MINUTE ITEM
This Calendar Item No. C48 was approved as Minute Item No. 48 by the California State Lands Commission by a vote of 3 to 0 at its 10-06-04 meeting.

CALENDAR ITEM
C48

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10/6/04
PRC 8571 W 40851
E. Kruger

CONSIDER APPLICATION FOR A PROSPECTING PERMIT FOR MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES, AND SAND AND GRAVEL ON STATE PATENTED SCHOOL LAND, INYO COUNTY

APPLICANT:

Southern Clay Products, Inc.
Attn: Mr. Thomas J. Serenko, Mining and Exploration Manager
1212 Church Street
Gonzales, TX 78629-3008

AREA, TYPE LAND AND LOCATION:

Southern Clay Products, Inc. (SCP) is requesting a State Mineral Prospecting Permit on 640 acres, more or less, of State 100 percent (100%) reserved mineral interest patented State School Land located in Section 36, Township 27 North, Range 4 East, San Bernardino Base and Meridian, Assessor Parcel Nos. 41-380-01, 41-380-02, subject to any valid easement(s) and right(s)-of-way, and situated approximately ten miles northwest of Death Valley Junction in southern Inyo County, California.

BACKGROUND:

On November 13, 2001, California State Lands Commission (Commission) staff received an application from Southern Clay Products, Inc. (SCP) of Gonzales, Texas, requesting a mineral prospecting permit on 640 acres of State patented State School Land located in Section 36, T27N, R4E, SBM. The application was determined by staff to be complete on August 2, 2004. SCP is the current surface owner of Section 36. The State's interest in Section 36 is a 100 percent (100%) reservation of the subsurface minerals.

The subject parcel is situated about ten miles northwest of Death Valley Junction in southern Inyo County, California. SCP's mineral exploration project in this vicinity also includes privately owned land and its federal mining claims adjacent

to the State parcel. SCP will be prospecting for hectorite, a lithium-bearing bentonite clay mineral, utilized in industrial additives and treatment processes. The proposed project includes an exploration drilling program consisting of a total of forty drill holes along a grid system designed by SCP and for the most part located in the south half of the State parcel. Drilling and support equipment will travel to the drill site locations along existing dirt roads. Drill hole reclamation will be completed in accordance with U.S. Bureau of Land Management's abandonment procedures, and each drill site will be returned to its original condition to the extent possible.

TERMS OF PROPOSED PROJECT:

The primary term of a State mineral-prospecting permit, proposing significant surface activity including an exploration-drilling program, shall be two (2) years. The Commission, in its discretion, may extend the term for an additional period not to exceed one (1) year. In no event shall the term of any permit exceed three (3) years.

ROYALTY:

Royalty payable under this permit shall be twenty percent (20%) of the gross value of the minerals secured from the permitted land and sold, or otherwise disposed of, or held for sale or other disposition.

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

1. Required filing fee, processing fee and acreage deposit have been submitted by the Applicant. Reimbursable Agreement 09501 will be used to reimburse staff costs for this transaction.

2. The subject parcel is not known to contain commercially valuable mineral deposits.

3. Royalty payable under any preferential mineral extraction lease issued shall not be less than ten percent (10%) of the gross value of all mineral production from the leased land, less any charges approved by the Commission, made or incurred with regard to transportation or processing of the State's royalty share of production. The determination of the royalty charges shall be at the discretion of the Commission and set forth in the mineral extraction lease.

STATUTORY AND OTHER REFERENCES:

A. Public Resources Code: Division 6, section 6891
B. California Code of Regulations: Title 2, section 2200

OTHER PERTINENT INFORMATION:

1. Mitigated Negative Declaration (MND), SCH No. 2003081077, was prepared and adopted for this project by the Inyo County Planning Commission (the County) on October 30, 2003. Commission staff have reviewed and considered such documentation.

2. Mitigation measures were adopted by the County in its approval of the MND. A copy of the MND and the Notice of Determination are included as Exhibit A, attached hereto.

3. As request by SCP, Paragraph 13 of the permit provides that test results from its mineral exploration project be furnished to the State within 120 days of their completion, instead of the standard thirty (30) days, due to the complexity of testing material for commercial clay minerals.

4. SCP's reclamation obligation is $9,500 for its mineral exploration project that includes the State parcel, as required by the County and under the provisions of the Surface Mining and Reclamation Act, to insure compliance by SCP with the approved MND.

5. As provided by Public Resources Code section 6895, upon establishing to the satisfaction of the Commission that a deposit of commercially valuable minerals has been discovered within the limits of the permitted land, the Permittee shall have a preferential right to a mineral extraction lease to a maximum of 640 acres. This right shall be subject to all necessary environmental approvals. The issuance of this mineral prospecting permit shall not affect the discretion of the Commission in granting or denying such a mineral lease because of environmental conditions.

