

**CALENDAR ITEM  
C83**

A	34	06/21/13 PRC 9026.2 G. Pelka
S	18	V. Perez

**CONSIDER APPROVAL FOR AN EXTENSION AND AN AMENDMENT  
OF A MINERAL PROSPECTING PERMIT FOR  
MINERALS OTHER THAN OIL, GAS, AND GEOTHERMAL  
RESOURCES ON STATE SCHOOL LANDS,  
SAN BERNARDINO COUNTY**

**APPLICANT:**

Robert G. Wetzel  
2352 Brant St.  
Arroyo Grande, CA 93420

**AREA, TYPE LAND AND LOCATION:**

Section 16, T15N, R10E, SBM, San Bernardino County, containing 633 acres, more or less, of State fee-owned school lands (SLC parcel #202-017), about two miles northwest of the Interstate 15 Halloran Springs Exit, which is about 10 miles northeast of Baker, California.

**BACKGROUND:**

On October 19, 2012, the California State Lands Commission (Commission) issued Mineral Prospecting Permit No. 9026.2 to Mr. Robert G. Wetzel (Permittee) to allow prospecting for solid minerals on approximately 633 acres of State fee-owned school lands. The initial one-year term of the permit will end on October 31, 2013. On January 27, 2013, Permittee submitted an application for an extension of and an amendment to the existing permit. The application was deemed complete on May 28, 2013.

Permittee's existing prospecting permit allows geological mapping of the site using a 1" = 2000' United States Geologic Survey topographic map, and collecting hand samples to help determine if the State parcel contains a commercial gold and/or silver deposit. Previous mining and prospecting efforts in the area have yielded favorable results. Wetzel had collected rock chip samples that, when assayed, revealed precious metal values worthy of more detailed

CALENDAR ITEM NO. **C83** (CONT'D)

prospecting and economic evaluation of some sites. Therefore, Mr. Wetzel desires to amend his existing permit to allow for drilling of some sites to help determine their commercial viability.

Staff has prepared Mineral Prospecting Permit PRC 9126.2 Extension and Amendment (Extension and Amendment) which is attached as Exhibit C and incorporated by reference.

**DRILLING DETAILS:**

Permittee proposes to drill six (6) holes under the permitted lands. Five will be drilled from Bureau of Land Management (BLM) lands, and one will be drilled from the permitted lands. The holes will be drilled at a 45 degree angle, and up to 1,425 feet in length. The corresponding bottom hole locations will be about up to 700 feet below the surface. At each drill site, core drill bit will be used to drill a 3.5inch-diameter hole, producing a 2.5inch-diameter core sample. The collected core samples will be cut in half and taken to Australian Laboratory Services in Reno, Nevada, for assay, while the remainder will be saved for additional assay for quality control or other purposes. All drilled holes will be plugged and abandoned according to regulations that include backfilling the drilled holes with a bentonite clay mixture, and plugging the top 10 feet of the drill hole with cement.

A drill rig, a 4,000-gallon water truck, a 20-foot panel parts truck, a pipe truck with a 10-foot bed, two four wheel drive vehicles, and a pickup truck will be used at each drill site. The drill rig and support equipment will be driven to the drill sites without any road construction. Because the drill rig is rubber track mounted, and is anticipated to have very light footprint.

The driller, helper, two geologists, and water-truck driver will be on site for two, 12-hour shifts per day, working a 15 days-on, 6 days-off rotation. An average of one hole every five days will be drilled; a total of 35 to 45 days will be needed to drill all 8 holes, including transit-time between each drill site.

Each drill site will have a two-compartment 10 foot x 5 foot x 5 foot deep settling sump and a 5 foot x 5 foot x 4 foot deep "clear water" compartment immediately adjacent to it and within 10 feet of the hole. These sumps will be dug one (1) to three (3) days before the drilling starts and remain open for two (2) to three (3) weeks after drilling is completed to allow the water to evaporate. When drilling is complete, the sumps will be reclaimed using the excavated material and re-contoured. The reclaimed sites are expected to be virtually indistinguishable from the surrounding terrain.

