Public Resources Code), the State CEQA Guidelines (Section 15000 et seq., Title 14, California Code Regulations), and the State Lands Commission regulations (Section 2901 et seq., Title 2, California Code Regulations).

Based upon the attached Initial Study, it has been found that:

/X/ that project will not have a significant effect on the environment.

/__/ mitigation measures included in the project will avoid potentially significant effects.

INITIAL STUDY

INTRODUCTION

A nomination has been received from Olin Jones Sand Company that lands under the jurisdiction of the State Lands Commission in Suisun Bay and the San Joaquin River, near Pittsburg, in Solano, Sacramento and Contra Costa Counties, be offered for competitive bid leasing for the extraction of sand. The subject area is shown on the attached exhibit map.

The material will be extracted at the average rate of 100,000 cubic yards per year. The material will be off-loaded at an upland site. The proposed lease term will be five years.

The sand is to be extracted from the site using a specially built hopper dredge. The dredge is contained in a barge which is pushed by a tug. The barge is 230' long by 55' wide; the tug and barge unit together is about 300' in length. Capacity of the barge is 2,500 tons.

During the extraction operation the barge is positioned at one of the shoals, the drag head is lowered to the sand and a sand/water mixture is pumped on board at an average composition of about 15% sand to 85% water by volume. Generally, the tug will orient the dredge into the prevailing tidal current and remain relatively stationary during loading operations. The sands from the shoals flow over the bottom to the draghead and are pumped on board. Fish or other animals that might be pumped up with the sand are caught at a grate and channeled back into the Bay.

As the barge is filled with sand, excess water begins to be returned to the Bay. There are two outlets for overflow water, one at each side of the stern end of the barge, just ahead of the tug. The rate of discharge of overflow water averages 16,000 GPM and the average time of discharge is 2.8 hours.

A trailing plume is visible behind the barge during flood and ebb tides and a more localized plume can be seen during slack tide. The plume is caused by the discharge of a portion of the "fine" materials that are mixed with the sand in the shoals. There are from 2 to 4% fines in the sand shoals where the sand is mined; when the sand is checked at the distribution points, it has from ½ to 1% fines content. The difference in fines content from shoal to distribution point is washed overboard from the dredge with the overflow water and it is this content, along with aeration bubbles, dissolved materials and plankton that define the plume which is visible around the dredge while it is loading sand.

The loaded barge will return to a distribution point and will be offloaded by conveyor belts into storage piles for distribution by trucks. The frequency of delivery corresponds to demand at the distribution point; stockpiling at such locations seldom exceeds a 3-day supply.

Extraction occurs only during weekdays. On the average, a little over one dredging episode per 24-hour weekday occurs at the project site. Occasionally, operations may be conducted after dark in which case the equipment will be lighted as required by the U.S. Coast Guard.

The lease, when awarded, will require the lessee to obtain authorization from the U.S. Coast Guard, SFBCDC, RWQCB and the Corps of Engineers in consultation with the NMFS and USF&WS prior to commencing work.

STATE LANDS COMMISSION

ENVIRONMENTAL IMPACT ASSESSMENT CHECKLIST – PART II

Form 13.20 (7/82)

File Ref.: W 25089

I. BACKGROUND INFORMATION

A. Applicant: Olin Jones Sand Company
1725 Marina Vista
Martinez, CA 94553

B. Checklist Date: / /

C. Contact Person: Herbert Maricle - Public Land Management Specialist

Telephone: (916) 322-7822

D. Purpose: Extract sand for commercial sale.

E. Location: Submerged lands located in Suisun Bay and the San Joaquin River.

F. Description: Hydraulically dredge sand at the rate of 100,000 cubic yards per year, which will be either pumped or conveyor-belted to an established onshore receiving site. The state-owned lands involved herein will be leased pursuant to competitive public bid for a period of five years.

G. Contacts: SFBCDC, Coast Guard, Department of Fish and Game, and National Marine Fisheries Service

II. ENVIRONMENTAL IMPACTS. *(Explain all "yes" and "maybe" answers)*

A. *Earth.* Will the proposal result in:

	Yes	Maybe	No
1. Unstable earth conditions or changes in geologic substructures?	☐	☐	☒
2. Disruptions, displacements, compaction, or overcovering of the soil?	☒	☐	☐
3. Change in topography or ground surface relief features?	☒	☐	☐
4. The destruction, covering, or modification of any unique geologic or physical features?	☐	☐	☒
5. Any increase in wind or water erosion of soils, either on or off the site?	☐	☐	☒
6. Changes in deposition or erosion of beach sands, or changes in siltation, deposition or erosion which may modify the channel of a river or stream or the bed of the ocean or any bay, inlet, or lake?	☒	☐	☐
7. Exposure of all people or property to geologic hazards such as earthquakes, landslides, mudslides, ground failure, or similar hazards?	☐	☐	☒

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	Yes	Maybe	No
B. *Air.* Will the proposal result in:			
1. Substantial air emmissions or deterioration of ambiem air quality?	☐	☐	☒
2. The creation of objectionable odors?	☐	☐	☒
3. Alteration of air movement, moisture or temperature, or any change in climate, either locally or regionally?	☐	☐	☒
C. *Water.* Will the proposal result in:			
1. Changes in the currents, or the course or direction of water movements, in either marine or fresh waters?	☐	☐	☒
2. Changes in absorption rates, drainage patterns, or the rate and amount of surface water runoff?	☐	☐	☒
3. Alterations to the course or flow of flood waters?	☐	☐	☒
4. Change in the amount of surface water in any water body?	☐	☐	☒
5. Discharge into surface waters, or in any alteration of surface water quality, including but not limited to temperature, dissolved oxygen or turbidity?	☐	☐	☒
6. Alteration of the direction or rate of flow of ground waters?	☐	☐	☒
7. Change in the quantity of ground waters, either through direct additions or withdrawals, or through interception of an aquifer by cuts or excavations?	☐	☐	☒
8. Substantial reduction in the amount of water otherwise available for public water supplies?	☐	☐	☒
9. Exposure of people or property to water-related hazards such as flooding or tidal waves?	☐	☐	☒
10. Significant changes in the temperature, flow or chemical content of surface thermal springs?	☐	☐	☒
D. *Plant Life.* Will the proposal result in:			
1. Change in the diversity of species, or number of any species of plants (including trees, shrubs, grass, crops, and aquatic plants)?	☐	☐	☒
2. Reduction of the numbers of any unique, rare or endangered species of plants?	☐	☐	☒
3. Introduction of new species of plants into an area, or in a barrier to the normal replenishment of existing species?	☐	☐	
4. Reduction in acreage of any agricultural crop?	☐	☐	☒
E. *Animal Life.* Will the proposal result in:			
1. Change in the diversity of species, or numbers of any species of animals (birds, land animals including reptiles, fish and shellfish, benthic organisms, or insects)?	☐	☒	☐
2. Reduction of the numbers of any unique, rare or endangered species of animals?	☐	☐	☒
3. Introduction of new species of animals into an area, or result in a barrier to the migration or movement of animals?	☐	☐	☒
4. Deterioration to existing fish or wildlife habitat?	☐	☒	☐
F. *Noise.* Will the proposal result in:			
1. Increase in existing noise levels?	☐	☐	☒
2. Exposure of people to severe noise levels?	☐	☐	☒
G. *Light and Glare.* Will the proposal result in:			
1. The production of new light or glare?	☐	☐	☒
H. *Land Use.* Will the proposal result in:			
1. A substantial alteration of the present or planned land use of an area?	☐	☐	☒
I. *Natural Resources.* Will the proposal result in:			
1. Increase in the rate of use of any natural resources?	☐	☐	☒
2. Substantial depletion of any nonrenewable resources?	☐	☐	

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J. *Risk of Upset.* Does the proposal result in:

	Yes	Maybe	
1. A risk of an explosion or the release of hazardous substances (including, but not limited to, oil, pesticides, chemicals, or radiation) in the event of an accident or upset conditions?	☐	☐	☒
2. Possible interference with emergency response plan or an emergency evacuation plan?	☐	☐	☒

K. *Population.* Will the proposal result in:

1. The alteration, distribution, density, or growth rate of the human population of the area?	☐	☐	☒

L. *Housing.* Will the proposal result in:

1. Affecting existing housing, or create a demand for additional housing?	☐	☐	☒

M. *Transportation/Circulation.* Will the proposal result in:

1. Generation of substantial additional vehicular movement?	☐	☐	☒
2. Affecting existing parking facilities, or create a demand for new parking?	☐	☐	☒
3. Substantial impact upon existing transportation systems?	☐	☐	☒
4. Alterations to present patterns of circulation or movement of people and/or goods?	☐	☒	☐
5. Alterations to waterborne, rail, or air traffic?	☐	☒	☐
6. Increase in traffic hazards to motor vehicles, bicyclists, or pedestrians?	☐	☐	☒

N. *Public Services.* Will the proposal have an effect upon, or result in a need for new or altered governmental services in any of the following areas:

1. Fire protection?	☐	☐	☒
2. Police protection?	☐	☐	☒
3. Schools?	☐	☐	☒
4. Parks and other recreational facilities?	☐	☐	☒
5. Maintenance of public facilities, including roads?	☐	☐	☒
6. Other governmental services?	☐	☐	☒

O. *Energy.* Will the proposal result in:

1 Use of substantial amounts of fuel or energy?	☐	☐	☒
2 Substantial increase in demand upon existing sources of energy, or require the development of new sources?	☐	☐	☒

P *Utilities.* Will the proposal result in a need for new systems, or substantial alterations to the following utilities:

1. Power or natural gas?	☐	☐	☒
2 Communication systems?	☐	☐	☒
3 Water?	☐	☐	☒
4 Sewer or septic tanks?	☐	☐	☒
5. Storm water drainage?	☐	☐	☒
6 Solid waste and disposal?	☐	☐	☒

Q *Human Health.* Will the proposal result in:

1. Creation of any health hazard or potential health hazard (excluding mental health)?	☐	☐	☒
2 Exposure of people to potential health hazards?	☐	☐	☒

R *Aesthetics.* Will the proposal result in:

1 The obstruction of any scenic vista or view open to the public, or will the proposal result in the creation of an aesthetically offensive site open to public view?	☐	☐	☒

S. *Recreation.* Will the proposal result in:

1. An impact upon the quality or quantity of existing recreational opportunities?	☐	☐	☒

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T. Cultural Resources

	Yes	Maybe	No
1. Will the proposal result in the alteration of or the destruction of a prehistoric or historic archeological site?	☐	☐	☒
2. Will the proposal result in adverse physical or aesthetic effects to a prehistoric or historic building, structure, or object?	☐	☐	☒
3. Does the proposal have the potential to cause a physical change which would affect unique ethnic cultural values?	☐	☐	☒
4. Will the proposal restrict existing religious or sacred uses within the potential impact area?	☐	☐	☒

U. *Mandatory Findings of Significance.*

1. Does the project have the potential to degrade the quality of the environment, reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	☐	☐	☒
2. Does the project have the potential to achieve short-term, to the disadvantage of long-term, environmental goals?	☐	☐	☒
3. Does the project have impacts which are individually limited, but cumulatively considerable?	☐	☐	☒
4. Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	☐	☐	☒

III. DISCUSSION OF ENVIRONMENTAL EVALUATION *(See Comments Attached)*

The questions identified in Section II (Environmental Impacts), are marked yes, no, or maybe, as deemed appropriate. Further discussion of each question will be found on the accompanying sheets.

The potential adverse effects on fish habitat will be avoided by suspension of dredging operations during periods identified by the State Department of Fish and Game.

Available information indicates that the proposed sand mining will not cause unacceptable turbidity. Further discussion on this subject may be reviewed in the attached remarks, with reference to Section II, Item C(5).

IV. PRELIMINARY DETERMINATION

On the basis of this initial evaluation:

☒ I find the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.

☐ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described on an attached sheet have been added to the project. A NEGATIVE DECLARATION will be prepared.

☐ I find the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

Date: / /

Herbert A. Maricle

For the State Lands Commission

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Form 1 (1/82)

DISCUSSION OF ENVIRONMENTAL EVALUATION
OLIN JONES SAND COMPANY NOMINATION
SAND AND GRAVEL EXTRACTION
VICINITY OF VAN SICKLE ISLAND
SUISUN BAY AND SAN JOAQUIN RIVER

II. ENVIRONMENTAL IMPACTS

W25089

A. Earth

1. No. The project will not alter or cover any ground features or create unstable conditions because the dredging will be offshore.

2. Yes. The disruption and displacement of the bay bottom as a result of the dredging will be minimal due to the dynamic natural system of shoaling and eroding from natural flows and currents. Periodic testing will be conducted to monitor the rate of replenishment.

3. Yes. The extraction will temporarily alter the topography of the site. However, the transitory effects of the periodic removal of sand from this dynamically complex area is believed to be minor, local, and to have insignificant adverse impacts as sand continues to migrate into the area. Periodic testing will be conducted to monitor the replenishment rate.

4. No. There are no known unique geologic or physical features on the bay bottom at the project site.

5. No. The project is underwater so there will be no soil erosion due to wind action. Soil erosion occurs at the site due to natural wave action, however, natural siltation also occurs.

6. Yes. Modification to the bay bottom will be minimal due to the dynamic natural sand migration into the project area.

7. No. The project location is offshore.

B. Air

1. No. The equipment to be used is in operation at other bay locations subject to Bay Area Air Pollution District regulations and will be relocated to the project site. The dredged material will be barged rather than trucked to the upland offloading/processing site thus minimizing air quality impacts.

2. No. The project will not require the use of any hazardous material, however, some odor will be emitted from the equipment during dredging and barging.

3. No. The minimal size and scope of the project will not change the local or regional air movement, temperature or climate.

C. Water

1. No. The project does not include any intake or discharge of any foreign fluids or materials into bay waters.

2. No. The project is located offshore.

3. No. The offshore extraction activities will not alter the course or flow of flood waters.

4. No. No change in the amount of surface water will occur due to the offshore extraction activity.

5. No. Water quality impacts will be minimal. The method of sand extraction will be the same as the project described in ND No. 572, SCH 91113030, with regard to sand mining activities near Benicia Shoals, about 16 miles westerly of the subject site.

   With regard to turbidity, it is noted that San Francisco Bay and Conservation Development Commission (BCDC) Permit No. M78-114, which authorized sand extraction at Middle Ground Island (about 4 miles west of the submerged lands covered in this assessment), required the permittee to submit annual reports summarizing each year's sand extraction activities. The reports included information on any changes in the results of sediment tests required by the California Regional Water Quality Control Board under Regional board Order 90-45 and NPDES Permit No. CA0028321. It is understood that the permittee submitted the annual reports required under BCDC permit No. 78-114, and reported no adverse effects on water quality associated with its operations in Carquinez Strait.

6. No. The offshore location of the project will not impact groundwater. The offloading of material is not a new use to upland offloading/processing sites.

7. No. The offshore location of the project will not impact groundwater.

8. No. The project does not propose the consumption of any public water supply.

9. No. See C.7 above.

10. No. No thermal springs have been identified within the project site.

D. Plant Life

1. No. Natural siltation inhibits the permanent growth of plantlife at the site.

2. No. There are no known unique, rare or endangered species of aquatic plants at the project site.

3. No. The offshore location of the project does not require landscaping or other types of plant introduction at the project site.

4. No. The offshore location of the project does not involve any agricultural land.

E. Animal Life

1. Maybe. The project has the potential for impacting juvenile winter-run chinook salmon and Delta smelt (listed under the Endangered Species Act) and herring spawning. However, the project does not include in-bay disposal and the dredging activity will observe all time windows and operation restrictions established by the NMFS and the Department of Fish and Game the potential for impact is minimal. According to a Study by Dr. Charles Hanson, it is indicated that there will be minimal effect on smelt. Said study is under review by the Corps of Engineers and the National Marine Fisheries Services.

2. No. Time and activity limitations established by the NMFS and Fish and Game will be adhered to.

3. No. See No. E2 above.

4. Maybe. See No. E1 above.

In addition to the above, and as indicated elsewhere, the proposed dredging will be carried out in accordance with the recommendations of the Department of Fish and Game to avoid interference with nearby popular fishing areas. At the request of SLC staff observers, including staff members of the Department of Fish and Game, will be allowed to board the dredge to observe the operations and to gather information on any effects dredging may have on aquatic resources.

F. Noise

1. No. The noise level at the site will be increased by the diesel engines on the tug and barge, however; since the equipment will be relocated to the site from other in-bay locations the regional noise level will not be increased. The noise level at the site is considered to be minimal in comparison to noise and other impacts that would be created by trucking rather than barging the sand.

2. No. The noise level created by the proposed activity is not considered to be severe. Furthermore, the offshore location of the project limits the number of people to be exposed to even the minimal noise level.

G. Light and Glare

1. No. The proposed activities will be limited to daylight hours (approximately 3/day). Any lighting required will have minimal impact due to the offshore location and will be in compliance with the U.S. Coast Guard requirements.

H. Land Use

1. No. The temporary changes in the sandy bay bottom will not be substantial, and will be offset by normal sand replenishment.

I. Natural Resources

1. No. The site will be continually replenished as part of the natural bay system. Periodic testing will be conducted to monitor the natural replenishment rate.

2. See No. I. 1. above.

J. Risk of Upset

1. No. Explosives will not be used in the project. There is the minimal potential for a minor fuel spill in the event of catastrophic sinking of the tug. All tug and barge operations will be in compliance with U.S. Coast Guard regulations.

2. No. The offshore activity will not interfere with the existing emergency response or evacuation plan for the area.

K. Population

1. No. The offshore project will not influence human population trends.

L. Housing

1. No. The offshore project will not affect existing housing or create a demand for additional housing.

M. Transportation/circulation

1. No. The extracted sand will be transported by barge rather than trucked to the offloading/processing site. Trucking from the upland site already occurs and the daily trips will not increase as a result of this project.

2. No. The project will not require the need for additional parking areas.

3. No. The number of loads trucked form the processing site daily is determined by market demand not the volume of sand extracted from a particular site.

4. Maybe. Waterborne traffic at the site will be minimal because of the large capacity barge size to be used. The traffic at the site will decrease traffic at other in-bay sites because the same equipment will be used. Activity will take place on weekdays approximately three hours per day.

   As elsewhere indicated, SLC authorization for the proposed dredging will require compliance with operating procedures of the United States Coast Guard to assure that there will be no hazard to navigation.

5. Maybe. See No. M4 above.

6. No. See No. M1 above.

N. Public Services

1. No. The project will not require additional public services beyond that which exists for the project area.

2. No. See No. N1 above.

3. No. See No. N1 above.

4. No. See No. N1 above.

5. No. See No. N1 above.

6. No. See No. N1 above.

O. Energy

1. No. Fuel will be required for tug operation but not beyond that required for operation of the tug at other in-bay sites. Tug and barge fuel consumption is more efficient than what would be required for trucking.

2. No. The size and scope of the project will not require development of new energy sources.

P. Utilities

1. No. The size and scope of the project will not require development of new or altered public utility systems.

2. No. See No. P1 above.

3. No. See No. P1 above.

4. No. See No. P1 above.

5. No. See No. P1 above.

6. No. See No. P1 above.

Q. Human Health

1. No. The equipment and process to be used will not create any hazard to human health.

2. No. The equipment to be used will be maintained in an acceptable state or repair as required by the U.S. Coast Guard.

R. Aesthetics

1. No. The sand extraction activity will not create any new aesthetic impact to the area.

S. Recreation

1. No. Interference with recreation will be minimized by the restriction to weekday operations. Removal of reoccurring sandbars created by natural silting will benefit navigation of recreational vessels.

