

**CALENDAR ITEM
C44**

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S. Mulqueen

**CONSIDER APPLICATION FOR A PROSPECTING PERMIT FOR
MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES,
SAND AND GRAVEL ON 838 ACRES OF STATE LANDS,
INYO COUNTY**

APPLICANT:

CPX Uranium, Inc.
Attn.: Mr. Daniel Bleak
3266 W. Galveston Dr. #107
Apache Junction, AZ 85220

AREA, TYPE LAND AND LOCATION:

Approximately 838 acres (154.57 and 682.5 acres respectively) of adjoining State fee-owned school lands located in the SE/4 of Section 36, T20S, R37E, MDBM and Section 36, T20S, R37.5E, MDBM, Inyo County within the Coso Range (see Exhibit A, attached hereto).

BACKGROUND:

On April 24, 2008, staff at the California State Lands Commission (Commission) received an application from CPX Uranium, Inc. (CPX) to prospect for uranium minerals on approximately 838 acres of State fee-owned school lands.

The proposed exploration consists of two phases: Phase I - Research and Planning and Phase II - Exploration Activities. For Phase I, the applicant will compile information available from the Atomic Energy Commission, California Geological Survey, USGS, BLM, and Inyo County. CPX believes much information exists due to exploration activities conducted by the Atomic Energy Commission in the 1960s. CPX will review available data, plot and map past sampling and drilling of the property and review any assay reports. No road improvements or new construction access will be necessary. Phase I is estimated to take 90 days.

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For Phase II, the applicant will locate in the field and record any drill holes, adits, trenches and pits that were previously developed. A geological map of areas of interest will be compiled followed by completion of a sampling program with hand tools for offsite assay. A scintillometer survey of surface target areas will be performed to determine levels of radiation leading to ore mineralization. A bulk sample not to exceed 1,000 pounds (<1/2 cubic yard) will be extracted with hand tools for an offsite laboratory leach test. Any existing drill holes that are located will be uncapped and logged with a downhole scintillometer tool, measuring the total depth of the hole, depth to any groundwater and radiation levels at various depths. The condition of the existing drillholes will be recorded and their exact location will be documented with Global Positioning System (GPS) instrumentation. Estimated time for Phase II is 18 to 21 months. No drilling will be conducted under this proposed prospecting permit.

TERMS OF PROPOSED PROJECT:

The primary term of this mineral prospecting permit shall be two years. The Commission, in its discretion, may extend the term for one additional period not to exceed one year. In no event shall the term of this permit exceed three years.

ROYALTY:

Royalty payable under this permit shall be 20 percent 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.

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

1. Required filing 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 of the gross value of all mineral production from the leased lands, 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 the royalty charges shall be at the discretion of the Commission and set forth in the lease.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code section 6891.

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- B. California Code of Regulations, Title 2, section 2200.

OTHER PERTINENT INFORMATION:

1. 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 6, Information Collection. The collection of data for information purposes where minimal disturbance of State property is involved, Title 2, California Code of Regulations, section 2905(e)(3).

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

2. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et. seq. However, the Commission has declared that all 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.

APPROVALS OBTAINED:

Pursuant to Public Resources Code 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.

EXHIBITS:

- A. Land Description
B. Site Map

PERMIT STREAMLINING ACT DEADLINE:

December 5, 2008 (CSLC acting as lead agency under CEQA)

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

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CEQA FINDING:

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 6, INFORMATION COLLECTION, TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTION 2905(e)(3).

AUTHORIZATION:

1. DETERMINE THAT THE LANDS DESCRIBED IN THE PERMIT ARE NOT PRESENTLY KNOWN TO CONTAIN COMMERCIALY VALUABLE MINERAL DEPOSITS.

2. AUTHORIZE THE ISSUANCE OF A MINERAL PROSPECTING PERMIT TO CPX URANIUM, INC. FOR A PRIMARY TERM OF TWO YEARS FOR ALL MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES, SAND AND GRAVEL ON THE SE ¼ SECTION 36, T20S, R37E, MDBM AND SECTION 36, T20S, R37.5, MDBM, IN ACCORDANCE WITH THE STANDARD FORM OF PERMIT. ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON THE DISCOVERY OF COMMERCIALY VALUABLE MINERAL DEPOSITS SHALL BE NOT LESS THAN TEN PERCENT OF THE GROSS VALUE OF ALL MINERAL PRODUCTION FROM THE LEASED LANDS, 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 THE ROYALTY AND CHARGES SHALL BE AT THE DISCRETION OF THE COMMISSION. THE PROJECT SHALL INCLUDE THIS PROSPECTING PERMIT AND ANY OTHER EXTENSION THE COMMISSION MAY GRANT IN ITS DISCRETION FOR THE PROJECT AS DESCRIBED IN THE PERMIT. ANY EXTENSION SHALL NOT EXCEED AN ADDITIONAL PERIOD OF ONE YEAR. IN NO EVENT SHALL THE TERM OF THE PERMIT EXCEED THREE YEARS.