6. This activity involves land which has not been identified as possessing significant environmental values pursuant to Public Resources Code Sections 6370 et seq.; therefore, the finding of the project's consistency with the use classification as required by Title 2, California Code of Regulations, section 2954 is not applicable.

APPROVALS OBTAINED:

As provided by Public Resources Code section 6890, the State Mineral Prospecting Permit document has been approved by the Office of the Attorney General as to compliance with applicable provisions of the law.

EXHIBIT:

A. Inyo County Planning Commission Mitigated Negative Declaration of Environmental Impact and Initial Study and Notice of Determination documents.

PERMIT STREAMLINING ACT DEADLINE:

January 29, 2005

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

1. FIND THAT MITIGATED NEGATIVE DECLARATION (SCH NO. 2003081077) AND MITIGATION MONITORING PROGRAM WERE PREPARED AND ADOPTED FOR THIS PROJECT BY THE INYO COUNTY PLANNING COMMISSION AND THAT CALIFORNIA STATE LANDS COMMISSION STAFF HAVE REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN. THE PROJECT SHALL INCLUDE THIS PROSPECTING PERMIT AND ANY OTHER EXTENSION THAT THE CALIFORNIA STATE LANDS COMMISSION MAY GRANT IN ITS DISCRETION FOR THE PROJECT AS DESCRIBED IN THE PERMIT. ANY EXTENSION SHALL NOT EXCEED AN ADDITIONAL PERIOD OF ONE (1) YEAR. IN NO EVENT SHALL THE TERM OF ANY PERMIT EXCEED THREE (3) YEARS.

2. ADOPT THE MITIGATION MONITORING PROGRAM, AS CONTAINED IN EXHIBIT A, ATTACHED HERETO.

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

AUTHORIZATION:

AUTHORIZE THE ISSUANCE OF A STATE MINERAL PROSPECTING PERMIT TO SOUTHERN CLAY PRODUCTS, INC. FOR A PRIMARY TERM OF TWO YEARS, EFFECTIVE NOVEMBER 1, 2004, FOR HECTORITE AND ALL MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES AND SAND AND GRAVEL ON SECTION 36, TOWNSHIP 27 NORTH, RANGE 4 EAST, SAN BERNARDINO BASE AND MERIDIAN, INYO COUNTY, IN ACCORDANCE WITH THE STANDARD FORM OF PROSPECTING PERMIT. ROYALTY PAYABLE UNDER THIS PERMIT SHALL BE TWENTY PERCENT (20%) OF THE GROSS VALUE OF THE MINERALS. ROYALTY PAYABLE UNDER ANY PREFERENTIAL MINERAL EXTRACTION LEASE ISSUED UPON THE DISCOVERY OF COMMERCIALLY VALUABLE MINERAL DEPOSITS SHALL BE NOT LESS THAN TEN PERCENT (10%) OF THE GROSS VALUE OF ALL MINERAL PRODUCTION FROM THE LEASED LAND, LESS ANY CHARGES APPROVED BY THE CALIFORNIA STATE LANDS COMMISSION MADE OR INCURRED WITH REGARD TO THE TRANSPORTATION OR PROCESSING OF THE STATE'S ROYALTY SHARE OF PRODUCTION. THE DETERMINATION OF THE ROYALTY AND CHARGES SHALL BE AT THE DISCRETION OF THE CALIFORNIA STATE LANDS COMMISSION.

Inyo County Planning Commission
168 North Edwards Street
Post Office Drawer L
Independence, California 93526

Phone: (760) 878-0263
(760) 872-2706
FAX: (760) 872-2712
E-Mail: InyoPlanning@qnet.com

MITIGATED NEGATIVE DECLARATION OF ENVIRONMENTAL IMPACT AND INITIAL STUDY

PROJECT TITLE:
Reclamation Plan No. 03-1/Conditional Use Permit No. 03-8/Hectorite Exploration/ Southern Clay Products

PROJECT LOCATION:
This project is located in a portion of Section 36, Township 27N, Range 4E, SBB&M, 8 miles north of Death Valley Junction on Highway 127 then approximately 4 miles west (APN 41-380-01, 41-380-02).

PROJECT DESCRIPTION:
Southern Clay Products requests permission to search for additional hectorite resources by conducting an exploratory drilling program on private land owned by Southern Clay Products. The mineral rights belong to the California State Lands Commission. The project will consist of drilling 40 exploration holes to a minimum depth of 45 feet. Holes may reach 100 feet in depth if mineralization is found. Drill holes will be reclaimed using the standard recommended methods supplied by the Bureau of Land Management. No road building will occur. All travel will be overland. Any compaction that occurs will be scarified by hand to minimize the disturbance. The land has been disturbed in the past and is not in pristine undisturbed condition.

The Initial Study and Environmental Check List for this project has been prepared pursuant to the provisions of the California Environmental Quality Act (CEQA) to ensure that all potential impacts of the proposed project are adequately addressed.

