

**CALENDAR ITEM
C68**

A 5
S 8

04/23/14
W 40949
V. Perez

**CONSIDER APPLICATION FOR A PROSPECTING PERMIT FOR
MINERALS OTHER THAN OIL, GAS, GEOTHERMAL RESOURCES,
AND SAND AND GRAVEL ON 480 ACRES OF
STATE SCHOOL LANDS,
MONO COUNTY**

APPLICANT:

Enigma Resources, LLC
Attn.: Anthony L. Eng
2221 S. Lompa Lane
Carson City, NV 89701

RECOMMENDED ACTION:

Staff recommends denial of the mineral prospecting permit application to prospect for precious metals and other valuable minerals other than oil, gas, geothermal resources, sand, and gravel on approximately 480 acres of State school lands for the reasons set forth in this staff report.

AREA, TYPE LAND AND LOCATION:

Approximately 480 acres of land where the State owns a 100 percent (100%) reserved mineral interest. The property is situated about 15 miles northeast of Bridgeport and includes the SW ¼ and E ½ of section 16, T5N, R27E, MDBM, Mono County (Section 16) (see Exhibit A and Exhibit B, attached hereto).

BACKGROUND:

On July 15, 2010, Enigma Resources, LLC (Enigma), through its agent, Anthony L. Eng (Applicant), submitted an application to the California State Lands Commission (CSLC) for a mineral prospecting permit (permit). The project area is prospective for gold and silver deposits, and detailed sampling in Section 16 of the State school lands revealed strong surface anomalies indicative of high-grade precious metal deposits. The proposed project encompassed exploration with the use of a tracked drill rig. The principal drill target is a high-grade, vein deposit similar to those mined in the nearby mining district of Bodie. The Applicant's proposed strategy was to access the area mainly from existing roads and trails. The only existing access road is from the west through private lands

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called the Flying M Ranch.

On August 12, 2010, CSLC staff sent the Applicant a letter requesting additional information because the application was incomplete. The Applicant is also lacking a Certificate of Foreign Corporations from the State of California, and funds to cover the approximate expense deposit (AED) of \$10,000.00 under the Reimbursement Agreement #R02810.

Based on the project description, the Applicant, in a letter dated October 26, 2010, provided notice that it would seek to have Mono County be the lead agency for this project for purposes of the California Environmental Quality Act (CEQA). (The criteria for determining the lead agency for a project are set forth in State CEQA Guidelines § 15051.) Since that letter, there have been no updates or progress indicating that the Applicant has applied to the County to determine the level and scope of environmental review under CEQA.

After months of no formal response or any information regarding the project, CSLC staff sent Enigma a follow up letter dated November 28, 2012. Mr. Eng responded with a letter on February 18, 2013, stating that Enigma was having permitting complications. Mr. Eng also stated that Enigma had difficulty in gaining a surface access agreement across the private lands, owned by the Flying M Ranch/Hilton Trust, to reach the prospect site. Without such a surface access agreement, Enigma does not have legal vehicular access to Section 16, the prospect site. In addition no public agency, as the lead agency, has initiated CEQA analysis for the project.

On January 10, 2014, CSLC staff sent a letter notifying the Applicant that staff is preparing to recommend to the Commission that it deny the permit application unless Enigma had any new developments. The Applicant responded on February 1, 2014, and reiterated that they have been delayed pending the resolution of issues related to the surface access to the parcel. On February 6, 2014, CSLC staff notified the Applicant that since there has not been any significant effort to move the application forward, and since no payments toward the \$10,000.00 owed under the terms of the Reimbursement Agreement have been made, CSLC staff recommends that the Commission deny the permit application.

In summary, CSLC staff is recommending the denial of the permit due to the following issues: (1) Applicant has not provided the requested additional information needed to complete the application; (2) Applicant has not submitted

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the required AED fees in the amount of \$1,264.66, and (3) Applicant has not initiated the appropriate steps required for a CEQA review.

OTHER PERTINENT INFORMATION:

1. The staff recommends that the Commission find that this activity is exempt from the requirements of CEQA as a statutorily exempt project. The project is exempt because CEQA does not apply to projects that a public agency rejects or disapproves.

Authority: Public Resources Code section 21080, subdivision (b)(5) and California Code of Regulations, Title 14, section 15270, subdivision (a).

EXHIBITS:

- A. Land Description
- B. Site Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA as a statutorily exempt project pursuant to Public Resources Code section 21080, subdivision (b)(5), projects which a public agency rejects or disapproves. (See also Cal. Code Regs, tit. 14, §§ 15061, subd. (b)(4) and 15270, subd. (a).

AUTHORIZATION:

1. Deny the issuance of a Mineral Prospecting Permit to Enigma Resources, LLC for all minerals other than oil, gas, geothermal resources or sand and gravel on State school lands, Section 16, T5N, R27E, MDBM, in Mono County, and direct staff to close and terminate the application.
2. Authorize the Executive Officer or her designee to execute any documents necessary to implement the Commission's action.

