

MINUTE ITEM

This Calendar Item No. 21
was approved as Minute Item
No. 21 by the State Lands
Commission by a vote of 2
to 0 at its 3/27/86
meeting.

CALENDAR ITEM

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03/27/86
PRC 6491
PRC 6493
PRC 6495
Pelka

APPROVAL OF EXTENSIONS OF THREE PERMITS
TO PROSPECT FOR MINERALS
OTHER THAN OIL, GAS AND GEOTHERMAL RESOURCES,
SAN BERNARDINO COUNTY

PERMITTEES: PRC 6491 - J. Homer Overholser
4961 Palomar Drive
Tarzana, California 91356

PRC 6493 - Elisha M. Caudle
1220 Barrington Avenue #14
Los Angeles, California 90025

PRC 6495 - Robert C. Morrison
31982 Doverwood Court
Westlake Village, California 91361

PROPOSED AUTHORIZATION:

Approval of extensions of three permits to
prospect for gold, silver and other valuable
minerals other than oil, gas, geothermal
resources, on approximately 480 acres of land,
located in eastern San Bernardino County.

TERMS OF EXTENSION:

January 1, 1986 through December 31, 1986.

AREA, TYPE OF LAND AND LOCATION:

PRC 6491 - 160.00 acres, State school land,
NW 1/4, Sec 16, T12N R18E, SBM,
San Bernardino County.

CALENDAR ITEM NO. 21 (CONT'D)

PRC 6493 - 160.00 acres, State school land,
SW 1/4, Sec 15, T12N R18E, SBM,
San Bernardino County.

PRC 6495 - 160.00 acres, State school land,
SE 1/4, Sec 16, T12N R18E, SBM,
San Bernardino County.

PREREQUISITE ITEMS:

Applications submitted by Permittees.

Statutory processing fees have been submitted
by Permittees.

OTHER PERTINENT INFORMATION:

1. Four prospecting permits, PRC 6491, PRC 6493, PRC 6494, and PRC 6495, were approved for issuance by the Commission on September 28, 1983. The permits, each for a separate quarter section of State Section 16, granted the four Permittees the exclusive right for a period of two years to prospect for minerals other than oil and gas and geothermal resources. The Permittees, each on their quarter section were allowed to drill 361 holes up to 20 feet deep during three phases of exploration utilizing a portable air drill. A small sample from each hole was to be saved for assaying with the remainder returned to the hole. To date, no drilling has been performed. Three surface samples of approximately 100 pounds each have been taken with a garden shovel. The samples due to their homogeneity were mixed and then ground to 250 mesh and were sent to assayers for testing. Mr. Overholser - Permittee of PRC 6491 stated that the complex carbonaceous material of this area in Lanfair Valley when fire assayed, does not indicate any anomalous precious metal values. However, he has stated that a new concentration process may provide for the economic recovery of precious and other metals from the Lanfair Valley material.

CALENDAR ITEM NO. 21 (CONT'D)

The Permittees desire the one year extension of their permits so as to continue sampling and testing on the State land, with this new assaying process. The fourth Permittee, Moffatt Andrew Hays - PRC 6494 has not requested to renew his prospecting permit for the NE 1/4 of the State school section. Should any of the Permittees apply for a preferential lease, pursuant to PRC 6895, such application shall be reviewed under the "Guidelines for Preferential Lease Applicants" (Exhibit "C") and "Definitions of Mineral and Mining Terms" (Exhibit "D"). These guidelines and definitions are standard mining and operating practices and have been sent to the Permittees.

2. A Negative Declaration was prepared by the Commission staff pursuant to CEQA and implementing regulations, and was certified by the Commission September 28, 1983.
3. The primary term of a Prospecting Permit is two years. The Commission may, in its discretion, extend the term for one additional year.
4. The renewal is in the best interest of the State.

STATUTORY REFERENCES:

- A. P.R.C.: Div. 6, Section 6891.
- B. Cal. Adm. Code: Title 2, Section 2200.

AB 884: N/A.

ENVIRONMENTAL INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm Code 15061), the staff has determined that this activity is categorically exempt from the requirements of CEQA, because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

DATE RECEIVED	112
MINUTE PAGE	798

CALENDAR ITEM NO. 21 (CONT'D)

2. Any change in the proposed prospecting activities will require an environmental review pursuant to CEQA Regulations.

EXHIBITS:

- A. Land Description.
- B. Site Map.
- C. Guidelines for Preferential Lease Applicants.
- D. Definitions of Mineral and Mining Terms.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT A NEGATIVE DECLARATION FOR THE PROJECT WAS ADOPTED BY THE COMMISSION ON SEPTEMBER 28, 1983 PURSUANT TO THE PROVISIONS OF CEQA, THAT A DETERMINATION WAS MADE THAT THE PROJECT WOULD NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT, AND THAT SAID DOCUMENT AND DETERMINATION REMAIN VALID FOR THE PROPOSED ACTION.
2. FIND THAT THIS EXTENSION IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
3. PURSUANT TO SECTION 6891 OF THE P.R.C., AUTHORIZE THE EXTENSION THROUGH DECEMBER 31, 1986, OF PROSPECTING PERMITS PRC 6491, 6493, 6495, ISSUED TO J. HOMER OVERHOLSER, ELISHA M. CAUDLE, AND ROBERT C. MORRISON RESPECTIVELY, TO PROSPECT FOR ALL MINERALS OTHER THAN OIL AND GAS AND GEOTHERMAL RESOURCES; ALL TERMS AND CONDITIONS OF THE PERMIT ARE TO REMAIN IN FULL FORCE AND EFFECT.

EXHIBIT "A"

LAND DESCRIPTION

PRC 6491

A parcel of California State school lands in San Bernardino County, California, described as follows:

The NW $\frac{1}{4}$ of Section 16, T12N, R18E, S8M.

LAND DESCRIPTION

PRC 6493

A parcel of California State school lands in San Bernardino County, California, described as follows:

The SW $\frac{1}{4}$ of Section 16, T12N, R18E, S8M.

LAND DESCRIPTION

PRC 6495

A parcel of California State school lands in San Bernardino County, California, described as follows:

The SE $\frac{1}{4}$ of Section 16, T12N, R18E, S8M.

END OF DESCRIPTION

PREPARED JULY 22, 1983 BY BOUNDARY AND TITLE UNIT, LEROY WEED, SUPERVISOR.