CALENDAR ITEM NO. **C83** (CONT'D)

**TERMS OF PROPOSED PROJECT:**

The initial term of the mineral prospecting permit was for one year beginning November 1, 2012, and ending on October 31, 2013. The term of this prospecting permit extension will be one (1) year, November 1, 2013, through October 31, 2014. The Commission, in its discretion, may extend the term for one (1) additional year. In accordance with statutes, the term of this prospecting permit cannot exceed three (3) years.

**ROYALTY:**

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

**PREREQUISITE CONDITIONS, FEES AND EXPENSES:**

1. Required filing fee and processing fee have been submitted by Permittee.
2. The subject parcel is not yet known to contain commercially valuable mineral deposits.
3. In accordance with Public Resources Code section 6895, royalty payable under any preferential lease that may be issued shall not be less than ten percent (10%) of the gross value of all mineral production from the leased lands, less any charges approved by the Commission, made or incurred, with regards 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. To simplify accounting matters for both the lessee and State, recent mineral leases incorporate a percentage of the gross royalty that meets or exceeds the requirements of Public Resources Code section 6895.

**STATUTORY AND OTHER REFERENCES:**

- A. Paragraph 1 of the permit
- B. Public Resources Code section 6891

**OTHER PERTINENT INFORMATION:**

1. On December 19, 2012, staff conducted a site inspection and prepared an inspection report with photographs dated January 4, 2013. An additional site inspection was conducted on January 16, 2013.

CALENDAR ITEM NO. **C83** (CONT'D)

2. A small, 80-foot-deep gold mine, known as the Arrowhead Mine, was developed in the 1920s and is located on the east edge of the property. Permittee does not plan to re-enter the mine shaft.
3. The Extension and Amendment includes the additional prospecting activities described in BLM Halloran Springs Exploration Drilling Project DOU-BLM-CA-D090-2013-0029-EA for five of the six exploration drill holes. The sixth drill hole may be drilled as described in the BLM Exploration Drilling Project DOI-BLM-CA-D090-2009-0025-EA. Staff has reviewed these documents issued by BLM. They are on file in the Long Beach office of the State Lands Commission and are incorporated by reference in this Calendar Item. They are also attached to and incorporated by reference in the Extension and Amendment.
4. The Extension and Amendment requires Permittee to provide a performance bond or other security device in favor of the State in the amount of \$10,000, which was not provided in the original permit.
5. The Amendment will be effective on June 22, 2013, the day following the Commission's approval.
6. DOI-BLM-CA-D090-2013-0029-EA and Finding of No Significant Impact (FONSI) were prepared and circulated for this project by BLM and adopted on May 23, 2013. One of the six drill holes was evaluated earlier under DOI-BLM-CA-D090-2009-0025-EA and Finding of No Significant Impact (FONSI) prepared and circulated for this project by the BLM and adopted on August 13, 2010. These documents were circulated for public review as broadly as state and local law may require, and notice was given meeting the standards in California Code of Regulations, Title 14, section 15072, subdivision (a). Therefore, pursuant to California Code of Regulations, Title 14, sections 15221 and 15225, the staff recommends the use of the federal EA/FONSI in place of a Mitigated Negative Declaration.
7. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. Based upon the staff's consultation with the persons nominating such lands and through the California Environmental Quality Act (CEQA) review process,

CALENDAR ITEM NO. **C83** (CONT'D)

it is the staff's opinion that the project, as proposed, is consistent with its use classification.

**APPROVALS OBTAINED:**

Pursuant to Public Resources Code section 6890, the permit extension and amendment 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
- C. Mineral Prospecting Permit PRC 9026.2 Extension and Amendment

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**CEQA FINDING:**

Find that the two EA's and FONSI's, prepared by BLM and adopted on May 23, 2013, and August 13, 2010, for this Project, meet the requirements of CEQA. Therefore, pursuant to California Code of Regulations, Title 14, sections 15221 and 15225, adopt such federal documents for use in place of a Mitigated Negative Declaration.

**SIGNIFICANT LANDS INVENTORY FINDING:**

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370 et seq.