EXHIBIT A

W 40949

LAND DESCRIPTION

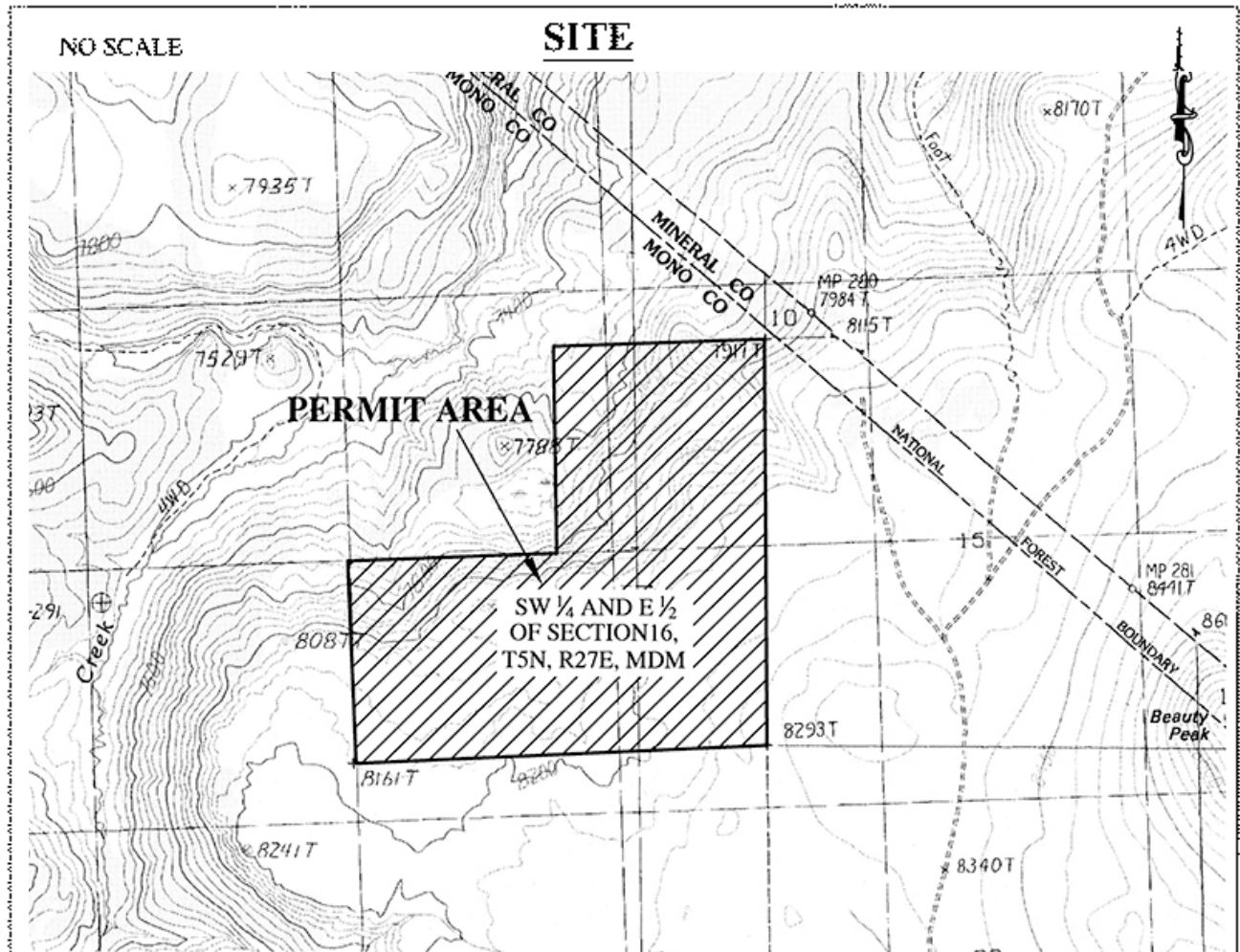
That certain parcel of State School Land in Mono County, State of California, more particularly described as follows:

Southwest ¼ and East ½ of Section 16, Township 5 North, Range 27 East, Mount Diablo Meridian, as shown on the Official U.S. Government Township Plat approved May 17, 1879.

END OF DESCRIPTION

Prepared 03/04/2014 by the California State Lands Commission Boundary Unit.





SW 1/4 AND E 1/2 OF SECTION 16, T5N, R27E, MDM



MAP SOURCE: USGS QUAD

Exhibit B
 W 40949
 ENIGMA RESOURCES LLC
 APN 009-140-002
 MINERAL PROSPECTING
 PERMIT APPLICATION
 MONO COUNTY



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.