   The project area is a popular Striped Bass and Sturgeon fishing area. Modifications in topography may temporarily alter fish schooling and feeding in the area and thereby reduce fishing success. Therefore, the proposed operations will not be carried out on weekends or holidays so as not to interfere with recreational boating and fishing.

T. Cultural Resources

1. No. There are no identified prehistoric or historic archeological sites within the proposed sand mining area.

2. No. The project is located offshore.

3. No. See No. T1 above.

4. No. See No. T2 above.

U. Mandatory Finding of Significance

1. No. Periodic testing will occur to monitor the natural rate of replenishment. Time and operating restrictions established by the MNFS and Fish and Game will be adhered to in order to protect known fishery resources at the site.

2. No. The extraction of naturally replenished sediment will not increase environmental impacts at the site.

3. No. The proposed individual dredging activities will have only minimal effects which will not be cumulatively considerable.

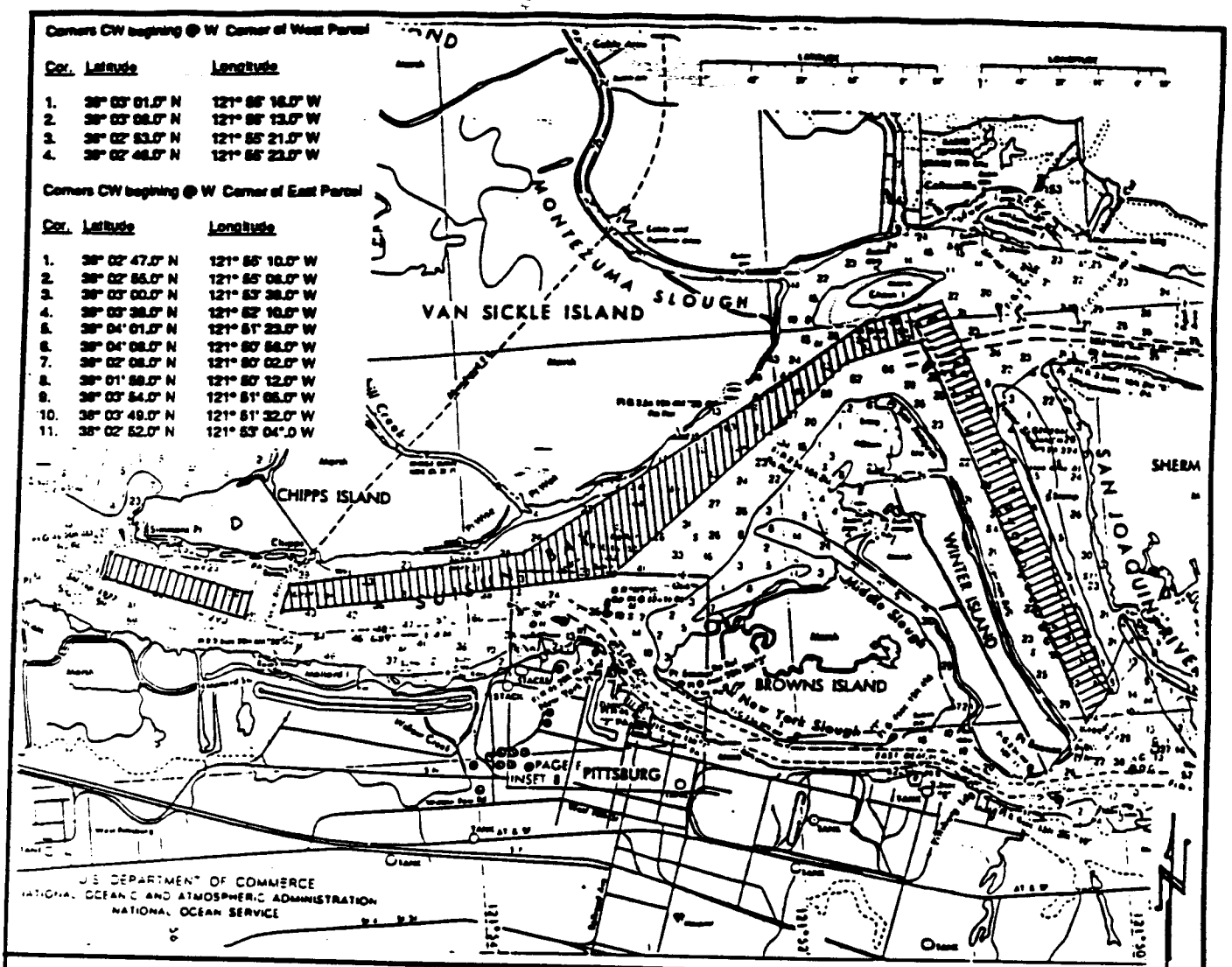
4. No. The project will not cause substantial adverse effects on human beings.

Corners CW begining @ W Corner of West Parcel

Cor.	Latitude	Longitude
1.	38° 03' 01.0" N	121° 55' 16.0" W
2.	38° 03' 08.0" N	121° 55' 13.0" W
3.	38° 02' 53.0" N	121° 55' 21.0" W
4.	38° 02' 46.0" N	121° 55' 23.0" W

Corners CW begining @ W Corner of East Parcel

Cor.	Latitude	Longitude
1.	38° 02' 47.0" N	121° 55' 10.0" W
2.	38° 02' 55.0" N	121° 55' 08.0" W
3.	38° 03' 00.0" N	121° 53' 38.0" W
4.	38° 03' 38.0" N	121° 52' 10.0" W
5.	38° 04' 01.0" N	121° 51' 23.0" W
6.	38° 04' 08.0" N	121° 50' 58.0" W
7.	38° 02' 08.0" N	121° 50' 02.0" W
8.	38° 01' 59.0" N	121° 50' 12.0" W
9.	38° 03' 54.0" N	121° 51' 05.0" W
10.	38° 03' 49.0" N	121° 51' 32.0" W
11.	38° 02' 52.0" N	121° 53' 04".0 W



LOCATION MAP-

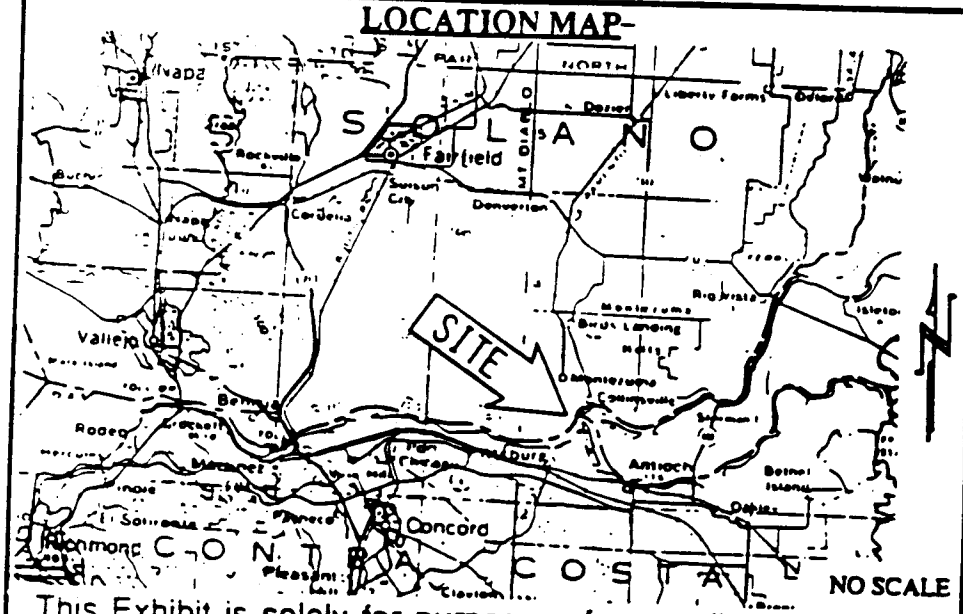


EXHIBIT "A"

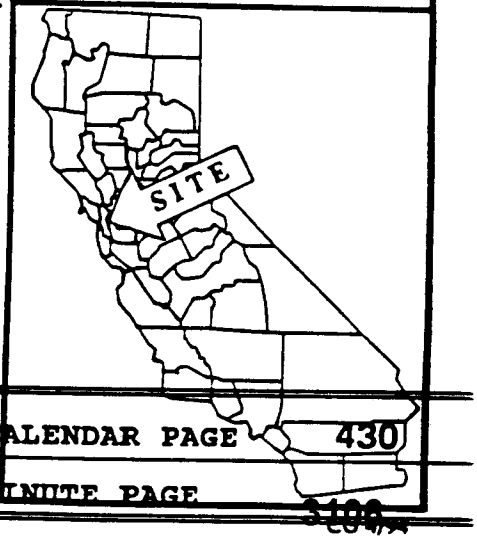
W 25089

Dredging Application

Olin Jones Sand Company

Suisun Bay

SOLANO, SACRAMENTO & CONTRA COSTA COUNTIES



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.

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W25089

PROPOSAL OF THE STATE LANDS COMMISSION TO ENTER INTO A LEASE FOR THE EXTRACTION OF MINERALS OTHER THAN OIL AND GAS AND GEOTHERMAL FROM CERTAIN SUBMERGED LANDS OF THE STATE IN SUISUN BAY AND THE SAN JOAQUIN RIVER, NEAR PITTSBURG, COUNTIES OF CONTRA COSTA, SOLANO AND SACRAMENTO.

In accordance with the Public Notice of Intention, the State Lands Commission, acting pursuant to the provisions of Division 6, of the Public Resources Code and Title 2, Division 3, Article 4 of the California Administrative Code, proposes to offer by competitive bid, a lease for the extraction of sand and gravel from approximately 938 acres of tide and submerged lands at Carquinez Strait, Counties of Contra Costa and Solano. The attached map (Exhibit "A") shows the location of the lands offered.

The activities to be bid upon are described in the lease form attached hereto as Exhibit "B".

