

**MINUTE ITEM**

This Calendar Item No. C67 was approved as Minute Item No. 67 by the California State Lands Commission by a vote of 3 to 0 at its 4-17-06 meeting.

**CALENDAR ITEM  
C67**

A 34

04/17/06

S 17

PRC 8322.2

S. Mulqueen

**CONSIDER RENEWAL OF  
MINERAL EXTRACTION LEASE  
ON STATE FEE-OWNED SCHOOL LAND,  
KINGSTON RANGE,  
SAN BERNARDINO COUNTY**

**APPLICANT:**

Protech Minerals, Inc.  
Attn.: Mr. Chul Lim Choe  
17092 South "D" St.  
Victorville, CA 92392

**AREA, LAND TYPE, AND LOCATION:**

Approximately 10 acres of State fee-owned school lands in the E/2 of the NE/4 of Section 36, T20N, R10E, SBBM, situated in the Kingston Mountain Range of northern San Bernardino County, adjacent to the Pahrump Valley Wilderness Area. The mine located on the State parcel is formally known as the Pioneer Talc Mine.

**BACKGROUND:**

Protech Minerals, Inc. (Protech), a California Corporation, was issued mineral extraction and right-of-way leases by the California State Lands Commission (Commission) on April 24, 2001. These leases granted Protech access to the mining of a talc mineral deposit (Pioneer Mine) on a parcel of State school land. The term of the mineral extraction lease began May 1, 2001, for a period of five years with rights to renew for four additional five-year periods. The mineral extraction lease issued to Protech expires April 30, 2006. The right-of-way lease, issued concurrently by Commission, remains in effect for a period of ten years, ending on April 30, 2011. Protech is seeking a renewal of the mineral extraction lease for a period of five years, so that this lease would expire on April 30, 2011.

On August 19, 2003, the Commission issued a modification of the mineral lease originally issued on May 1, 2001, at the request of Protech. This amendment

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granted Protech a reduced annual minimum royalty of \$3,300 to offset expenses and losses related to heavy equipment maintenance, mining equipment acquisitions and unfavorable talc market conditions.

Protech has made efforts to begin talc production, but has experienced setbacks due to mechanical failure of heavy equipment, difficulty in mining the hard talc exposed at the working-face of the existing open pit and a currently depressed domestic talc market.

**STATUTORY AND OTHER REFERENCES:**

- A. Public Resources Code: Division 6
- B. Public Resources Code: section 21000, et seq.
- C. California Code of Regulations: Title 14, Chapter 3, section 15096
- D. California Code of Regulations: Title 2, section 2200

**OTHER PERTINENT INFORMATION**

1. The Mineral Resources Management Division (MRMD) has received a letter from Protech on December 16, 2005, requesting a renewal of the existing Mineral Extraction Lease and submitted appropriate staff reimbursement fees.
2. The Mineral Extraction Lease provides for a primary term of five years with four successive rights of renewal for periods of five years, not to exceed a maximum lease term of twenty-five years. This period coincides closely with the term of the Conditional Use Permit/Reclamation Plan, which has an expiration date of January 21, 2026.
3. Under the California Surface Mining and Reclamation Act (SMARA) of 1975, counties are the lead agency for a Conditional Use Permit/ Mining and Reclamation Plan (CUP), which provides how mining is to occur and how and when the land will be returned to a usable form. Under SMARA, annual inspections are required to be performed by the county to determine the progress of mining and reclamation and to ensure that the Permittee is in conformance with all terms and conditions of the CUP. For Protech, San Bernardino County is the SMARA lead agency.

Staff contacted the San Bernardino County Planning Department (County) and obtained a copy of the last annual mine inspection report. The report identified six outstanding Conditions of Approval with the County. Staff worked with Protech to rectify these matters. At the time of this calendar

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item, San Bernardino County has reported that only one condition remains unresolved. The condition applies to a project plan amendment to protect an existing drainage channel and minor map revisions. The County recommends the Commission consider granting the lease renewal as it believes that the outstanding issue would be resolved within sixty days.

4. A lease inspection was conducted by Commission staff on September 23, 2005. The mine was idle at the time of the inspection. A D-9 Caterpillar bulldozer and ancillary equipment was present on the property . A stockpile of approximately 10 tons of talc was being stored on the floor of the pit, an indication of the effort made to locate and mine only the most favorable talc existing within the walls of the pit. The mine was found to be in good order in its current idle condition.
5. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

**SIGNIFICANT LANDS:**

This activity involves lands which have been identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. However, the Commission has declared that all State school lands and submerged lands are "significant" by nature of their public ownership (as opposed to "environmentally significant"). Since such declaration of significance is not based upon the requirements and criteria of Public Resources Code sections 6370, et seq., use classifications for such lands have not been designated. Therefore, the finding of the project's consistency with the use classification as required by Title 2, California Code of Regulations, section 2954 is not applicable.

**EXHIBIT:**

- A. Location map

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**PERMIT STREAMLINING ACT DEADLINE:**

July 16, 2006 (CSLC acting as a Responsible Agency under CEQA).

