

MINUTE ITEM

This Calendar Item No. 628
was approved as Minute Item
No. 28 by the State Lands
Commission by a vote of 3
C at its 9/23/91
meeting.

CALENDAR ITEM

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09/23/91
PRC 7519
Reese
Hadly

APPROVE ENCUMBRANCING OF LEASE

LESSEE:

Castle Mountain Venture
c/o Viceroy Gold Corporation, Manager
999 W. Hasting Street, Suite 880
Vancouver, B.C. V6C, 2W2

SECURED-PARTY LENDERS:

Bank of America National Trust and
Savings Association, as agent for:

1. Itself
2. N. M. Rothschild & Sons Ltd.
3. Barclays Bank PLC
4. Bayerische Vereinsbank AG

BACKGROUND:

On April 2, 1991, the State Lands Commission approved the issuance of General Lease - Industrial Use for the utilization of one existing water well and the right to drill three additional wells, together with those rights-of-way of at least 20 feet in width as were reasonably necessary to connect and service the wells and to transport water to Lessee's gold-mining operation on nearby lands.

CURRENT SITUATION:

Lessee requires, and has obtained, indebtedness pursuant to a loan agreement dated March 26, 1991 for the construction, permanent financing or refinancing of improvements to be constructed, maintained, repaired, or reconstructed by the Lessee, including certain water well improvements on the lease premises. As a condition for the loan, the Secured-Party Lenders have requested that they be named as such under the subject lease. All parties have agreed as to form of the document and it has been executed by Lessee and the Secured-Party Lender.

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AB 884:
N/A

OTHER PERTINENT INFORMATION:

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

Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.
2. This activity involves lands identified as possessing significant environmental values pursuant to P.R.C. 6370, et seq. but will not affect those significant lands.

EXHIBIT:

- A. Location Map

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. AUTHORIZE THE EXECUTION OF AN AGREEMENT AND CONSENT TO ENCUMBRANCING OF LESSEE'S RIGHTS, TITLE, AND INTERESTS IN LEASE PRC 7519 IN FAVOR OF BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, AS AGENT ITSELF AND OTHER LISTED BANKS.

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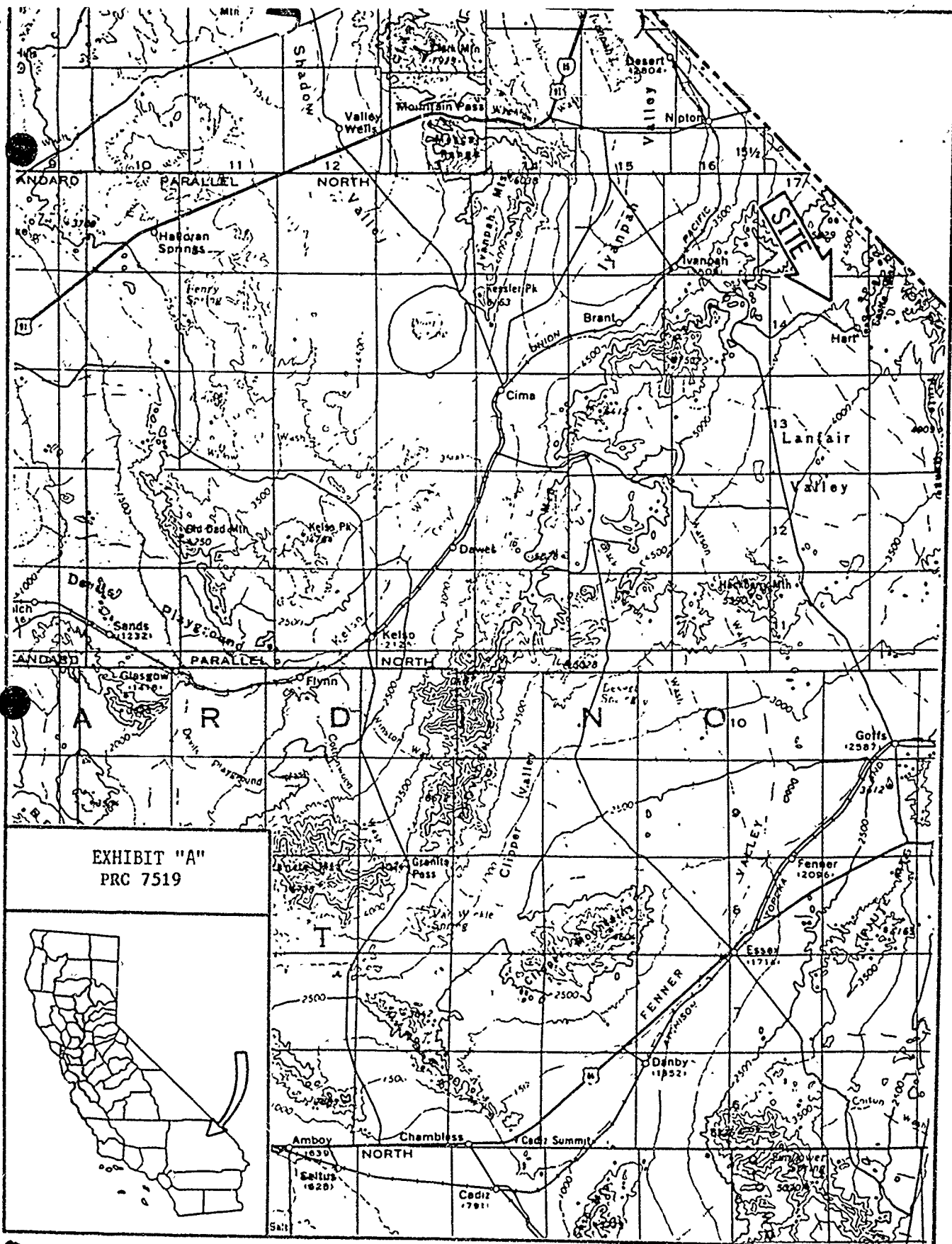


EXHIBIT "A"
PRC 7519



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