The State makes no representations or warranties as to the quality, quantity, or nature of mineral resources offered herein; however, the State believes that the location shown in Exhibit "A" is a commercial source of sand and gravel deposits.

INSTRUCTION TO BIDDERS

1. NOTICE TO BIDDERS

Bidders must insure that bid packages are completely filled out and that the required supplemental data is attached. Failure to submit a complete bid package may result in the rejection of any bid as non-responsive.

2. PREPARATION OF BIDS

Bidders shall duly execute and acknowledge two copies of the lease for the extraction of mineral resources, including the designation of the bid factor in Section 2 of the lease form attached hereto (Exhibit "B").

In case of a joint bid, or a bid by a partnership, each bidder shall execute the lease.

Corporations executing a bid shall submit with the bid, a certificate of the officer or officer's authority to execute the bid on behalf of the corporation and shall affix the corporate sale upon the lease. Evidence of an officer's authority to execute the lease cannot be certified by the same officer executing the bid.

All documents executed by an agent are to be accompanied by evidence of the agent's authority to act on behalf of the bidder (e.g., a duly executed Power of Attorney). The lease may be executed in the form of counterparts.

3. SUBMISSION OF BIDS

All bids made pursuant to this proposal shall be addressed to the State Lands Commission, sealed and delivered to the State Lands Commission Executive Conference Room at 1807 - 13th Street, Sacramento, California 95814 on or before 10:30 a.m. (_____).

The sealed envelope containing the bid shall be marked on the outside "RE: Bid of (Name of Bidder) made pursuant to the Notice of Proposal to enter into a Lease for the extraction of mineral resources from Carquinez Strait, Counties of Contra Costa and Solano, State of California. Not to be opened prior to _____." Each bid package shall contain the name and address of the bidder in the upper left hand corner. Each bidder will be advised of the specific bid opening date by written notice.

Each bid package shall contain the following:

a. Two (2) fully executed copies of the lease, including the designation of a bid factor in Section 2 of the lease form.

b. Proof of each bidder's qualification under Public Resources Code Section 6801 to hold a lease from the Commission.

c. A certified or cashier's check drawn on a responsible bank in California and made payable to the State of California in the amount of Five Thousand Dollars ($5,000.00); which, except in the case of the successful bidder, will be returned to the respective bidders.

d. The bidder's financial statements in the form as specified herein.

e. A statement which designates an agent who is authorized to give or receive any notices respecting the bid and to receive any refund of sums accompanying an unsuccessful bid together with address of said agent.

f. The agents, officers, and corporate authorizations as specified in paragraph 2 of Instructions to Bidders.

g. Each bidder shall present with its bid, evidence satisfactory to the Commission of the bidder's plan to obtain all necessary approvals and permits for operations to be conducted under the lease. This should include a mailing list of the appropriate agencies, State, Federal, or local, who may issue approvals for the intended lease operations.

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h. A plan of development for the extraction and disposal of the mineral resources, including a listing of all necessary equipment owned by the bidder and/or evidence (e.g., letter of intent from prospective equipment lessor) of the bidder's ability to lease or otherwise obtain use thereof, as well as proposals for sale or disposition of minerals extracted. The plan must also identify the bidder's onshore site or evidence of the bidder's ability to lease or otherwise obtain use thereof, where the extracted material will be stockpiled and processed for sale.

i. A statement regarding the method by which the lessee plans to finance the plan of development during the term of the lease.

4. FINANCIAL DATA REQUIRED

Each bidder shall submit with a bid, a certified financial statement establishing to the satisfaction of the Commission such bidder's financial ability to undertake and fulfill all obligations under the prospective lease. Said financial statements shall be certified as to their truth and accuracy by each bidder, or by the person by whom or under whose direction the statements were prepared. Said financial statements shall be accurate as of the date of certification which date shall not be earlier than the date the Notice of Intention herein was first published. Previously prepared financial statements and/or annual reports may be used by bidders provided that (a) such statements and/or reports are certified as aforesaid, and (b) the bidder submits a certified statement by the bidder or a responsible financial officer of the bidder that there has been no material change in the financial or other condition of the bidder since the date of preparation of said statement and/or report that would impair the bidder's financial ability to undertake and fulfill all obligations of the bidder under the prospective lease. The certification of such financial statement must be signed by the individual or firm by whom the statement was prepared, as well as by the bidder.

5. EXPLANATION TO BIDDERS

Any explanation desired by a bidder regarding the meaning or interpretation of the bid offering, specifications, etc., must be requested in writing with sufficient time allowed for reply to reach bidders before the submission of their bids. Oral explanation or instructions given before the award of the lease will not be binding. Any additional written information given to a prospective bidder will be furnished to all prospective bidders as an amendment of the bid offering, if such information is deemed necessary to bidders in submitting bids on the lease offering, or if the lack of information would be deemed prejudicial to uninformed bidders.

6. MODIFICATION TO BID PACKAGE

No modification, insert of additional condition, qualification, or provisions or deviation from any requirements or provisions included within the form of the bid

lease or from the requirements or provisions which are specifically set forth herein shall be permitted; provided, however, that the State Lands Commission may, in its discretion, waive any technical defects which do not give the bidder any substantial advantage over other bidders.

7. LATE BIDS

No bids submitted or received after the date and time specified herein for receipt of bids shall be accepted or considered for any reason whatsoever.

EVALUATION PROCEDURES FOR AWARD

1. METHOD OF AWARD

The State Lands Commission shall be the sole judge as to whether the bids conform to this bid proposal and as to the qualifications of the bidder. In selecting a successful bidder, the State Lands Commission shall consider the bid factor, the financial responsibility of the bidder, the bidder's ability to comply with the terms of the lease, the lease proposal and other factors which the Commission, in its sole discretion, may deem pertinent, advantageous to the State and in the public interest. Bidding a higher bid factor, will not necessarily insure a bidder that his bid will be accepted. In connection therewith, the State Lands Commission reserves the right to demand and receive additional evidence from the successful bidder prior to the awarding of the lease by the Commission of the bidder's financial ability and/or ability to perform any or all of the conditions of this lease.

After the sealed bids have been opened and the highest bidder has been identified, any lower bidder may request the refund of the deposit of Five Thousand Dollars ($5,000.00) submitted with the bid. The request for a refund shall be submitted on the form provided by the Commission and shall be executed by the person designated to give or receive any notice with respect to such bidding and to receive refunds, as herein provided. Such request for refund shall be deemed a withdrawal of bidder's offer and a waiver of all rights the bidder may have in connection with or by virtue of said bid. Should the highest bidder, for any reason, withdraw its bid prior to the award of the lease by the Commission, the deposit of Five Thousand Dollars ($5,000.00) shall be forfeited to the State. Otherwise, the Five Thousand Dollars ($5,000.00) shall be applied toward the royalty due after the first lease quarter and to defray any costs of advertising for bids.

2. RESERVATIONS

Award of the lease will be made pursuant to approval by the State Lands Commission. The State Lands Commission reserves the right, in its discretion, at any stage of these proceedings, to withdraw this offer to receive bids and upon such withdrawal there shall be returned all deposits accompanying all bids. The State

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Lands Commission reserves the right, in its discretion, at any stage of these proceedings, to reject any and all bids and upon such rejection, there shall be returned all deposits accompanying any rejected bid or bids.

3. PERFORMANCE BOND AND COSTS

The successful bidder shall furnish, within thirty (30) days after notice of acceptance and approval of the bid by the State Lands Commission, security for the faithful performance of its obligations under the lease. The performance bond shall be in the amount of fifty-one thousand five hundred dollars ($51,500) as is specified in the bid lease package.

4. ENVIRONMENTAL DOCUMENTATION

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 10525), the staff has prepared a Negative Declaration identified as ND No. 655, State Clearinghouse No. 94052019. Such Negative Declaration was prepared and circulated for public review pursuant to the provisions of CEQA.

Lessee shall comply with all environmental conditions and regulations of Federal, State and local agencies including but not limited to the U.S. Army, Corps of Engineers, Coast Guard, Regional Water Quality Control Board, National Marine Fisheries Service, U.S. Fish and Wildlife Service, California Department of Fish and Game and S.F. Bay Conservation and Development Commission. Pursuant to the Negative Declaration, monitoring of aggregate replenishment shall be conducted, at Lessee's expense, as specified in the Lease (Exhibit B).

5. STAFF PROCESSING AND ENVIRONMENTAL REVIEW COSTS

The successful bidder shall be responsible for staff lease costs required for the bidding and issuance of the lease.

Lease Processing Costs:

a. Staff has prepared a CEQA document for this project. Total costs for this document are One Thousand Six Hundred and Thirty-Five Dollars ($1,635.00).

b. The Department of Fish & Game reviewed the environmental document and is eligible for reimbursement of its costs under Fish and Game Code. This amounts to Twelve Hundred and Fifty Dollars ($1,250.00).

c. The State Lands Commission costs for preparation of bid packages and lease negotiations are estimated to be Four Thousand Six Hundred and Fifteen Dollars ($4,615.00).

Total Costs: Seven Thousand Five Hundred Dollars ($7,500.00). Each bidder shall deposit a check in the amount of Seven Thousand Five Hundred Dollars ($7,500.00) to compensate the Commission for the above costs. (Unsuccessful bidders shall be refunded their deposits.)

