

EXHIBIT A

W 40102

MEMORANDUM OF UNDERSTANDING BY AND AMONG CALIFORNIA DEPARTMENT OF CONSERVATION OFFICE OF MINE RECLAMATION AND CALIFORNIA STATE LANDS COMMISSION

PURPOSE

This Memorandum of Understanding (MOU) implements a policy of coordination and cooperation by and among the California Department of Conservation (DOC) Office of Mine Reclamation (OMR) and the California State Lands Commission (CSLC). The purpose of this MOU is to establish a basic framework to advance the parties' mutual commitment to assess, and where feasible, remediate health and safety hazards associated with abandoned mines on State School Lands.

AUTHORITY

The OMR administers the Surface Mining and Reclamation Act of 1975 (SMARA; Public Resources Code, Division 2, Chapter 9, §§ 2710 *et seq.*), provides assistance to cities, counties, State agencies and mine operators for reclamation planning, and promotes cost-effective reclamation. OMR strives to reclaim mined lands to a beneficial end-use through the implementation of SMARA, prevent or minimize the adverse environmental effects of mining by providing assistance to lead agencies and miners in the review of reclamation plans, and minimize residual hazards to public health and safety through the Abandoned Mine Lands Program. Since 2002, OMR's Abandoned Mine Lands Unit (AMLU) has helped public agencies remediate more than 500 abandoned mine features statewide that were physical hazards. Since 2006, the AMLU's funding for physical hazard remediation has come from fees established on gold and silver mined in the State pursuant to Senate Bill 649 (Kuehl, Chapter 794, Statutes 2003) (\$5 per ounce of gold and 10¢ per ounce of silver).

The CSLC administers the public lands of the State under policies established by the Legislature and the Commission (Public Resources Code, Division 6). These "public lands" include, but are not limited to, sovereign lands, swamp and overflow lands, school lands, and granted lands. Of these public lands, school lands have historically been most heavily impacted by mining. One component of the Master Plan for school lands embodied in Public Resources Code § 6201.5 provides for rehabilitation of lands impacted by mineral exploration and extraction. The CSLC also reviews, for compliance with the California Environmental Quality Act (CEQA), any projects that propose the use of State lands prior to the issuance of any lease, permit or other entitlement (as set forth in California Administrative Code, Title 2, Division 3, Chapter 1, §§ 2902 *et seq.*). The Commission may, by resolution, authorize any of its employees or officers to execute any instrument in the name of the State (Public Resources Code § 6106). On January 29, 2009, the Commission authorized its Executive Officer to execute interagency

agreements necessary or convenient to eliminate potential public safety hazards on State school lands and to continue cooperative efforts with the DOC to remediate mine hazards for a period of seven years.

It is mutually agreed and understood as follows:

1. Each party shall designate an individual or individuals to coordinate reclamation activities on State School Lands, and shall identify in writing any replacement thereafter.
2. The CSLC shall identify abandoned mine sites on State School Lands that may be candidates for protective measures such as fencing and warning signs and/or for rehabilitation by the installation of mine closure methods such as bat gates, culvert gates, cupolas, foam plugs, and backfill with waste rock material, and shall provide information on these potential sites to the OMR.
3. The OMR will determine if appropriated gold and silver fees are available and can be used to close and protect mine openings on the identified State School Lands parcels. Provided funding is available from appropriated gold and silver fees, the OMR may contract, as needed, with qualified third parties to develop and implement mine closure proposals on State School Lands. The CSLC may contribute in the payment of contractor costs. Should funding not be available through OMR, the CSLC may elect to contract and unilaterally fund a qualified contractor to develop and implement mine closures on State School Lands.
4. The CSLC shall determine, pursuant to the CEQA, the appropriate level of environmental review and analysis of mine closure proposals, and shall coordinate and seek approvals from other agencies, including but not limited to, the California Department of Fish and Game and the State Office of Historic Preservation, prior to the Commission authorizing any remediation work on State School Lands.
5. No reclamation measures shall be undertaken at any mine site on State School Lands without a written Mine Closure Plan prepared and approved by the CSLC. Each party shall ensure that all mine closure activities are conducted in compliance with the approved Mine Closure Plan, the Surface Mining and Reclamation Act, the CEQA, and this MOU. In the event of any disagreement between the parties as to whether proposed operations are in compliance with the foregoing, the CSLC, as trustee of the State School Lands, may require that all site work cease pending resolution of the disagreement.
6. Closure work shall only be performed on mutually acceptable dates so that respective agency monitoring responsibilities may be fulfilled.
7. This MOU may be amended by written agreement of both parties. Both parties further agree to take whatever steps they deem necessary, including additional or

extensions of agreements with each other and with other agencies, to fulfill the purposes of this MOU.

8. Nothing in this MOU is intended, nor shall be construed, as limiting, expanding, delegating, or affecting the existing statutory authority of the DOC, the OMR or the CSLC.
9. This MOU shall be effective as of the date it is signed by the last party and shall remain in effect for a period of seven (7) years, or until terminated by either party in writing.

Signed,

Bridgett Luther, Director
California Department of Conservation

Date

Paul D. Thayer, Executive Officer
California State Lands Commission

Date