MINUTE ITEM
This Calendar Item No C56 was approved as Minute Item No. 56 by the California State Lands Commission by a vote of 3 to 0 at its 8-8-05 meeting.

CALENDAR ITEM
C56

A 67

S 25

08/08/05
PRC 8272.2
G. Pelka

CONSIDER APPROVAL OF AN ASSIGNMENT OF INTEREST IN MINERAL EXTRACTION LEASE NO. PRC 8272.2 SAN BERNARDINO COUNTY

ASSIGNOR:

Washington Group International, Inc.
Attn.: Mr. Daniel Trembly
27460 E. Fifth Street
P.O. Box 600
Highland, CA 92346

ASSIGNEE:

Granite Construction Company
Attn.: Mr. Richard A. Watts
585 W. Beach Street
Watsonville, CA 95076

AREA, LAND TYPE, AND LOCATION:

Approximately 80 acres of State 100 percent reserved mineral interest (RMI) school land (APN: 552-141-17) located in the W2 of the SW4 of Section 36, T8N, R7E, SBM, San Bernardino County and situated near Ludlow, approximately 45 miles east of Barstow, California, immediately north of Interstate 40.

BACKGROUND:

In February 2001, the California State Lands Commission (Commission) approved State Mineral Extraction Lease No. PRC 8282.2 to Washington Group International, Inc. (WGI) for extraction of rock, sand and gravel at an 80 acre site of State 100 percent (100%) RMI. The CEQA lead agency, San Bernardino County, had adopted a mitigated negative declaration and approved a conditional use permit and reclamation plan (MRP No. 93M-06) which authorized mining of 13 acres within the 80 acre site.

In October of 2001, WGI applied for and San Bernardino County approved a 51-acre expansion (within the 80 acre site) of the Ludlow project after adoption of Negative Declaration SCH #2001071107 which replaced the earlier environmental document. On November 26, 2001, the Commission approved an application to amend and extend the lease to WGI. The amendment and extension modified the lease term commensurate with the County CUP and also increased the royalty rate, minimum annual royalty and financial assurance to a total of $50,000.

WGI had secured a major road construction contract with Cal Trans for repaving a portion of Interstate 40 between Ludlow and Needles. Between September 1, 2001 and November 30, 2002, WGI sold approximately 418,000 tons of rock, sand and gravel and paid the State royalties of nearly $200,000. An additional 36,105 tons were sold in the summer of 2003. No production or sales have occurred since due to a lack of market. Granite Construction believes future marketing exists including future Cal Trans and county road construction projects.

San Bernardino County Planning Department completed their annual inspection of the mine on June 15, 2005, and found all aspects of the CUP and Reclamation Plan to be in compliance. The east slopes of the mine have been reclaimed. Following this partial reclamation, the revised financial assurance being considered by the County is $53,639.

STATUTORY AND OTHER REFERENCES:

A. Paragraph 24 of the Lease.
B. Public Resources Code section: 6804

OTHER PERTINENT INFORMATION

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

   Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

2. Bilaterally executed Assignment forms have been received. Granite Construction Company has submitted the $25 filing fee and $3,000 reimbursement agreement amount.

EXHIBIT:

A. Location Map.

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

CONSENT TO THE ASSIGNMENT OF ONE HUNDRED (100%) PERCENT INTEREST IN STATE MINERAL EXTRACTION LEASE NO. PRC 8272.2 FROM WASHINGTON GROUP INTERNATIONAL, INC. TO GRANITE CONSTRUCTION COMPANY, WITH THE ASSIGNEE TO BE BOUND BY ALL THE TERMS AND CONDITIONS OF THE LEASE.

AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENT NECESSARY TO IMPLEMENT THE COMMISSION'S DECISION.