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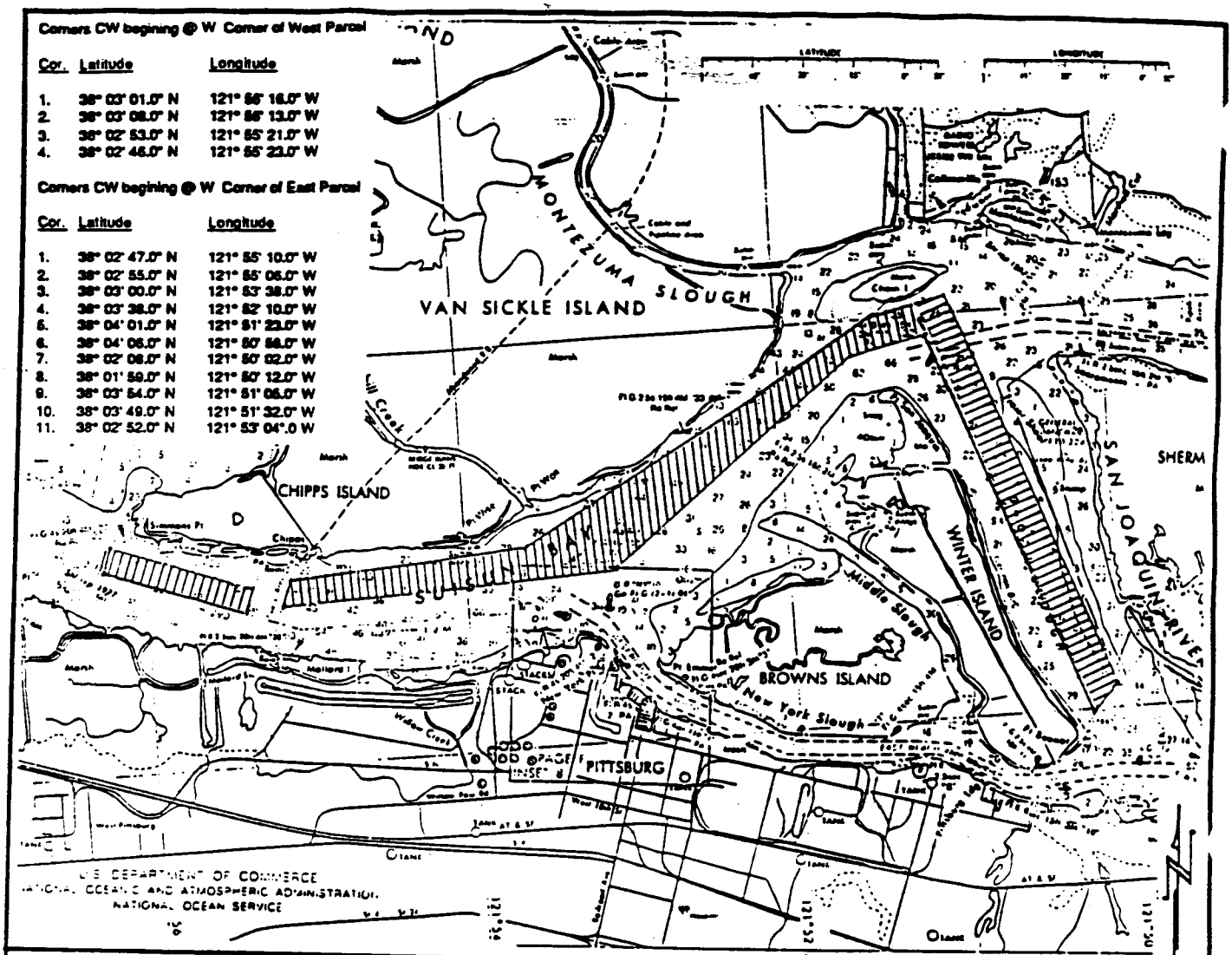

LOCATION MAP

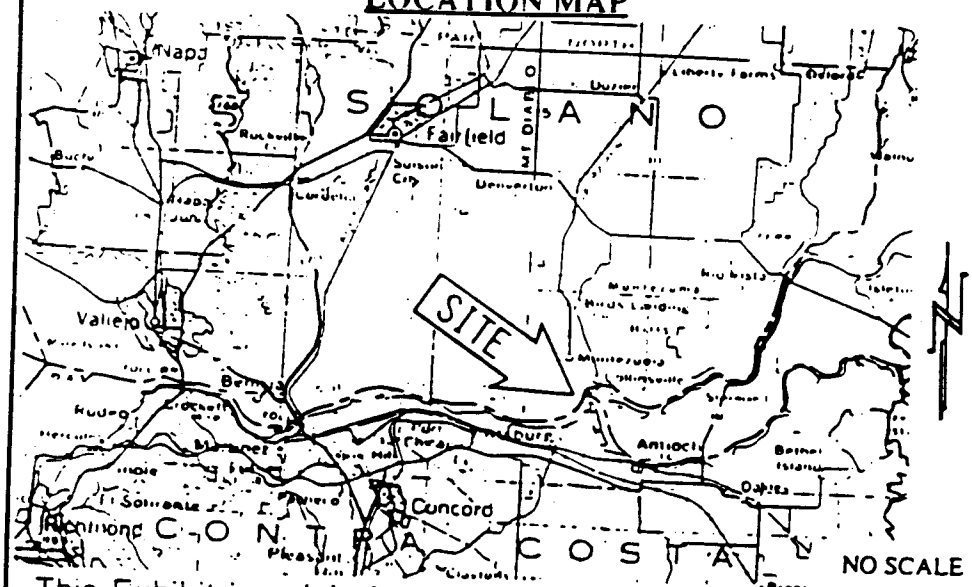

EXHIBIT "A"

W 25089

Dredging Application

Olin Jones Sand Company

Suisun Bay

SOLANO, SACRAMENTO & CONTRA COSTA COUNTIES

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.

STATE LANDS COMMISSION
STATE OF CALIFORNIA

LEASE FOR EXTRACTION OF SAND AND GRAVEL
PRC

Section 1

THIS LEASE is made and entered into pursuant to Division 6 of the Public Resources Code, by and between the State of California, acting by and through the STATE LANDS COMMISSION, hereinafter called the "State", as Lessor, and _____ _____, hereinafter called the "Lessee", whose mailing address is: _____ _____ _____.

The State leases to Lessee that certain parcel of land situated in Suisun Bay and the San Joaquin River, Counties of Contra Costa, Solano, and Sacramento, State of California, more particularly described in Exhibit "A" and referred to as the "Leased Lands".

1. This lease shall commence on the first day of the month following execution by the parties, which date shall be referred to as the "effective date of this lease" and shall continue for five (5) years, unless sooner terminated as provided below.

2. The Lessee shall have the exclusive right to remove from the leased lands up to 100,000 cubic yards annually of Sand and Gravel. All other minerals of any kind are excepted and reserved to the State.

3. Lessee or its operator or its subcontractor shall not conduct any sales in place; that is, Lessee or its operator or subcontractor shall conduct all operations on the Leased Lands and shall not permit purchasers of its products to engage in the extraction of minerals.

4. The bond required pursuant to paragraph 16 of Section 3 is to be in the amount of Fifty-One Thousand Five Hundred Dollars ($51,500).

5. This lease consists of three sections and an exhibit.

Section 2
ROYALTY AND RENT

1. **Definitions:**

   (a) Sand and Gravel: Aggregate and fill material.

   (b) Outside sales: Sale of Sand and Gravel to third parties.

   (c) Inside sales: Transfer or sale of Sand and Gravel to companies or business entities owned or controlled by Lessee.

   (d) Gross sales price: For outside sales, the gross sales price shall be the actual sales price to third parties. For inside sales, the gross sales price shall be calculated as the fair market value of the same material sold in outside sales by Lessee, but never less than the average retail fair market value of the same material sold by similar companies in Lessee's sales and marketing area.

2. Royalties for the mineral resources produced or extracted are to be determined according to the following formula:

$$R = [0.10\ W(Y)]\ B$$

Where R = Royalty in dollars and cents paid to the State.
B = Bid factor of _____ which shall be no less than 1.0.
W = Weighted average lease quarter gross sales price, F.O.B. the dock for sales of raw products (unprocessed materials) and F.O.B. the scale for finished products (washed and screened materials).
Y = Total lease quarter cubic yardage removed from the lease area.

The weighted average sales price (WASP) per lease quarter shall include consideration of wholesale and retail sales and is subject to approval and audit by the State. The royalty rate for a lease quarter shall be based upon the WASP for that quarter. In place sales shall not be permitted.

A nonrefundable minimum royalty of Forty-One Thousand Five Hundred Dollars ($41,500) shall be payable on the effective date of this lease and a minimum annual royalty of Forty-One Thousand Five Hundred Dollars ($41,500) shall be payable on each anniversary of the effective date of this lease, whether or not material is extracted from the Leased Lands. Such minimum royalty shall be credited against royalties due during the lease year. In no event shall the royalty be less than Fifty-five cents ($0.55) per cubic yard of Sand and Gravel.

If Lessee sells its products by the ton, Lessee shall provide the State with the formula(s) it uses to convert yardage figures to tonnage for royalty determination purposes. The formula(s) is (are) to be approved in advance by the State.

The first lease quarter shall be the first three months following the effective date of this lease, and every three-month period thereafter shall be a lease quarter. A lease year shall be the first twelve (12) consecutive months following the effective date of this lease, and every twelve month period thereafter shall be a lease year.

All sales and production data are subject to audit by the State. The term "dock" is defined for the purpose of this lease as the berthing facility commonly used by Lessee as the base of operations for the conduct of those operations permitted under the terms of this lease.

All royalties shall be due and payable to the State as provided in Section 3, paragraph 2.

3. On execution of this Lease, and on each anniversary date of this lease, Lessee shall pay a yearly land rent of two dollars ($2.00) per acre for a total of One Thousand Eight Hundred Seventy-Six Dollars ($1,876.00).

Section 3

STANDARD COVENANTS - STATE LANDS COMMISSION LEASE

1. PURPOSE

(a) Lessee shall have the right to remove only Sand and Gravel from the Leased Lands.

(b) The State shall have the right to go upon the Leased Lands for the purposes of conducting surveys, tests or experiments using any geological, geochemical, geophysical or other method, including core drilling, for determining the presence on or in the Leased Lands of any natural resources, including but not limited to, oil, gas, other hydrocarbons and geothermal resources, as well as other mineral deposits listed in Public Resources Code Section 6407, provided that such surveys, tests, or experiments do not unreasonably interfere with or endanger Lessee's operations pursuant to this lease.

