MEETING

STATE LANDS COMMISSION

STATE CAPITOL
ROOM 127
SACRAMENTO, CALIFORNIA

MONDAY, JULY 13, 1992
9:35 A.M.

Nadine J. Parks
Shorthand Reporter
MEMBERS PRESENT

LaFenus Stancell for Thomas Hayes, Director of Finance, Chairman
James Goldstene for Leo McCarthy, Lieutenant Governor
John W. Davies for Gra. Davis, State Controller

STAFF

Charles Warren, Executive Officer
James Trout, Assistant Executive Officer
Robert Hight, Chief Counsel
Jan Stevens, Deputy Attorney General
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EXECUTIVE OFFICER WARREN: The first calendar item, Mr. Chairman and Commissioners, is an amendment of a public agency permit held by San Elijo Joint Power Authority. This permit is necessary to enable it to stabilize an outfall pipe by the use of H-blocks on which the cross-member of which will rest the outfall pipe. This work has to be done this summer because the pipe, in its present condition, is being exposed and could suffer structural damage during the fall and winter storms, representing a significant pollution threat.

So, in order for the work to proceed this summer, the item is before you now on an emergency basis.

Staff recommends approval.

CHAIRMAN STANCELL: Any questions?

COMMISSIONER DAVIES: Any known opposition?

EXECUTIVE OFFICER WARREN: No opposition, no.

COMMISSIONER GOLDSTENE: They're not extending the pipe; they're just reinforcing the existing pipe?

EXECUTIVE OFFICER WARREN: Yes.

COMMISSIONER DAVIES: All right. I'll move approval.

CHAIRMAN STANCELL: Second. Without objection,
item approved. All right.

EXECUTIVE OFFICER WARREN: All right. Item 2, Mr. Chairman and Commissioners, is to authorize staff to take title to some lateral easements that have been acquired through Coastal Commission action. And this is in line with an action the State Lands Commission took over a year ago, and is another offer of dedication which we propose to be accepted. There's no opposition. It's comparable to other actions that the Commission has taken, and I ask for approval.

CHAIRMAN STANCELL: Okay. Questions? All right. Do I hear a motion?

COMMISSIONER DAVIES: Move approval.

CHAIRMAN STANCELL: Without objection, second.

That will be the order.

EXECUTIVE OFFICER WARREN: The third calendar item is a renewal of a salvage permit held by -- presently held by the Department of Parks and Recreation. It concerns a shipwreck "Frolic" salvage. The "Frolic" was a Baltimore Clipper, which was sunk off Mendocino County. And the Department of Parks and Recreation intends for it to be used as part of a State park.

We recommend approval of the renewal.

CHAIRMAN STANCELL: Okay. Questions? Do I hear a motion?
COMMISSIONER DAVIES: Move approval.

CHAIRMAN STANCELL: All right. Second. Without objection, that will be the order.

EXECUTIVE OFFICER WARREN: The final item, Mr. Chairman and Commissioners, is the approval of a prospecting permit for hard rock minerals sought by Viceroy Gold on a 640-acre parcel adjacent to Federal lands which Viceroy Gold is developing for its gold content.

This permit merely enables the company to examine surface minerals by Jeep, which will be limited to existing roads and/or by foot. It limits the number of samples that can be taken, each sample being no more than five pounds. The samples will have to come from the surface. No core drilling is permitted.

In the event -- the information obtained by this prospecting will be shared with the State Lands Commission staff. We do not now know anything about the mineral wealth of the site.

In the event the company decides to proceed, it would then have to come to us for a core drilling permit. We have reviewed the EIR, in which there was some discussion of expansion of the project. We have discussed this with those who were interested in the project -- notably, the Sierra Club and the Wilderness Society.
they have indicated they have no opposition at this time to proceeding as in the Viceroy Gold request to proceed. Based on those representations and given the limited nature of the effort, and the fact that the information obtained will be shared with us, we'd recommend approval.

CHAIRMAN STANCELL: Okay. The royalties --

EXECUTIVE OFFICER WARREN: There will be no royalties here, because it's merely a prospecting permit.

COMMISSIONER GOLDSTENE: But it may come into royalties if the project went down the line five years from now --

EXECUTIVE OFFICER WARREN: There would be royalties.

CHAIRMAN STANCELL: And the level of the royalties is that typical of what we've --

ASSISTANT EXECUTIVE OFFICER TROUT: Yes.

CHAIRMAN STANCELL: -- been entitled to?

ASSISTANT EXECUTIVE OFFICER TROUT: And if there's any material that comes out of the hand sampling, but the initial royalty would apply to anything that came out of that.

The future royalties would be not less than 10 percent and would be based on current market and other things at that time.
CHAIRMAN STANCELL: Any other questions?

COMMISSIONER DAVIES: So, if it's a five-pound set, then we get 20 percent of the value?

ASSISTANT EXECUTIVE OFFICER TROUT: At least.

COMMISSIONER GOLDSTENE: Is it possible, just for the record, to explain Viceroy's commitment in the long range for reclaiming the area? I just want to put that on the record as -- if we need to remind them.

ASSISTANT EXECUTIVE OFFICER TROUT: I've spoken to Chris Mitchell of Viceroy, to their president, in the past. They do not have to now reclaim the Federal lands and their own lands that they were digging. We have advised Viceroy that if the Commission ultimately approved a pit mine, we would require them to refill the pit, landscape it, and grade it as much as possible to what it was like before, and replant it. They understand that.

They understand that once they find -- if they did find an ore mine, this is something they would have to factor into their decision as to whether to proceed or not.

COMMISSIONER GOLDSTENE: And they can't proceed beyond the 640-acre parcel?

ASSISTANT EXECUTIVE OFFICER TROUT: They might be able to under Federal law, but they're just asking for the State permit. And I think Mr. Warren stressed that the
project consists only of geological reconnaissance, which includes geologic mapping and surface rock sampling. No other activity is permitted.

COMMISSIONER DAVIES: And if it did go to the next level, the core sampling, that would have to come back before us, and CEQA would apply to the procedures followed?

ASSISTANT EXECUTIVE OFFICER TROUT: Yes, specifically by the terms of the lease, it is required.

CHAIRMAN STANCELL: Do I hear a motion then?

COMMISSIONER DAVIES: Move approval.

CHAIRMAN STANCELL: All right. It's been seconded. Without objection, that will be the order.

EXECUTIVE OFFICER WARREN: Thank you very much.

CHAIRMAN STANCELL: Any other business?

EXECUTIVE OFFICER WARREN: Yes. Where's our budget?

(Laughter.)

(Thereupon, the meeting was adjourned at 9:45 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

I, Nadine J. Parks, a shorthand reporter of the State of California, do hereby certify that I am a disinterested person herein; that the foregoing meeting before the State Lands Commission was reported by me in shorthand writing, and thereafter transcribed by me into typewriting.

I further certify that I am not of counsel or attorney to any of the parties to said meeting, nor am I interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of August, 1992.

Nadine J. Parks
Shorthand Reporter