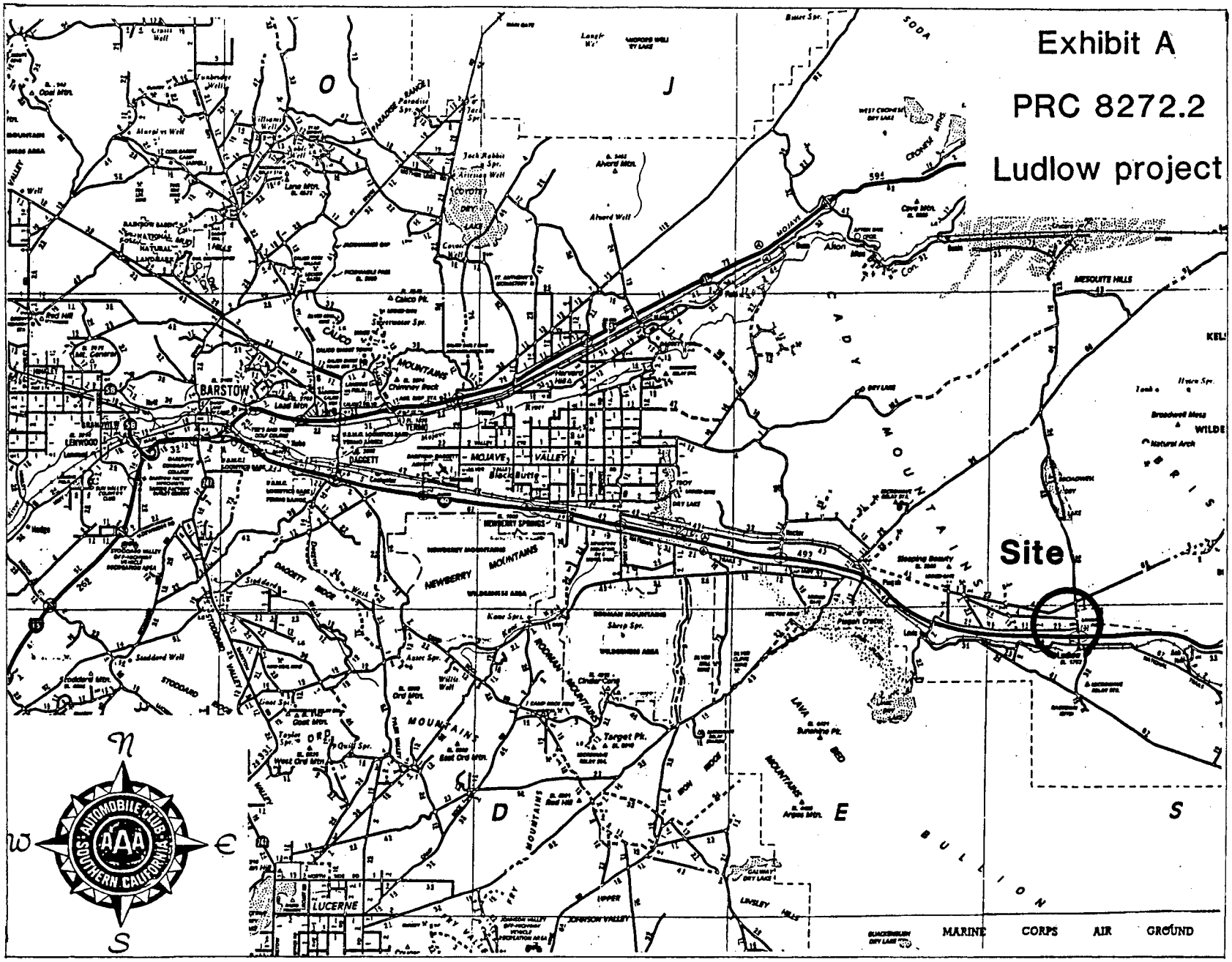
Exhibit A
PRC 8272.2
Ludlow project
Site
BARSTOW
DAGGETT
NEWBERRY MOUNTAINS
MOJAVE VALLEY
CALICO MOUNTAINS
LUCERNE
MARINE CORPS AIR GROUND
N
S
E
W