**RECOMMENDED ACTION:**

IT IS RECOMMENDED THAT THE COMMISSION:

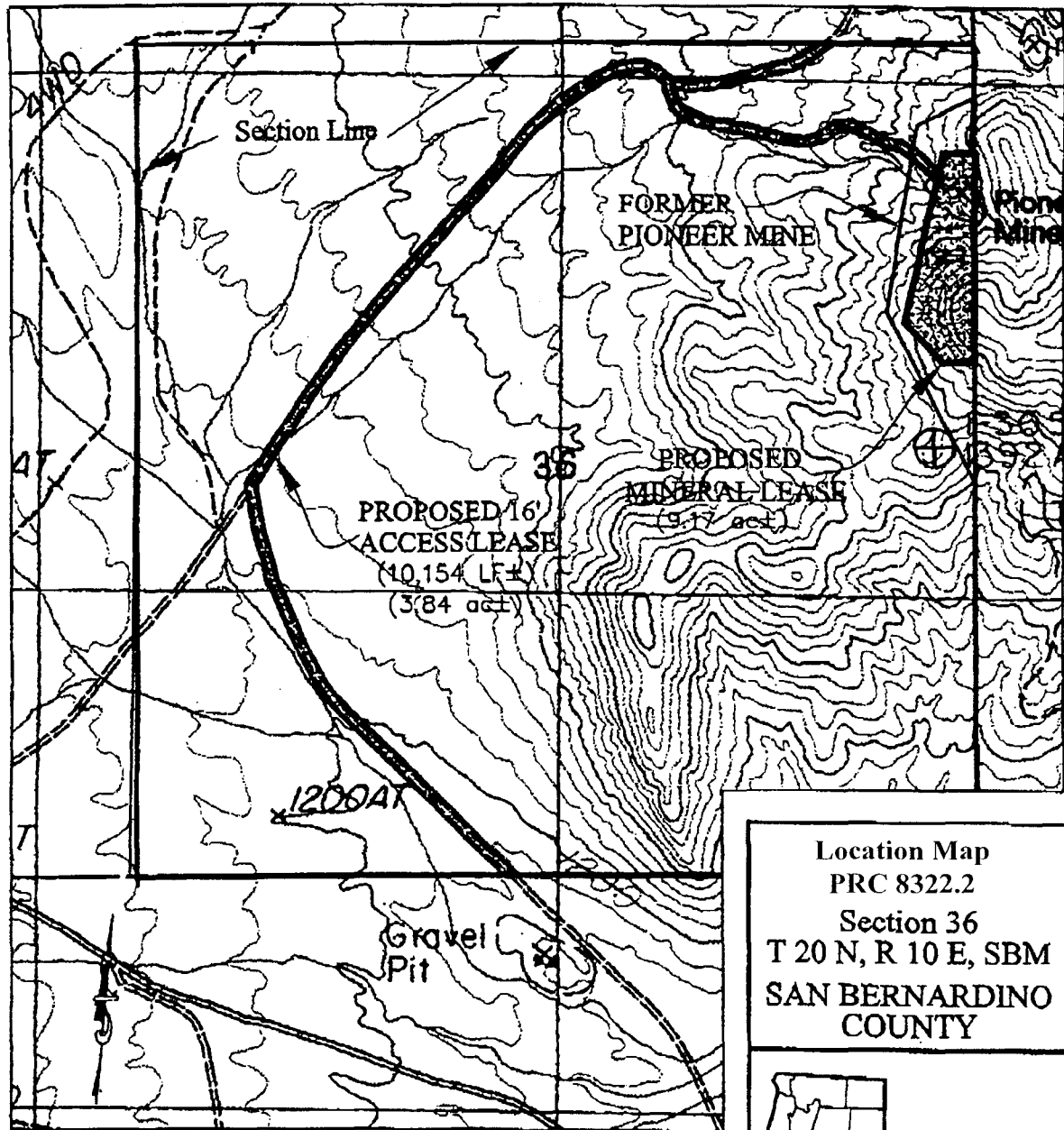
**CEQA FINDINGS:**

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES; TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTION 2905 (a) (2).

**AUTHORIZATION:**

CONSENT TO THE RENEWAL OF THE EXISTING MINERAL EXTRACTION LEASE FOR PRC 8322.2 TO PROTECH MINERALS, INC. FOR PRODUCTION OF THE INDUSTRIAL MINERAL TALC COMMENCING MAY 1, 2006, AND ENDING APRIL 30, 2011; ALL OTHER TERMS AND CONDITIONS OF THE LEASE ORIGINALLY ISSUED ON MAY 1, 2001, AND MODIFIED BY THE COMMISSION ON AUGUST 19, 2003, SHALL REMAIN THE SAME.

NO SCALE



Location Map  
 PRC 8322.2  
 Section 36  
 T 20 N, R 10 E, SBM  
 SAN BERNARDINO  
 COUNTY



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by Lessee or other parties, and is not intended to be, nor shall it be construed as, a waiver or limitation of any state interest in the subject or any other property.

SCL