FINDINGS:
An Initial Study and an Evaluation of Potential Impacts has been prepared by the Planning Department (attached). The Initial Study, including an environmental checklist, indicates that the proposed project as mitigated would **not** have a significant adverse impact on the environment for the following reasons:

A. The proposed project is consistent with the policies of the Land Use Element of the 2001 Inyo County General Plan including the "Natural Resources" designation. No conflicts exist with policies and objectives in other adopted elements of the General Plan. Therefore, the project is consistent with the existing land use designation of "NR" *(Natural Resources)* (with conditions, if approved). This project is also consistent with "OS-40"(Open Space-40 Acres Minimum) zoning designation for the subject property.

B. Existing public and private services are adequate to meet the requirements of the proposed project without need for expansion.

C. Potential adverse environmental impacts inherent with the proposal will not exceed thresholds of significance either individually or cumulatively.

D. Based upon the environmental evaluation of the proposed project, and the mitigation measures incorporated herein, it has been found that the project does have the potential to create a significant impact on **Geology and Soils, Noise.** However, with the incorporation of the mitigation measures recommended below, it has been found that the project will not result in a significant adverse impact.

This constitutes a Negative Finding for each mandatory Finding required pursuant Section 15065 of the California Environmental Quality Act Guidelines.

PROPOSED MITIGATION IS AS FOLLOWS:

1. Geology and Soils

POTENTIAL IMPACT:
Erosion of drill holes could cause potential erosion problems and a hazard to cattle using the area.

MITIGATION MEASURES:
Drill holes shall be plugged according the Bureau of Land Management's suggested methods.

MITIGATION LEVEL: Mitigate to a threshold of less than significant.

LEAD AGENCY: Inyo County Planning Commission.

FUNDING SOURCE: Owner/Operator/ Applicant shall bear sole financial responsibility.

IMPLEMENTING PARTY: Owner/Operator/ Applicant.
MONITORING AGENCY: Inyo County Planning Department and State Lands Commission.

TIME FRAME: This requirement shall be implemented as soon as each drill hole is completed and the sampling is done.

2. NOISE

POTENTIAL IMPACT:
Persons working on the drill rig could be exposed to noise levels of 80 decibels or greater, which is beyond the threshold of acceptable limits as established by Cal OSHA and MSHA.

MITIGATION MEASURES: The operator shall provide all workers with personal noise suppression equipment and appropriate training in equipment use.

MITIGATION LEVEL: Mitigate to a threshold of less than significant.

LEAD AGENCY: Inyo County Planning Commission.

FUNDING SOURCE: Owner/Operator/ Applicant shall bear sole financial responsibility.

IMPLEMENTING PARTY: Owner/Operator/ Applicant.

MONITORING AGENCY: California Occupational Safety and Health Administration, and the Mine Safety and Health Administration.

TIME FRAME: This mitigation shall remain in force for the life of the project.

The review period for this Mitigated Negative Declaration expires on September 20, 2002. Inyo County is not required to respond to any comments received after this date.

Additional information is available from the Inyo County Planning Department. Please contact Project Planner, Earl H. Gann, at (760) 878-0263 if you have any questions regarding this project.

INYO COUNTY PLANNING DEPARTMENT

_____ _____

Date

For: Leslie Klusmire
Planning Director

Attachments: Initial Study,
Evaluation of Potential Impacts
Vicinity Map

Date	Reviewer	Initials
	Project Planner	
	Review Planner	
	County Counsel	
	Planning Director	

FILED
OCT 30 2003
INYO COUNTY CLERK

Notice of Determination - Inyo County

To: ☒ Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95914

☒ County Clerk
County of Inyo
P.O. Box F
Independence, CA 93526

From: (Public Agency): Inyo County Planning Department
P.O. Drawer L
Independence, CA 93526

Subject:

Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

Project Title: Reclamation Plan # 2003-1/Hectorite Exploration Project/ Southern Clay Products

2003081077	Earl H. Gann	(760) 878-0263
State Clearinghouse Number (If submitted to Clearinghouse)	Contact Person	Area Code/Telephone/Extension

Project Location (including county): Inyo County, 9 miles north northwest of Death Valley Junction in Section 36 Township 27N, Range 4 E SBB&M.

Project Description: Southern Clay Products requests to drill 40 exploratory holes to search for additional hectorite reserves.
Lead Agency: Inyo County Planning Commission

1. The project [☐ will ☒ will not] have a significant effect on the environment.
2. ☐ An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.
   ☒ A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures [☒were ☐were not] made a condition of the approval of the project
4. A statement of Overriding Considerations [☐was ☒was not] adopted for this project
5. Findings [☒were ☐were not] made pursuant to the provisions of CEQA.

This is to certify that the final Negative Declaration with comments and responses and record of project approval is available to the General Public at offices of the Inyo County Planning Department, 168 N. Edwards Street, Independence, California

Earl H. Gann	October 30, 2003	Senior Planner
Signature (Public Agency)	*Date*	*Title*

Date received for filing at OPR:

03- 065

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