

MINUTE ITEM

PRC 5678

0 2/13 6-5-79

CALENDAR ITEM

36.

5/79
W 40080
Smith

APPLICATION FOR A PROSPECTING PERMIT

APPLICANT: Kaiser Steel Corporation
300 Lakeside Drive
Oakland, California 94666

TYPE OF LAND: School land - Kaiser Steel owns the surface
with the State retaining 100% of the minerals.

AREA AND LOCATION:

145.43 acres in Section 36, T3S, R14E,
SBB&M, Riverside County. Site is 12 miles
northwest of Desert Center which is about
halfway between Indio and Blythe on State
Highway #10.

PROPOSAL:

An exploration program of approximately
14,280 feet of rotary and core drilling
on north - south parallel cross sections
spaced at 200-foot intervals. Drilling
and analysis of the data is estimated to
cost \$480,000.

PREREQUISITE TERMS:

1. Statutory filing fees and permit fees
have been deposited by the applicant.
2. Subject permit application has been
reviewed and approved by the Office
of the Attorney General as to compliance
with applicable provisions of law pursuant
to Section 6890 of the P.R.C.
3. Area is not known to contain commercially
valuable deposits of minerals.

OTHER PERTINENT INFORMATION:

1. The permit will provide that should
commercially valuable iron ore be dis-
covered and a preferential lease issued,
the initial royalty shall be \$0.093
per ton. At the end of each 5-year
period of the lease term, the royalty
shall be reviewed and if necessary,

A 75
S 33

CALENDAR PAGE	141
MINUTE PAGE	937

CALENDAR ITEM NO. 36 (CONTD)

adjusted to an amount equal to 10% of the cost of producing a ton of pit material. The first 5-year period will begin with the date of first production, but no later than 2 years from the effective date of the lease.

2. The annual minimum royalty commencing with the first lease year will be \$20,000.
3. The lease term will be 20 years with two 10-year renewals.
4. Negative Declaration was prepared by the Commission's staff pursuant to CEQA and implementing regulations, and was certified by the Commission on February 22, 1979.
5. This project is situated on State land which has not been classified as possessing significant environmental values.
6. Staff has coordinated this application with the concerned agencies.
7. The East Pit of Eagle Mountain Mine currently occupies that portion on the SW $\frac{1}{4}$ of Section 36 covered by Kaiser's patented mining claims and is part of a mining operation that has been active since 1948.

EXHIBITS: A. Description. B. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT GRANTING OF THE APPLICATION WILL HAVE NO SIGNIFICANT EFFECT UPON THE ENVIRONMENT BASED UPON NEGATIVE DECLARATION 235 WHICH WAS CERTIFIED BY THE COMMISSION ON FEBRUARY 22, 1979.
2. ACKNOWLEDGE THE DETERMINATION MADE ON FEBRUARY 22, 1979, WHICH FOUND THAT THE PROPOSED PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.

CALENDAR PAGE	142
MINUTE PAGE	938

CALENDAR ITEM NO. 36. (CONTD)

3. DETERMINE THAT THE LANDS DESCRIBED IN THE PERMIT ARE NOT KNOWN TO CONTAIN COMMERCIALY VALUABLE DEPOSITS OF MINERALS.

4. AUTHORIZE THE ISSUANCE OF A PROSPECTING PERMIT TO KAISER STEEL CORPORATION FOR A TERM OF 20 YEARS, FOR IRON ORE ON 145.43 ACRES IN SECTION 36, T3S, R14E, SBB&M, RIVERSIDE COUNTY, MORE PARTICULARLY DESCRIBED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF; IN ACCORDANCE WITH THE STANDARD FORM OF PERMIT, ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS, FOR ANY AND ALL IRON ORE PRODUCTS EXTRACTED OR REMOVED FROM SAID PREMISES FOR SALE OR STOCKPILING, SHALL BE A MINIMUM OF \$0.093 PER TON; AT THE END OF EACH 5-YEAR INTERVAL OF THE LEASE TERM THE ROYALTY SHALL BE REVIEWED AND IF NECESSARY ADJUSTED TO AN AMOUNT EQUAL TO THE EQUIVALENT OF 10% OF THE COST OF PRODUCING A TON OF PIT MATERIAL AT THAT DATE. SUCH 5-YEAR INTERVAL SHALL BEGIN WITH THE DATE OF THE FIRST PRODUCTION, BUT NOT LATER THAN 2 YEARS FROM THE EFFECTIVE DATE OF THE LEASE ANNUAL MINIMUM ROYALTY COMMENCING WITH THE FIRST LEASE YEAR SHALL BE \$20,000 PER LEASE YEAR. LEASE TERM SHALL BE FOR 20 YEARS WITH TWO 10-YEAR RENEWAL PERIODS.

*revised 11/19/54
MPP (proposed rules)*

CALENDAR PAGE	143
MINUTE PAGE	939

W 40080

EXHIBIT "A"

Those parcels of California School Lands in Riverside
County, California described as follows:

SW $\frac{1}{4}$ of Lot 5; Lots 6, 10, 11; N $\frac{1}{2}$ Lot 9;

S $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 36, T. 3 S., R. 14 E.

S.B.B.&M., Some 145.43 acres

End of Description

CALENDAR PAGE	144
MINUTE PAGE	940

EXHIBIT "B"
PROSPECTING PERMIT—
IRON ORE
W 40080

