MINUTE ITEM
This Calendar Item No. C77 was approved as Minute Item No. 77 by the California State Lands Commission by a vote of 2 to 0 at its 5/9/96 meeting.

CALENDAR ITEM
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CONSIDER APPROVAL OF A NEGOTIATED MINERAL EXTRACTION LEASE FOR SAND AND GRAVEL ON 80 ACRES OF STATE RESERVED MINERAL INTEREST SCHOOL LANDS, LASSEN COUNTY

APPLICANT:

Baldwin Contracting Company
Attn: Rene Vercruyssen, Vice President
1764 Skyway
Chico, California 95928

AREA, TYPE LAND AND LOCATION:

Approximately 80 acres of State 100 percent reserved mineral interest land located in the W ½ of NW 1/4 of Section 27, T28N, R17E, MDM and situated about 12 miles southeast of Wendel, California.

PROPOSED LEASE TERMS:

Primary term of the lease shall be three years with a right to renewal for one successive five year term upon mutually acceptable terms and conditions.

Royalty of ten percent of the gross sales price for material sold with a $0.40 per ton minimum. Minimum annual royalty will be $4,000 based on annual production of 10,000 tons at $0.40 per ton. Rental will be $1 per acre per year, or $80 per year.

Bond in the amount of $20,000 in favor of the State shall be furnished by Lessee to guarantee faithful performance of terms and conditions of the lease.

BACKGROUND:

In February 1996, Commission staff reviewed a proposed Negative Declaration SCH No. 96013043 prepared by Lassen County Planning Department (County) regarding Minor Amendment No. 96003 to Use Permit No. 930001 issued to R. W. Harwell of

Reno, Nevada. The review indicates that the project is situated on land the State acquired and patented as school land with all minerals reserved. Mr. Harwell was notified of the State's mineral interest. Mr. Harwell is the present surface owner of the subject parcel.

In March 1996, Commission staff discussed this matter with Mr. Harwell and Baldwin Contracting Company (Baldwin), who had entered into a contract with Mr. Harwell to extract sand and gravel from the subject parcel starting in June 1996. Both Mr. Harwell and Baldwin have since acknowledged the State's ownership of the mineral interest in the parcel. According to Mr. Harwell, some site work has been done on the surface of the parcel to prove up the sand and gravel deposit, but no production has taken place up to now. The County has confirmed that no production of sand and gravel has occurred on the parcel.

In April 1996, Commission staff proposed terms to Baldwin concerning a mineral lease for sand and gravel extraction from the subject parcel. Baldwin has consented to the terms described above and agreed to a form of lease for this transaction.

STATUTORY AND OTHER REFERENCES:

A. Public Resources Code Section: Division 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. The Lassen County Planning Department prepared and circulated Negative Declarations SCH No. 93082044 and SCH No. 96013043 for this project. It was found that there is no substantial evidence that the project, as revised to incorporate the described mitigation measures, will have a significant effect on the environment. Commission staff has reviewed such documentation.

2. The Lassen County Planning Department approved Use Permit No. SM930001 on October 6, 1993, and Minor Amendment No. 96003 on March 6, 1996, for this project. Commission staff has also reviewed these documents. The reclamation plan and the mitigation monitoring and compliance program are part of these documents. As lead agency, Lassen County is responsible for their implementation and verification.

APPROVALS OBTAINED:

Pursuant to Public Resources Code Section 6890, the form of lease has been approved by the Attorney General's office regarding compliance with applicable provision of the law.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT NEGATIVE DECLARATIONS SCH NO. 96013043 AND SCH NO. 93082044 WERE PREPARED AND ADOPTED BY THE COUNTY OF LASSEN FOR THIS PROJECT, AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.

2. AUTHORIZE ISSUANCE OF A MINERAL EXTRACTION LEASE TO BALDWIN CONTRACTING COMPANY FOR A PRIMARY TERM OF THREE YEARS FOR SAND AND GRAVEL ON W ½ OF NW 1/4 OF SECTION 27, T28N, R17E, MDM CONTAINING APPROXIMATELY 80 ACRES. IN ACCORDANCE WITH THE STANDARD FORM OF LEASE, ROYALTY SHALL BE TEN PERCENT OF THE GROSS VALUE OF ALL SAND AND GRAVEL PRODUCED, EXTRACTED, SHIPPED, USED OR SOLD FROM THE LEASED LAND, LESS ANY CHARGES APPROVED BY THE COMMISSION THAT WERE MADE OR INCURRED WITH RESPECT TO TRANSPORTING OR PROCESSING THE STATE'S ROYALTY SHARE OF PRODUCTION, BUT IN NO EVENT SHALL THE ROYALTY BE LESS THAN $0.40 PER TON OF SAND AND GRAVEL.