CALENDAR PAGE
MINUTE PAGE

114
800

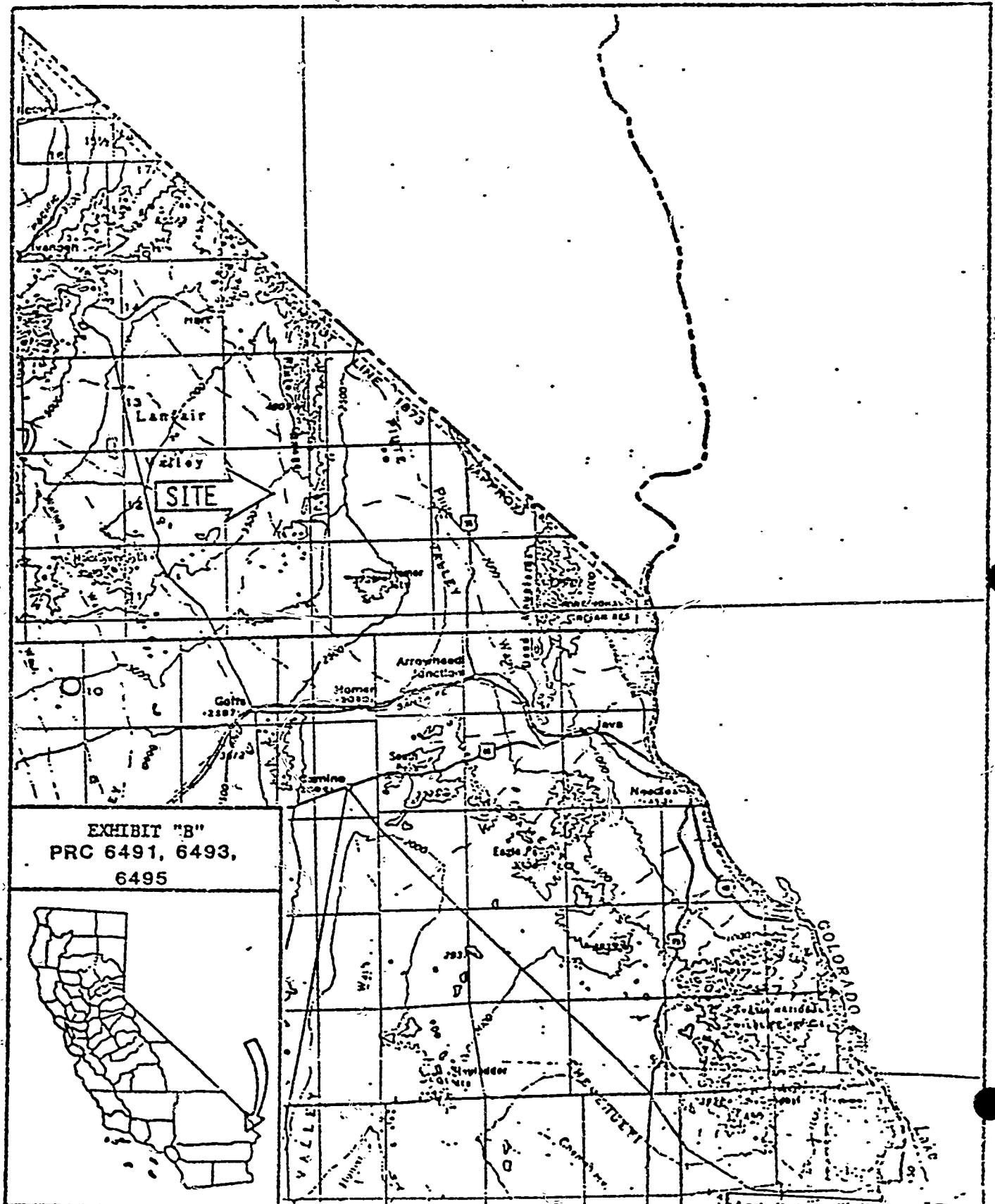


EXHIBIT "B"
 PRC 6491, 6493,
 6495



EXHIBIT "C"

GUIDELINES FOR PREFERENTIAL LEASE APPLICANTS

In order to qualify as an preferential lease applicant under the terms of a State issued prospecting permit, the permittee must satisfy the State that a commercially valuable mineral deposit has been discovered.

- I. A commercially valuable mineral deposit is hereby defined as one in which the mineral can be extracted, processed and marketed at a reasonable profit under existing conditions.
- II. "Satisfaction of the State" may be based upon indications including, but not limited to, the following:
 1. The size, shape, depth and quality of the mineral content of the mineral deposit established to demonstrate measured reserves.
 2. The costs and capital necessary to develop the deposit are economically feasible to result in an expected reasonable profit.
 3. The marketability or extrinsic value of the mineral, shown to yield an expected reasonable profit throughout the term of the project.
 4. The state has verified the information submitted by the permittee by re-assaying, repeat sampling, testing, or any other method to determine the commercial value of the mineral deposit claims discovered. The costs for verification, including re-assaying, sampling and testing by a person designated by the State shall be borne by the permittee. Failure to pay such costs within 30 days of request shall be deemed abandonment of the application for a lease or failure to establish to the satisfaction of the State that commercially valuable deposits of minerals have been discovered.
 5. The information submitted by a permittee shall include, but not be limited to, results of scientific sampling, testing and assaying.

All data gathered by the applicant under a State prospecting permit must be submitted to, and confirmable by the State.

(PAGES 102.1-102.3 ADDED 02/27/86)

15

EXHIBIT "D"

DEFINITION OF MINERAL AND MINING TERMS

MINERALS AND MINERAL DEPOSITS

Mineral: A naturally occurring solid, liquid, or gas in such concentration that their economic extraction is currently or potentially feasible.

Mineral Deposit: One or more minerals that occur in such a manner and amount as to make their extraction and processing reasonably possible. Cal. Geol. 3/75, p.60.

Economic Minerals: Means that profitable extraction or production under defined investment assumptions has been established, analytically demonstrated, or assumed with reasonable certainty. Geol. Survey Cir. 832, p.2.

Valuable Mineral Deposit: The mineral deposit discovered under the permit (prospecting permit) is of such a character and quantity that a prudent person would be justified in the further expenditure of his labor and means with a reasonable prospect of success in developing a valuable mine. The permittee must present sufficient evidence to show that there is a reasonable expectation that his revenues from the sale of the mineral will exceed his costs of developing the mine, and extracting, removing, and marketing the mineral.

U. S. v. Coleman, 390 U.S. 599 (1968): - A valuable mineral deposit is one from which the mineral can be extracted, removed, and marketed at a profit.

Mineral Reserves: Measurable amounts of mineral-bearing materials that can be mined and produced at a profit with current technology under existing economic, and political conditions.

Types of mineral reserves and resources are:

A. Measured - Quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling. The sites for inspection, sampling, and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth, and mineral content of the reserve or resource are well established. Geol. Survey Cir. 831, p.2.

B. Indicated - Quantity and grade and/or quality are computed from information similar to that used for measured reserves or resources, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for measured reserves or resources, is high enough to assume continuity between points of observation. Geol. Survey Cir. 831, p.2.

C. Inferred - Estimates are based on an assumed continuity beyond measured and/or indicated reserves or resources, for which there is geologic evidence. Inferred reserves or resources may or may not be supported by samples or measurements. Geol. Survey Cir. 831, p.2.

D. Demonstrated - Term for the sum of measured plus indicated reserves or resources. Geol. Survey Cir. 831.

E. Ore Body - Generally, a solid and fairly continuous mass of ore, which may include low-grade ore and waste as well as pay ore, but is individualized by form or character from adjoining country rock. A mineral deposit that can be worked at a profit under the existing economic conditions.