(c) The State shall have the right to issue nonexclusive rights to conduct surveys, tests or experiments using any geological, geochemical, geophysical or other method, including core drilling, for determining the presence on or in the Leased Lands of any mineral resource except Sand and Gravel; provided that operations conducted pursuant to such rights do not unreasonably interfere with or endanger Lessee's operations pursuant to this lease. Lessee shall allow all persons authorized by the State to enter upon the Leased Lands in order to conduct such surveys, tests or experiments.

(d) This lease is entered into with the understanding that its purposes are and its administration shall be consistent with the principle of multiple use of public lands and resources. This lease shall allow coexistence of other permits or leases of the same lands for deposits of mineral resources other than Sand and Gravel under applicable laws, and the existence of this lease shall not preclude other uses of the Leased Lands. However, operations under such other permits or leases or other such uses shall not unreasonably interfere with or endanger operations under this lease, nor shall operations under this lease unreasonably interfere with or endanger operations under any permit, lease or other entitlement for use issued pursuant to the provisions of any other act. This lease shall not be construed as superseding the authority which the head of any state department or agency has with respect to the management, protection, and utilization of the lands and resources under his/her jurisdiction. The State may prescribe those conditions it deems necessary for the protection of other mineral resources.

(e) This lease does not confer upon the Lessee any other privilege or right not expressly given.

2. **CONSIDERATION:**

Lessee shall pay to the State royalties, without deduction, delay or offset, as follows:

(a) Royalties for Sand and Gravel produced or extracted based on the formula, rate or in the amount specified in Section 2, which shall be due and payable on the 25th day of the month following the month of extraction or production.

(b) Lessee shall keep accurate books and records of the operations under this lease, including all Sand and Gravel extracted from the Leased Lands and from the adjoining lands of Lessee, together with the cost of their extraction and of their quarrying and shipping, and shall retain for a minimum of four years copies of all sales contracts for the disposition of any and all Sand and Gravel extracted from the Leased Lands and from the adjoining lands of Lessee.

(c) On or before the 25th day of the month following the month of extraction or production, Lessee shall deliver to the State statements in the form prescribed showing the work performed on the Leased Lands and, at the request of the State, on any other land necessary to make a determination of the amount, quality and value of all Sand and Gravel extracted, produced, shipped or sold, or whether any work was performed on the Leased Lands.

3. **INTEREST AND PENALTIES:**

(a) Royalties, rentals or other monetary considerations which are not paid when due, shall bear interest from the due date until they are paid at the rate of one and one-half percent (1½%) per month.

(b) If any royalties, rentals or other monetary considerations are not paid when due, Lessee shall be assessed a penalty of not more than five percent (5%) of any such royalties, rentals or other monetary considerations.

4. **ENVIRONMENTAL IMPACT:**

Lessee shall abide by the conditions, measures and restrictions set forth in Environmental Document No. 94052019 on file in the office of the State Lands Commission, which is by reference made a part of this lease.

Lessee shall comply with all modifications of equipment and plans deemed necessary by the State, and with all conditions and restrictions established by other agencies having jurisdiction over Lessee's operations, including the Regional Water Quality Control Board, San Francisco Bay Conservation and Development Commission, California Department of Fish and Game, U.S. Coast Guard, National Marine Fisheries, U.S. Fish and Wildlife Service and the U.S. Army Corps of Engineers.

Fishery Resources

To minimize impacts on outmigrating juvenile salmon, all Sand and Gravel activities shall be restricted to areas deeper than twenty (20) feet.

5. WASTE OF RESOURCES, DAMAGE, LOSS AND LIABILITY:

Lessee shall use all reasonable precautions to prevent waste of, damage to or loss of mineral resources and wildlife on or in the Leased Lands and shall be liable to the State for any such waste, damage or loss to the extent that such waste, damage, or loss is caused by Lessee's, its employees', servants', agents' or contractor's negligence, breach of any provision of this lease, or noncompliance with applicable statutes or regulations. Nothing in this lease shall diminish any other rights or remedies which the State may have in connection with any such negligence, breach or noncompliance.

6. ENTRY BY STATE

The State, or persons authorized by the State, shall have the right to go upon the Leased Lands at all reasonable times for the purpose of inspecting and protecting the property and all equipment on it, placing signs upon the property, responding to a fire, taking police action and inspecting all operations of Lessee. No entry by the State, or by persons authorized by the State, shall give Lessee any right to charge the State or subject the State to liability for any loss of occupation or quiet enjoyment of the premises.

7. NOTICES

(a) All notices to be given under this lease shall be in writing and shall be deemed to have been fully given when deposited in the United States mail, registered and with postage prepaid, or when deposited with a responsible private overnight mail delivery company or when sent by telefax to the parties as follows:

To the State:	State Lands Commission 1807 13th Street Sacramento, CA 95814 FAX: (916) _____
To the Lessee:	As set forth in Section 1 hereof FAX: _____

The addresses to which the notices shall be sent may be changed by written notice given by one party to the other in any manner provided above.

(b) All notices to Lessee shall also be deemed to have been fully given if made in writing and personally served upon Lessee or any of its officers.

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(c) All payments specified in this lease shall be made to the State at the address provided in paragraph 7(a) above.

8. **EXAMINATION OF BOOKS:**

The State may examine at all reasonable times the books and records of any individual, association or corporation which has transported for or received from Lessee, any minerals extracted or produced from the Leased Lands, or from lands that have been combined with or adjoin the Leased Lands. Further, the State may examine at all reasonable times the books and records of Lessee or of any such individual, association or corporation with respect to Lessee's or such individual's, association's or corporation's operations, improvements, machinery and fixtures used on or in connection with the Leased Lands, or lands that have been combined with or adjoin the Leased Lands.

9. **WAIVER OF USE OF DATA:**

Lessee waives any statutory or other right or objection to prevent disclosure to the State or a duly authorized employee or representative of the State of any information, reports, data or studies of any kind, filed by Lessee with any federal, state or local agency relating to the Leased Lands, or any operations carried out in connection with the lease, irrespective of whether such information, reports, data or studies contain sensitive, proprietary or confidential information or trade secrets. All information, reports, data or studies filed by Lessee with any federal, state or local agency pursuant to any paragraph of this lease, shall be available at all times for the use of the State or its duly authorized representatives for any purpose. Any information, reports, data or studies obtained by the State from any public agency which are not public records shall be deemed to have been "obtained in confidence" for purposes of Government Code Section 6254(e) and may be disclosed to other persons only with the written consent of Lessee or upon a determination by the State that such disclosure is in the public interest.

10. **RECORDS AND REPORTS:**

Lessee shall supply to the State within thirty (30) days of the State's request, all physical and factual exploration results, logs, surveys and any other data in any form resulting from operations under this lease or from any surveys, tests or experiments conducted on the Leased Lands by Lessee or any person or entity acting with the consent of Lessee or with information or data provided by Lessee. Lessee shall supply to the State within thirty (30) days of the State's request, the results of all geological, geophysical or chemical experiments, tests, reports and studies, interpretive or factual, irrespective of whether the results of such tests, experiments, reports or studies contain sensitive, proprietary or confidential information or trade secrets. Lessee waives any statutory or other rights or objections it might have to prevent disclosure of any such tests, experiments, reports or studies. All such data and documents supplied by Lessee to the State shall be deemed to have been

"obtained in confidence" for purposes of Government Code Section 6254(e) and may be disclosed to other persons only with the written consent of Lessee or upon a determination by the State that such disclosure is in the public interest.

11. PRESERVATION OF PROPERTY, WASTE DISCHARGE:

Lessee shall carry on all work under this lease with due regard for the preservation of the Leased Lands and to the environmental impact of its operations in accordance with the following terms and conditions:

(a) Pollution of rivers, lakes and other bodies of water, and impairment of and interference with bathing, fishing or navigation in such waters is prohibited. No refuse of any kind from any extraction or production activities shall be permitted to be deposited on or pass into waters of any rivers, lakes and other bodies of water without specific written State authorization.

(b) Access to extraction or production sites by the public shall be controlled by Lessee to prevent accidents or injury to persons or property.

(c) The above are in addition to, and are not to be construed as limitations upon, all rules, regulations, restrictions, mitigating measures and all other measures designed to restrict, limit, modify or minimize the environmental impact of operations carried out pursuant to this lease.

12. EXISTING RIGHTS:

This lease is issued subject to all existing valid rights in the Leased Lands at the effective date of this lease, and such rights shall not be affected by the issuance of this lease. If the Leased Lands have been granted by the Legislature to a City, County, Port District or other public entity, subject to a mineral reservation in favor of the State, Lessee shall comply with the conditions and limitations embodied in the grant which affect Lessee's operations.

13. OTHER EASEMENTS AND INTERESTS:

The State reserves whatever right it may have to grant to any person, upon such terms as it may determine, easements, rights-of-way, permits, leases or other interests in the Leased Lands, including easements for tunnels or wells bored through or in the Leased Lands as the State may, in its discretion, determine to be necessary or appropriate; provided that interests which unreasonably interfere with or endanger Lessee's operations shall not be granted.

14. COMPLIANCE WITH LAWS AND RULES:

Lessee shall comply with all valid laws of the United States and of the State of California and with all valid ordinances of cities and counties applicable to Lessee's

operations, including but not limited to, all applicable provisions of the Public Resources Code and the California Code of Regulations. In its employment practices, Lessee shall not discriminate against any person because of race, color, religion, sex, ancestry or national origin, physical disability, sexual orientation, AIDS or AIDS related condition, marital status or age.

15. **WORKER'S COMPENSATION INSURANCE:**

Lessee shall at all times in all operations under this lease and in all work in and upon the Leased Lands carry full Worker's Compensation Insurance covering all employees.

