

MINUTE ITEM

This Calendar Item No. C115 was approved as Minute Item No. 115 by the California State Lands Commission by a vote of 3 to 0 at its 6-19-98 meeting.

**CALENDAR ITEM
C115**

A 34
S 15

06/19/98
PRC 2976.1
PRC 5464.1
B. Dugal
G. Pelka
E. Kruger

**CONSIDER RENEWAL OF A GENERAL LEASE - INDUSTRIAL USE,
LEASE NO. PRC 2976.1, AND
MINERAL EXTRACTION LEASE, NO. PRC 5464.1,
FOR INDUSTRIAL MINERALS, BOTH ON STATE SOVEREIGN LANDS,
OWENS LAKE, INYO COUNTY**

LESSEE:

Lake Minerals Corporation
P. O. Box 37
209 N. Main Street
Lone Pine, California 93545

AREA, LAND TYPE, AND LOCATION:

General Lease - Industrial Use, Lease No. PRC 2976.1 contains approximately 204 acres of State sovereign land located on the west side of the dry lake bed of Owens Lake.

Mineral Extraction Lease No. PRC 5464.1 contains approximately 16,120 acres of State sovereign land located on the dry lake bed of Owens Lake, Inyo County.

CONSIDERATION:

Lease PRC 2976.1 provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, Commission staff has conducted a review of the rent under this lease and recommends that the rent be revised from \$6,435 per year to \$8,736 per year, effective August 1, 1998.

The recommended adjustment of rent is based on adjustment of the prior rent by application of the Consumer Price Index (CPI). Application of the CPI to adjust rents at this time is an interim measure necessitated by budget constraints and resultant losses in staff, and does not obligate the Commission to use the CPI to adjust rents other than as specifically set forth herein.

BACKGROUND:

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Lease PRC 2976.1 is for existing access roadways and a mineral processing site and was originally issued to Morrison and Weatherly who subsequently assigned the lease to Lake Minerals Corporation (Lake Minerals) on January 1, 1980. Lease PRC 2976.1 is adjacent to and supports State Mineral Extraction Lease No. PRC 5464.6. Pursuant to the lease terms, Lake Minerals is exercising the second of two ten-year renewal options.

Lease PRC 2976.1 expired on January 23, 1998. Since lease PRC 2976.1 supports Mineral Extraction Lease PRC 5464.1, which expires July 31, 1998, and in order to accommodate the Lessee's request to coordinate the lease terms for both leases, Commission staff recommends that the period commencing January 24, 1995 through July 31, 1998 be deemed a holdover term pursuant to Paragraph 29 of the lease and that the lease renewal for PRC 2976.1 commence on August 1, 1998. Lake Minerals has paid rent in the amount of \$3,314.46 for the period of January 24, 1998 through July 31, 1998.

Lake Minerals has been the Lessee of Mineral Extraction Lease No. PRC 5464.1 since the effective date of the Lease on August 1, 1978. The lease is located on the dry lake bed of Owens Lake, Inyo County, where trona, an industrial mineral used in refining boron minerals for the manufacture of glass, paints, soaps and other products, is extracted from the lake bed. In its request for processing of the renewal of the lease, Lake Minerals has requested the lease renewal under existing terms and conditions. If approved by the California State Lands Commission, Mineral Extraction Lease No. PRC 5464.1 will be renewed on August 1, 1998, for the first of three ten year renewal periods.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code sections Division 6, Parts 1 and 2; Division 13.
- B. California Code of Regulations sections Title 3, Division 3; Title 14, Division 6

OTHER PERTINENT INFORMATION

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that the activity of Lease No. PRC 2976.1 is exempt from the requirements of the CEQA as a statutorily exempt project. The project is exempt because it involves an "ongoing project" as defined by the CEQA and the State CEQA Guidelines.

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Authority: Public Resources Code section 21169 and Title 14, California Code of Regulations, section 15261.

2. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15025), the staff prepared a Negative Declaration identified as CSLC ND 210, State Clearinghouse No. 77040473. The California State Lands Commission adopted the Negative Declaration on July 26, 1977. Such Negative Declaration was prepared and circulated for public review pursuant to the provisions of the CEQA.

Additionally, a Negative Declaration, State Clearinghouse No. 90020138, was prepared and adopted for the Reclamation Plan for this project by Inyo County. The Commission's staff reviewed such document.

Based upon the Commission's Negative Declaration, the comments received in response thereto, and staff's review of Inyo County's Negative Declaration, there is no substantial evidence that the project will have a significant effect on the environment.

EXHIBITS:

- A. Location Map.
- B. Land Description (PRC 2976.1)

PERMIT STREAMLINING ACT DEADLINES:

N/A.