**AUTHORIZATION:**

1. Determine that the lands described in the permit are not presently known to contain commercially valuable mineral deposits.
2. Authorize the extension of the existing Mineral Prospecting Permit No. 9026.2, substantially in the form of the Extension and Amendment attached as Exhibit C. All terms and conditions of the original permit are to remain in full force and effect. Royalty payable under any preferential lease issued upon the discovery of commercially valuable mineral deposits shall not be less than ten percent (10%) of the gross value of all mineral production from the leased lands, less any charges approved by the Commission, or

CALENDAR ITEM NO. **C83** (CONT'D)

incurred with regards to the transportation, or processing, of the State's royalty share of production, or an equivalent percentage of the gross royalty. The determination of the royalty and charges shall be at the discretion of the Commission.

3. Authorize the Executive Officer or her designee, to execute any documents necessary to implement the Commission's action.

**EXHIBIT A**

PRC 9026.2

**LAND DESCRIPTION**

A parcel of State owned School Land situate in San Bernardino County, State of California and more particularly described as follows:

All those portions of Section 16, T15N, R10E, SBM as shown on General Land Office township plat approved 1/21/1857.

**EXCEPTING THEREFROM**

All those portions of SA 5708 as per document #94097317 recorded in the Official Records of San Bernardino County February 28, 1994.

All those portions of SA 5742 issued October 29, 1996 and on file with the California State Lands Commission.

**END OF DESCRIPTION**

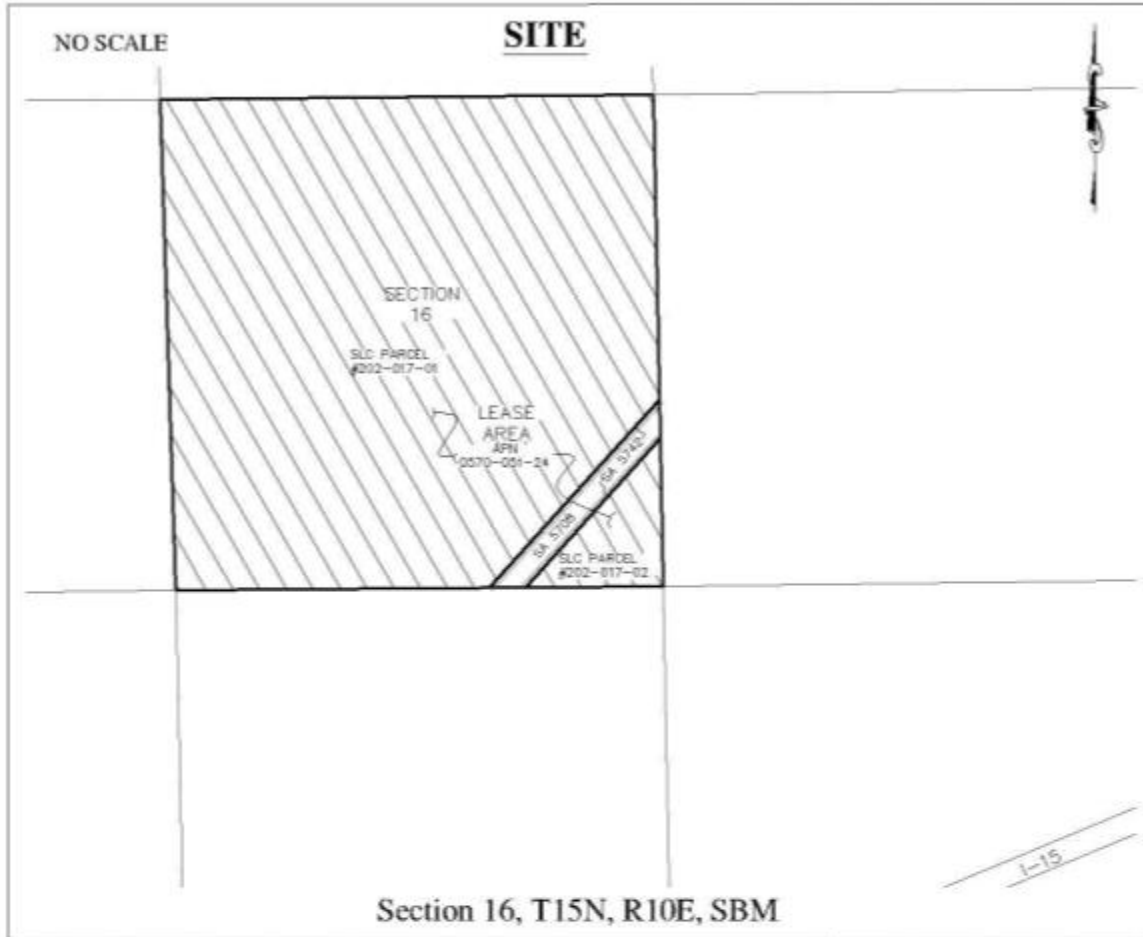
PREPARED 8/27/12 BY THE CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT



# EXHIBIT B

PRC 9026.2

## SITE MAP



MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the 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.

**Exhibit B**  
PRC 9026.2  
WETZEL  
APN 0570-051-24  
SOLID MINERAL  
PROSPECTING PERMIT  
SAN BERNARDINO COUNTY



MIF 4/22/12



## EXHIBIT C

### MINERAL PROSPECTING PERMIT PRC 9026.2 EXTENSION AND AMENDMENT

This Permit Extension and Amendment is entered into by the State of California, acting through the California State Lands Commission ("State"), and Robert G. Wetzel ("Permittee").

At its meeting of October 19, 2012, the California State Lands Commission authorized issuance of Mineral Prospecting Permit PRC 9026.2 ("Permit") to Robert G. Wetzel for Section 16, Township 15 North, Range 10 East, SBBM, San Bernardino County, about 10 miles northeast of Baker. Following initial positive results from geologic mapping and rock chip sampling, Permittee has requested a one-year extension of the Permit and an amendment of Exhibit "B" to the Permit to include drilling among the permitted activities.

The Permit was issued for an initial term of one year commencing November 1, 2012. Under the provisions of the Permit, the State may extend the term of the Permit for a period not exceeding one year, but in no event shall the term of the Permit exceed three years. The initial term of the Permit will expire on October 31, 2013. Permittee submitted an application dated January 27, 2013, for the extension and the amendment.

Therefore, State and Permittee agree as follows:

1. The Permit is extended for one year, from November 1, 2013 through October 31, 2014, upon the same terms and conditions set forth in the original Permit except as modified by this Permit Extension and Amendment.
2. Exhibit "B" of the Permit is amended effective June 22, 2013, to include additional prospecting activities involving drilling into the Permitted Land from a location on the Permitted Land and from locations on adjacent lands. These activities are described in and shall be conducted by Permittee subject to the conditions provided in the Bureau of Land Management (BLM) Halloran Springs Exploration Drilling Project DOI-BLM-CA-D090-2013-0028-EA and the BLM Exploration Drilling Project DOI-BLM-CA-D090-2009-0025-EA, each consisting of the Environmental Assessment, Decision Record and Conditions of Approval. The BLM Halloran Springs Exploration Drilling Project and the BLM Exploration Drilling Project documents are by reference made part of this Permit Extension and Amendment.
3. Within thirty (30) days of the date the Commission approves this Permit Extension and Amendment, Permittee shall furnish a bond, or other security acceptable to the State, in the sum of \$10,000.00, which

shall be in favor of the State and for its exclusive use and benefit, and shall guarantee the faithful performance by Permittee of the terms and conditions of this Permit as extended and amended. The bond shall be maintained until Permittee fulfills to the satisfaction of the State all of its obligations under the Permit as extended and amended. This requirement shall be separate from any other bonding requirements to which Permittee is subject.

4. Permittee shall notify the State in the manner prescribed in Section 6 of the Permit of the commencement of drilling operations at least one week prior to their commencement.
5. All other terms and conditions of the Permit remain unchanged and in full force and effect.

**STATE: CALIFORNIA STATE LANDS COMMISSION:**

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Marina Voskanian, P.E., Chief  
Mineral Resources Management Division

**PERMITTEE: ROBERT G. WETZEL**

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Approved as to form:  
Kamala D. Harris  
Attorney General of the State of California

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Alan V. Hager  
Deputy Attorney General