16. **BOND:**

Lessee shall furnish at the commencement of this lease and shall maintain throughout the term of this lease, a bond in favor of the State of California in the sum specified in paragraph 4 of Section 1 to guarantee the faithful performance by Lessee of the requirements, terms, covenants and conditions of this lease and of the provisions of the Public Resources Code and the rules and regulations of the State. The bond shall require the surety to give at least one hundred twenty (120) days written notice of its intention to cease acting as guarantor. If a surety gives notice of its intention to cease acting as guarantor, Lessee shall provide to the State within sixty (60) days of such notice, a replacement bond of equal value to become effective upon the expiration of the existing bond. Failure to provide a replacement bond within the required time shall constitute a default entitling the State to levy against the entire amount of the existing bond. The amount of the bonds shall not be construed as a limitation on Lessee's liability. In place of a corporate surety bond, Lessee may post cash, pledge a deposit account or provide an irrevocable standby letter of credit from a state or nationally chartered bank or provide another financial instrument acceptable to the State.

17. **INDEMNIFICATION:**

Lessee shall indemnify, save harmless and, at the option of the State, defend, except in matters involving title, the State of California, its officers, agents and employees, against any and all claims, losses, demands, causes of action or liability of any kind which may be asserted against or imposed upon the State of California, or any of its officers, agents or employees, by any third person or entity arising out of or connected with operations under this lease, or the use by Lessee or its agents, employees or contractors of the Leased Lands. Without limiting the generality of the foregoing, such indemnification shall include any claim, loss, demand, cause of action or liability asserted against or imposed upon the State of California or any of its officers, agents or employees, arising out of or connected with any alleged or actual violation by Lessee, its agents, employees or contractors, of property or contractual rights of any third person or entity. This provision shall not be construed to require Lessee to indemnify the State for any alleged acts of negligence or other wrongful

act of the State, or its officers, agency's or employee's, except to the extent that such negligence or other wrongful act is alleged to consist of the issuance of this lease, the adoption and enforcement of the provisions set forth in the lease, or in any alleged failure of the State to enforce adequately any such provisions. The indemnification shall be limited further as follows:

(a) The foregoing indemnity is not intended to nor shall it be construed to require Lessee to defend the State's title to mineral resources, and in the case of litigation involving the titles of Lessee and the State, Lessee and the State will join in defending their respective interests, each bearing the cost of its own defense.

(b) For the purpose of satisfying any judgments, settlements, claims or liabilities for damages or trespasses to land or mineral resources resulting from a judicial determination that the State has no title to the land or mineral resources in the Leased Lands and that the owner thereof is entitled to payment for resources extracted under the lease, this indemnification will be limited to any State liability in excess of the monies received by the State in the form of royalties or other payments, as owner of the mineral resources, including any interest actually earned thereon.

18. **INSURANCE:**

Lessee shall procure and maintain personal liability, property damage or other insurance for the benefit of the State in the amount of One Million Dollars ($1,000,000).

19. **SUSPENSION OF OPERATIONS:**

(a) The State may temporarily suspend production or any other operation by Lessee under this lease whenever the State finds that the operation, unless suspended, would pose an immediate and serious threat to life, health, property or natural resources. The suspension shall be effective immediately upon either oral or written notice by the State to Lessee. Any oral notice shall be followed by written confirmation. The State shall lift the suspension when the State finds, on the basis of evidence submitted by Lessee or otherwise available, that resumption of the suspended operation or operations no longer would pose an immediate and serious threat to life, health, property or natural resources. If the State orders suspension of operations because their continuation would or might cause or aggravate erosion of the leased lands or other properties, the operations shall be resumed only in compliance with a State approved program for erosion prevention.

(b) No suspension ordered or approved under this paragraph shall relieve Lessee from any obligation under this lease unless specifically provided in the terms of the suspension.

20. **BREACH:**

If Lessee fails to comply with any of the provisions of this lease, or applicable permit, regulation or law, the State reserves the right, following a 90-day written notice of breach and opportunity to cure as provided by paragraph 27 of Section 3, to declare a forfeiture and cancel this lease subject to paragraph 25 of Section 3. If this lease is canceled, Lessee shall comply with the restoration, reclamation and removal conditions specified in paragraphs 25, 26, and 30 of Section 3.

21. **WAIVER OF BREACH:**

The waiver by the State of any default or breach of any term, covenant or condition of this lease shall not constitute a waiver of any other default or breach whether of the same or of any other term, covenant or condition, regardless of the State's knowledge of such other defaults or breaches. The subsequent acceptance of monies by the State shall not constitute a waiver of any preceding default or breach of any term, covenant or condition, other than the failure of Lessee to pay the particular monies accepted, regardless of the State's knowledge of such preceding default or breach at the time of acceptance of such monies, nor shall acceptance of monies after termination constitute a reinstatement, extension or renewal of the lease or revocation of any notice or other act by the State.

22. **ASSIGNMENT, SUBLETTING AND OPERATORS:**

(a) Subject to the prior written consent of the State, Lessee may assign or transfer this lease or any interest in it, and may sublet the land or any part of it, as provided in Public Resources Code Section 6804, to any person, association of persons or corporation, who at the time of such assignment, transfer or sublease possesses the qualifications required of lessees. The State may condition its consent to an assignment, transfer or sublease upon the altering, changing or amending of this lease, the acceptance of additional consideration or participation by the State in any consideration received by Lessee or its successors in interest for such assignment, transfer or sublease. The consent to any transfer of any interest of this lease shall not be deemed a consent to any subsequent assignment, subletting or occupancy or use by another person. Any assignment, transfer or subletting without the State's consent, whether voluntary or by operation of law, shall be void and transfer no rights to the purported transferee, and any such attempted transfer shall be a breach of the lease entitling the State, at its option, to terminate this lease. However, the above provision shall not prevent Lessee from subcontracting parts of the work to be performed without State approval so long as Lessee remains responsible to the State. Upon approval of any assignment, transfer or sublease, the assignee, transferee or sublessee shall be bound by the terms of this lease to the same extent as if such assignee, transferee or sublessee were the original lessee, any conditions in the assignment, transfer or sublease to the contrary notwithstanding. Further, Lessee shall not be released from any

liability under this lease arising after the effective date of the assignment and not associated with Lessee's use, possession or occupation of or activities on the Leased Lands without the express written release of the State.

(b) If Lessee does not itself conduct operations as authorized by this lease, but employs a third party operator to do so, Lessee agrees to obtain the written approval of the State prior to employment of the operator or subcontractor, which approval shall not be withheld unreasonably. The relationship between Lessee and operator or subcontractor shall not be considered an assignment or sublease.

23. SUCCESSOR:

Subject to the provisions of any assignment, the covenants and conditions of this lease shall apply to and bind all heirs, successors, executors, administrators and assigns of all of the parties.

24. MODIFICATION OF LEASE:

Whenever it appears to be in the public interest, the parties, by mutual agreement in writing, may alter or modify the terms of this lease, or may terminate the lease, with such adjustments and for such considerations as may be fair and equitable in the circumstances.

25. QUITCLAIM:

Lessee may at any time make and file with the State a written quitclaim of all rights under this lease. Such quitclaim shall be effective as of the date of its filing, subject to the continued obligation of Lessee and his surety to make payments of all accrued rentals and royalties, and Lessee will immediately and, at its own expense and risk, restore the land to an environmentally safe and usable condition with due care to carry out all obligations imposed by this lease. No such quitclaim shall release Lessee or his surety from any liability for breach of any obligation of this lease with respect to which Lessee is in default at the time of the filing of such quitclaim.

26. SURRENDER OF PREMISES:

At the expiration of this lease, or at its sooner termination, Lessee shall surrender possession of the Leased Lands with all improvements, structures and fixtures thereon in good order and condition, or the State may require Lessee, at its own cost, to remove, within ninety (90) days, all or any designated improvements, structures and fixtures which were put on the Leased Lands by Lessee and restore the Lease Lands to the extent and in the manner specified by the State.

27. **CANCELLATION:**

This lease may be canceled upon the failure of Lessee, after ninety (90) days written notice and demand, to comply with any of its provisions or with applicable laws, rules or regulations.

28. **HOLDING-OVER:**

Any holding-over by Lessee after the expiration of the lease term, with or without the express or implied consent of the State, shall constitute a tenancy from month to month and not an extension or renewal of the lease term, and shall be subject to the terms, covenants, and conditions of this lease.

29. **PRODUCTION FROM ADJACENT PRIVATE LANDS:**

If at any time during the term of this lease or of any renewal, Lessee proposes to mine and extract concurrently the same minerals as those authorized by Section 1, paragraph 2 of this lease, from private lands owned or leased by Lessee, Lessee shall notify the State ten (10) days prior to such operations. The Lessee's notice shall provide the State with a method for tracking and identifying the production from the State lands. All material removed from both private and State lands without notice will be considered to be removed from State lands for royalty purposes.

For purposes of this paragraph, Lessee agrees to allow the State to examine and audit any of its records pertaining to production on the adjacent private lands.

30. **SURFACE MINING AND RECLAMATION ACT OF 1975:**

Any reclamation plan drafted under the Surface Mining and Reclamation Act (Public Resources Code Section 2770 et seq.) or any subsequently issued plan, shall be incorporated into this lease. Lessee shall comply with the terms of this plan during Lessee's operations on the Leased Lands and upon any partial or total quitclaim, surrender, forfeiture or cancellation of this lease.

31. MONITORING OF AGGREGATE REPLENISHMENT:

At its own expense and at the commencement of this lease and at six-month intervals thereafter, Lessee shall conduct echo sounder surveys to determine the replenishment of aggregate materials. Lessee shall conduct a final survey at the termination of the lease.

Prior to conducting any such survey, Lessee shall submit its plan of survey to the State for its approval. Data from the surveys shall be transmitted to the State within 30 days of completion of each survey. All data shall become the property of the State, and the State shall have the right to disclose such data to other parties so long as proprietary information and trade secrets of Lessee are not disclosed.

32. **FORCE MAJEURE:**

The obligations imposed upon Lessee by this lease may be suspended when Lessee is prevented from complying with them by wars, riots, acute and unusual labor or material shortages, acts of God, laws, rules and regulations of any federal, state, county or municipal agency, or by other unusual conditions that are beyond the control of Lessee.