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDINGS:

1. FIND THAT THE ACTIVITY OF LEASE NO. PRC 2976.1 IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061, AS STATUTORILY EXEMPT PROJECT PURSUANT TO PUBLIC RESOURCES CODE SECTION 21169 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15261, ACTIVITY INVOLVING AN ONGOING PROJECT.

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2. CERTIFY THAT A NEGATIVE DECLARATION, CSLC NO. 210, STATE CLEARINGHOUSE NO. 77040473, WAS PREPARED FOR THIS PROJECT, LEASE NO. 5464.1, PURSUANT TO THE PROVISIONS OF THE CEQA, AND WAS ADOPTED BY THE CALIFORNIA STATE LANDS COMMISSION ON JULY 26, 1977; THAT THE STAFF OF THE COMMISSION REVIEWED AND CONSIDERED THE INFORMATION CONTAINED IN INYO COUNTY'S NEGATIVE DECLARATION, STATE CLEARINGHOUSE NO. 90020138; AND, THAT THE INFORMATION CONTAINED IN THESE DOCUMENTS REMAINS VALID FOR THE CONSIDERATION OF THE PROPOSED LEASE.

AUTHORIZATION:

1. AUTHORIZE: A) THE PERPETUATION OF GENERAL LEASE - INDUSTRIAL USE, LEASE NO. PRC 2976.1 AS A HOLDOVER TENANCY PURSUANT TO PARAGRAPH 29 OF THE LEASE, FOR THE PERIOD OF JANUARY 24, 1998 THROUGH JULY 31, AND; B) THE ACCEPTANCE OF THE SUM OF \$3,314.46 AS RENTAL PAYMENT IN FULL FOR THE HOLDOVER TERM.
2. AUTHORIZE THE RENEWAL OF GENERAL LEASE - INDUSTRIAL USE, LEASE NO. PRC 2976.1, TO LAKE MINERALS CORPORATION; BEGINNING AUGUST 1, 1998, FOR A TERM OF TEN YEARS; ANNUAL RENT IN THE AMOUNT OF \$8,736; COMBINED SINGLE LIMIT COVERAGE OF NO LESS THAN \$1,000,000; SURETY IN THE AMOUNT OF \$3,500; ALL OTHER TERMS AND CONDITIONS OF THE LEASE REMAIN THE SAME.
3. AUTHORIZE THE RENEWAL OF MINERAL EXTRACTION LEASE NO. PRC 5464.1 TO LAKE MINERALS CORPORATION, FOR CONTINUED EXTRACTION OF INDUSTRIAL MINERALS (TRONA) COMMENCING AUGUST 1, 1998, AND ENDING JULY 31, 2008; ALL OTHER TERMS AND CONDITIONS OF THE LEASE REMAIN THE SAME.

