

MINUTE ITEM
This Calendar Item No. C40
was approved as Minute Item
No. 40 by the State Lands
Commission by a vote of 3
to 0 at its 8-3-94
meeting.

CALENDAR ITEM

C40

A 80

S 37

08/03/94
WP 7468
Kruger
PRC 7468

**APPROVE A PROSPECTING PERMIT
FOR MINERALS OTHER THAN OIL, GAS,
GEOTHERMAL RESOURCES, SAND AND GRAVEL
ON 640 ACRES OF STATE SCHOOL LAND,
IMPERIAL COUNTY**

APPLICANT:

American Girl Mining Joint Venture
Attention: Terry Rodgers, General Manager
P. O. Box 879
Winterhaven, California 92283

AREA, TYPE LAND AND LOCATION:

Approximately 640 acres of vacant, State-owned school land described as Section 36, T14S, R20E, SBM, situated in the Cargo Muchacho Mountains of southeast Imperial County about 15 miles north of Winterhaven, California.

PROPOSED PERMIT TERMS:

Primary term of the permit shall be two years. The Commission in its discretion may extend the term for an additional period not to exceed one year. In no event shall the term of any permit exceed three years.

Royalty:

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

BACKGROUND:

American Girl Mining Joint Venture (AGM) was previously issued a prospecting permit, PRC 7468, for this parcel and conducted approved preliminary mineral exploration activity. In September 1992, the Commission approved AGM's request to amend its permit to conduct a drilling program that included a maximum of 70 exploratory holes. However, the proposed drilling program never was started prior to expiration of PRC 7468 in November 1993.

AGM now proposes, under this new permit, to conduct the drilling program of 70 holes that was previously approved by

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the Commission in September 1992. Previous exploration activity on the parcel had identified specific areas of interest for future drilling. In order to minimize any surface disturbance, the drilling program will be conducted in phases. Approximately 15 exploratory holes will be drilled in the initial phase, with any additional drilling contingent upon favorable results. If the entire drilling program is carried out, a maximum of 70 exploratory holes (maximum 300 feet deep) will be drilled with about 12,000 feet of drilling access road and the 70 drillpads to be constructed. Total surface disturbance associated with the drilling program will be about four and a half (4.5) acres. Upon completion of drilling activity, drillholes will be abandoned and disturbed areas reclaimed pursuant to an Imperial County approved Reclamation Plan required under the Surface Mining and Reclamation Act (SMARA).

In processing AGM's previous permit application (PRC 7468) to conduct drilling activity in Section 36, it was apparent that the amount of surface disturbance would exceed one acre, so that Imperial County became lead agency for purposes of compliance with SMARA. In July 1992, the County's Planning Department prepared and circulated Negative Declaration SCH #92061029 for the drilling program, and subsequently issued Conditional Use Permit (CUP) #1041-92 and Reclamation Plan #151-92. As part of this current permit application activity, the County has approved a three year extension of the CUP and Reclamation Plan.

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

1. Required filling fee, processing fee and acreage deposit have been submitted by the Applicant.
2. The subject parcel is not known to contain commercially valuable mineral deposits.
3. Royalty payable under any preferential 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 said royalty and charges shall be at the discretion of the Commission and set forth in the lease.

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STATUTORY AND OTHER REFERENCES:

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

AB 884:

10/22/94

OTHER PERTINENT INFORMATION:

1. Pursuant to P.R.C. Section 6895, upon establishing to the satisfaction of the Commission that commercially valuable mineral deposits have been discovered within the limit of the permitted acres, the Applicant would have a preferential right to lease a maximum of 640 acres embraced within the permit, if the Commission elects to issue such a lease. This right shall be subject to all necessary environmental approvals. The issuance of this permit shall not affect the discretion in granting or denying such a lease because of environmental considerations.
2. This activity involves land identified as possessing significant environmental values pursuant to P.R.C. 6370, et. seq. Based on Commission staff's consultation with the agency nominating such lands, it is the Commission staff's opinion that the project, as proposed, is consistent with its use classification.
3. The subject parcel is not within any BLM wilderness study areas, not within crucial plant or animal habitats and not within areas of current desert legislation.
4. This permit provides for a performance bond in favor of the State in the amount of \$17,500.

APPROVALS OBTAINED:

Pursuant to P.R.C. Section 6890, the prospecting permit document has been approved by the Office of the Attorney General as to compliance with the applicable provisions of the law.

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IT IS RECOMMENDED THAT THE COMMISSION:

1. CERTIFY THAT NEGATIVE DECLARATION SCH. NO. 92061029 WAS PREVIOUSLY PREPARED AND CIRCULATED FOR THIS PROJECT BY IMPERIAL COUNTY PURSUANT TO THE PROVISIONS OF CEQA, AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. DETERMINE THAT THE LAND DESCRIBED IN THE PERMIT IS NOT PRESENTLY KNOWN TO CONTAIN COMMERCIALY VALUABLE MINERAL DEPOSITS.
3. AUTHORIZE THE ISSUANCE OF A MINERAL PROSPECTING PERMIT TO AMERICAN GIRL MINING JOINT VENTURE FOR A PRIMARY TERM OF TWO YEARS FOR MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES, SAND AND GRAVEL ON SECTION 36, T14S, R20E, SBM, IMPERIAL COUNTY, CONTAINING APPROXIMATELY 640 ACRES, MORE OR LESS, IN ACCORDANCE WITH THE STANDARD FORM OF PERMIT. ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON THE DISCOVERY OF COMMERCIALY VALUABLE MINERAL DEPOSITS SHALL NOT BE LESS THAN TEN PERCENT 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 THE TRANSPORTATION OR PROCESSING OF THE STATE'S ROYALTY SHARE OF PRODUCTION. THE DETERMINATION OF SAID ROYALTY AND CHARGES SHALL BE AT THE DISCRETION OF THE COMMISSION.