33. **TIME OF ESSENCE:**

Time is of the essence in this lease.

34. **RELATIONSHIP OF THE PARTIES:**

In performing obligations arising under this lease, it is understood that this lease does not constitute, and the parties do not intend it to create, a partnership or joint venture or the relationship of master and servant or principal and agent.

35. **SEVERABILITY:**

If any provision of this lease is judicially determined to be invalid, it shall be considered deleted from this lease and shall not invalidate the remaining provisions.

36. **TAXES:**

Lessee shall pay, when due, all taxes and assessments lawfully assessed and levied under the laws of the State of California or of any political subdivision thereof, or of the United States of America, against any and all improvements, property or assets of Lessee situate upon the Leased Lands or other rights of Lessee arising out of the lease. Such taxes include possessory interest taxes imposed by a city or county on the leasehold interest. The payment of any such taxes by the Lessee shall not reduce the amount of consideration due the State under this lease.

37. **TAXABLE POSSESSORY INTEREST:**

Lessee understands that the leasehold interest created by this lease may be a possessory interest subject to property taxation and that Lessee is responsible for paying all property taxes levied on such possessory interest as provided by paragraph 36 of Section 3.

38. **PIPELINE AVOIDANCE:**

The parties hereto recognize that there are three existing pipelines in Suisun Bay, west of Chipps Island, operated respectively by Pacific Gas and Electric Company under State Lands Commission Lease PRC 5438.1, by Chevron U.S.A. Inc. under State Lands Commission Lease PRC 3278.1, and by Shell Western E&P Inc. under State Lands Commission Lease PRC 5107.1, all lying outside and westerly of the premises described in Exhibit "A". Lessee agrees to notify said companies of the pending sand extraction work and to investigate and locate any other pipelines within and immediately adjacent to the lands covered under this agreement. Should any such other pipelines exist, the Lessee agrees to notify the operators thereof, and the

State Lands Commission, and to avoid any damage to said pipelines in carrying out the sand extraction operations authorized herein.

39. **CAPTIONS:**

The captions in this lease are for convenience only and are not a part of this lease and do not in any way limit or amplify the terms and provisions of this lease.

This agreement will become binding on the State only when approved by the State Lands Commission and when executed on the behalf of the Commission.

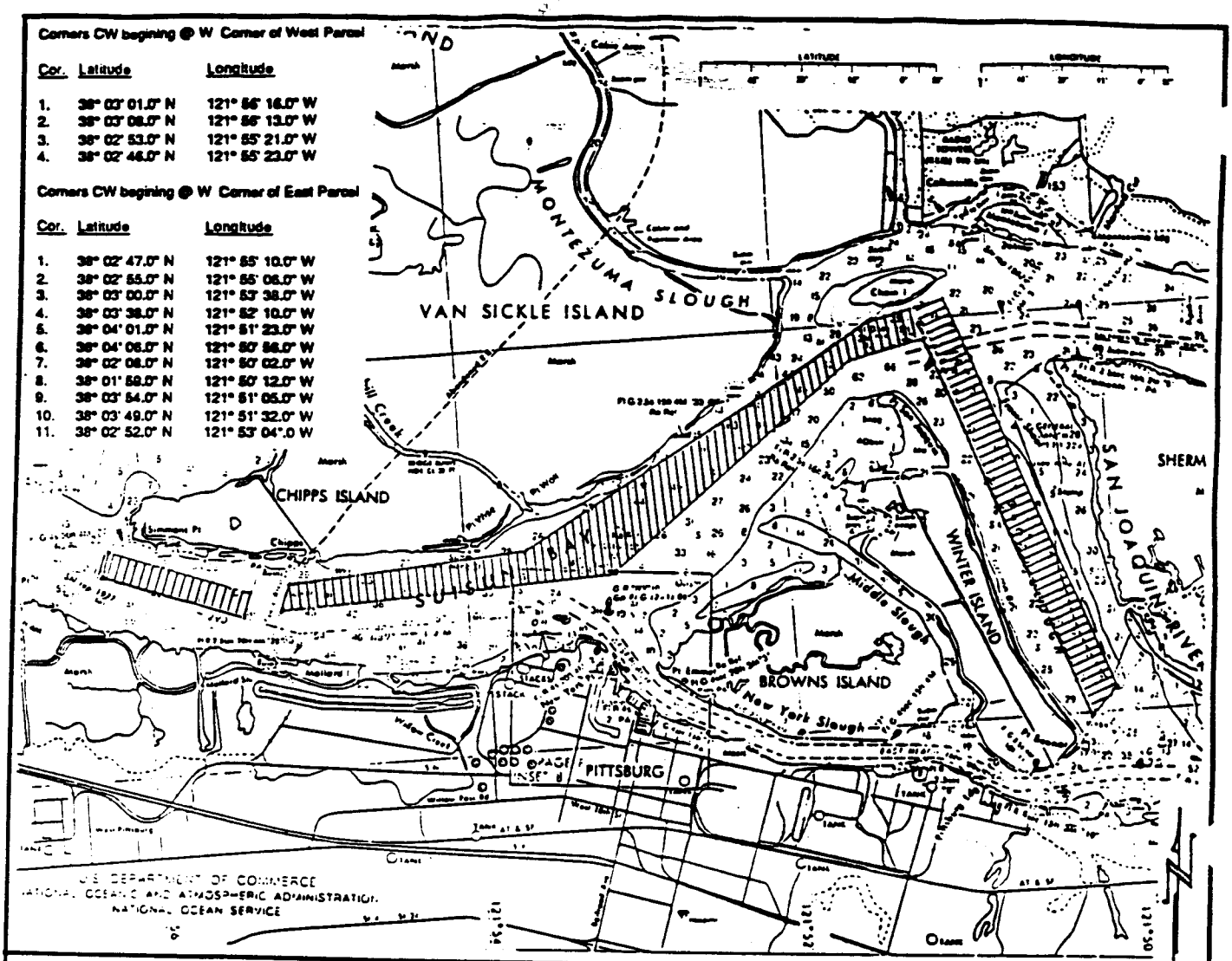
_____ Lessee	STATE OF CALIFORNIA STATE LANDS COMMISSION
By: _____ Name of Representative	By: _____ Jane Sekelsky, Chief Division of Land Management
_____ Title	
Dated: _____	Dated: _____
CORPORATE SEAL, if corporation	Approved as to form DANIEL E. LUNGREN ATTORNEY GENERAL STATE OF CALIFORNIA
	By _____ Alan V. Hager Deputy Attorney General

Corners CW begining @ W Corner of West Parcel

Cor.	Latitude	Longitude
1.	38° 03' 01.0" N	121° 56' 16.0" W
2.	38° 03' 08.0" N	121° 56' 13.0" W
3.	38° 02' 53.0" N	121° 55' 21.0" W
4.	38° 02' 46.0" N	121° 55' 23.0" W

Corners CW begining @ W Corner of East Parcel

Cor.	Latitude	Longitude
1.	38° 02' 47.0" N	121° 55' 10.0" W
2.	38° 02' 55.0" N	121° 55' 06.0" W
3.	38° 03' 00.0" N	121° 53' 38.0" W
4.	38° 03' 38.0" N	121° 52' 10.0" W
5.	38° 04' 01.0" N	121° 51' 23.0" W
6.	38° 04' 06.0" N	121° 50' 56.0" W
7.	38° 02' 08.0" N	121° 50' 02.0" W
8.	38° 01' 59.0" N	121° 50' 12.0" W
9.	38° 03' 54.0" N	121° 51' 06.0" W
10.	38° 03' 49.0" N	121° 51' 32.0" W
11.	38° 02' 52.0" N	121° 53' 04".0 W



LOCATION MAP

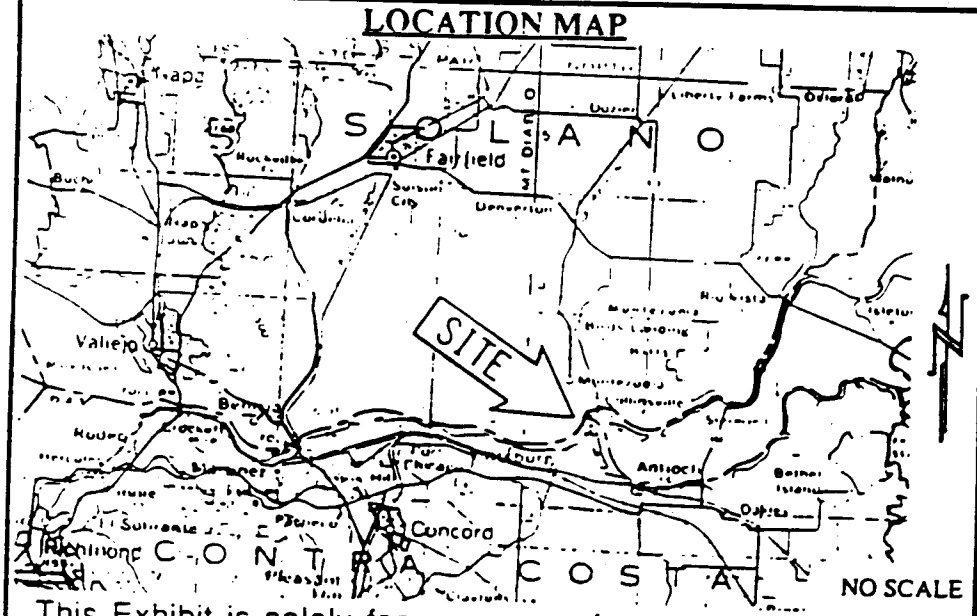


EXHIBIT "A"

W 25089

Dredging Application

Olin Jones Sand Company

Suisun Bay

SOLANO, SACRAMENTO & CONTRA COSTA COUNTIES

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.

CALENDAR PAGE 452.1

MINUTE PAGE 3129