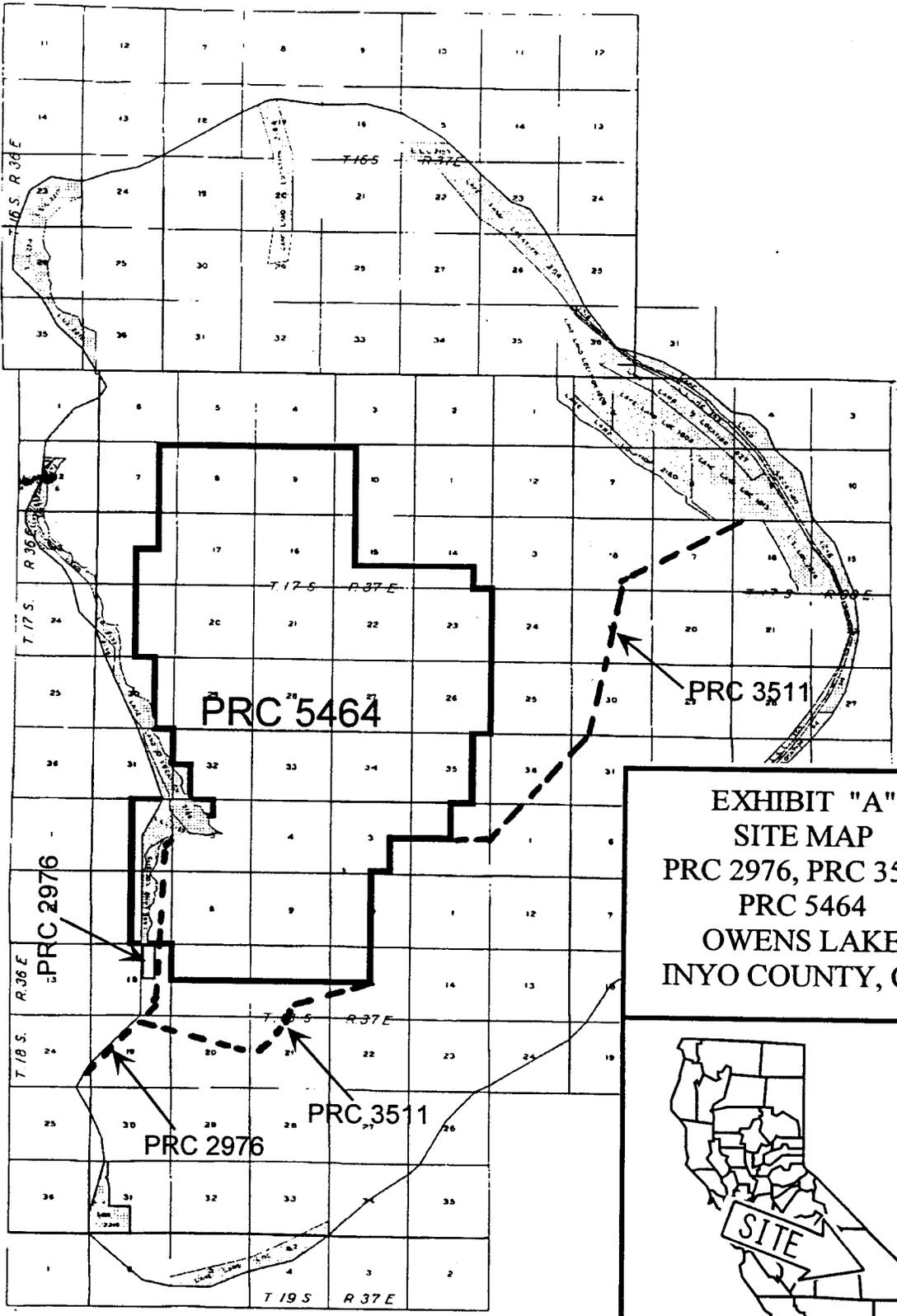


EXHIBIT "A"
 SITE MAP
 PRC 2976, PRC 3511,
 PRC 5464
 OWENS LAKE
 INYO COUNTY, CA.



EXHIBIT B

LAND DESCRIPTION

PRC 2976.1

Five parcels of land in the State-owned bed of Owens Lake, Inyo County, California, situated in Section 24, T18S, R36E, and Sections 5, 6, 7, 18 and 19, T18S, R37E, MDM, said parcels are described as follows:

PARCEL 1

That portion of the west half of the south half of the north half of Section 5, T18S, R37E, MDM, lying southerly of the southerly line of Lake Land Locations Nos. 2159 and 2168.

PARCEL 2

The west half of the north half of the south half of Section 5, T18S, R37E, MDM.

PARCEL 3

That portion of Section 6, T18S, R37E, MDM, lying easterly of the easterly line of Lake Land Locations Nos. 2159 and 2175.

EXCEPTING THEREFROM any portion lying within the 100-foot strip of land described in Parcel 5 below.

PARCEL 4

BEGINNING at the U.S. meander corner common to fractional Sections 7 and 18, T18S, R37E, MDM; thence S 89° 14' E, 700 feet along the projected section line of Sections 7 and 18, T18S, R37E, MDM; thence S 0° 15' W, 1000 feet; thence N 89° 14' W, 700 feet to a point on the meander line; thence N 0° 15' E, 1000 feet along the meander line to the Point of Beginning.

PARCEL 5

A strip of land 100 feet in width lying 50 feet on each side of the following described centerline:

COMMENCING at the meander corner between Sections 24 and 25, T18S, R36E, MDM; thence northeasterly along the meander line 1103.06 feet to the POINT OF BEGINNING of the herein-described centerline; thence N 46° 08' 48" E, 6157.05 feet to a point on

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the south line of Section 18, T18S, R37E, MDM, 50 feet easterly of the southwest corner of the southeast quarter of the southeast quarter of said section; thence N 0° 15' E, 5280 feet to the north line of Section 18; thence N 0° 46' E, 50 feet; thence parallel with the north line of Section 18, N 89° 14' W, 150.21 feet; thence N 7° 25' E, 3941.66 feet; thence N 5° 17' E, 1200.5 feet; thence N 8° 20' E, 2200 feet; thence N 51° 36' 05" E, 811.89 feet to a point on the westerly line of Section 5 of said township, distant 64.49 feet southerly from the west quarter corner of said section and the end of the herein described centerline.

END OF DESCRIPTION

Prepared Leroy F. Weed Checked C. J. Kargis
Reviewed Ray Mink Date 7/10/79