

MINUTE ITEM

This Calendar Item No. 23  
was approved as Minute Item  
No. 23 by the State Lands  
Commission by a vote of 3  
to 0 at its 7/26/77  
meeting.

CALENDAR ITEM.

7/77  
W 9907  
JFS

23.

PRC 4754.1

MODIFICATION OF EXISTING MINERAL EXTRACTION PRC 4996.1  
LEASES ON OWENS LAKE

HISTORY:

In July 1976, the State Lands Commission authorized the subleasing of Morrison Weatherly Chemical Products, Owens Lake Leases to Lake Minerals Corporation. Five leases were involved, 3 mineral extraction leases and 2 right-of-way leases.

REASON FOR MODIFICATION:

Lake Minerals Corporation has entered into the sublease agreement with the intent to substantially enlarge the Owens Lake Mining operation. To accomplish this, they anticipate investing 10 to 35 million dollars in processing and sales research, plant and equipment development over the next ten years. To supply the mineral reserves necessary for a project of this size, Lake Minerals has, in addition to this request, nominated an additional 6,880 acres for competitive bid to supplement the current extraction leases PRC 4754.1 and PRC 4996.1.

The program is predicated on the acquisition of long term sales contracts. To date the prime sales negotiations are in the stack-gas scrubber industry, where in some cases the potential buyer's plant and/or equipment is capable of assimilating into its system the materials as offered by Lake Minerals; however, in other applications the buyer's plant yet to be built, must be specifically designed to use such materials. In both cases it is impossible to finalize long term sales contracts that are demanded by the buyers unless Lake Minerals can demonstrate that they have the long term reserves to supply the demand.

It is therefore necessary that the existing Mineral Extraction Leases PRC 4754.1 and PRC 4996.1 become an integral part of this development plan, and that Lake Minerals be able to more fully utilize the production potential of these leases by being able to mine the total salt deposit; and thus increase the current total reserves under lease. To effectively and economically mine the salt deposit, they propose to develop a slurry type mining process operating from floating equipment that will draw

A 34

B 16

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approximately 3 feet of water. Since the average thickness of the salt deposit is 5 feet with occasional thickness of 6 to 8 feet being encountered, a 12-foot mining depth is required to operate the floating equipment. The slurry technique will be used on the applicable areas of the salt deposit.

**PROPOSED MODIFICATION:**

The proposed amendment of paragraph 4 of each lease will modify the mining depth limitation from 2 feet to a maximum of 12 feet and will clarify and standardize the lease provisions regarding extraction of all minerals within this interval other than oil and gas and geothermal resources.

**APPROVALS OBTAINED:**

1. Inyo County Board of Supervisors has reviewed the proposed project and issued Conditional Use Permit 76-16 covering the slurry mining project.
2. An initial study and Negative Declaration ND No. 210, covering Lake Minerals Corporation's bid lease application under W 40018, has been circulated and no comments were received. The impact of the change in the mining depth was considered under this document, and it was determined that it would not have a detrimental environmental impact on the area.
3. The Department of Parks and Recreation comments have been solicited pursuant to Section 6818, of the Public Resources Code, and they offered no objections.
4. The office of the Attorney General has also reviewed and approved the proposed lease modifications pursuant to Sect. 6818.

EXHIBIT:      A. Location Map.                      B. Negative Declaration.

**IT IS RECOMMENDED THAT THE COMMISSION:**

1. DETERMINE THAT AN ENVIRONMENTAL IMPACT REPORT HAS NOT BEEN PREPARED FOR THIS PROJECT BUT THAT A NEGATIVE DECLARATION HAS BEEN PREPARED BY THE DIVISION.

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2. CERTIFY THAT THE NEGATIVE DECLARATION, ND NO. 210, HAS BEEN COMPLETED IN COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT OF 1970, AS AMENDED, AND THE STATE GUIDELINES AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
3. DETERMINE THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
4. AUTHORIZE APPROVAL OF THE AMENDMENT OF MINERAL EXTRACTION LEASES PRC 4996.1 AND PRC 4754.1, INYO COUNTY, ON FILE IN THE OFFICE OF THE COMMISSION.
5. FINDS THAT THE PROPOSED ACTION WILL NOT UNREASONABLY INTERFERE WITH THE MAINTENANCE OR USE OF THE LANDS INVOLVED FOR RECREATIONAL PURPOSES OR PROTECTION OF SHORE PROPERTIES.

ALL OTHER TERMS AND CONDITIONS OF MINERAL EXTRACTION LEASES PRC 4 54.1 AND PRC 4996.1, EXCEPT AS MODIFIED BY THE AMENDMENT SHALL REMAIN IN FULL FORCE AND EFFECT.