

CALENDAR ITEM

20.

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Mills

AUTHORIZATION FOR LITIGATION

PROSPECTIVE DEFENDANT:

Yuba Goldfields, Inc.  
612 Howard Street  
San Francisco, California 94105

AREA, TYPE AND LOCATION OF AFFECTED PROPERTY:

Historic bed of the Yuba River, a navigable waterway, located all or in part in the following portions of Yuba County:

1. Sections 35 and 36, township 16 north, range 4 east, M.D.M.;
2. Sections 22 through 29 and 31 through 33, township 16 north, range 5 east, M.D.M.; and
3. Sections 19, 20, 29 and 30, township 16 north, range 6 east, M.D.M.

BACKGROUND:

The Yuba River is a navigable water and was at the time of California's admission to the Union in 1850. Accordingly, the bed of the river is sovereign land, owned by the State in trust for its citizens. Intensive mining activities in the mid-nineteenth century have irreparably altered the course and nature of the Yuba River to the point where the present bed departs completely from the historic bed at several locations along the course of the waterway.

Yuba Goldfields is a Delaware corporation conducting substantial business operations within Yuba County. The firm claims an interest in extensive lands within and adjacent to the historic bed of the Yuba River. The majority of these claims appear to be based on patented and unpatented mining claims. Communications with officers and agents of Yuba Goldfields reveal that the company intends to devote a large portion

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of its purported holdings to the mining of gold and other precious metals. Real estate and other commercial development is also contemplated. To date, the firm has refused to recognize the State's title to the historic bed of the Yuba River.

Recently, Yuba Goldfields has purportedly entered into short-term leases with independent commercial interests for the use of this property. At least 2 of these "lessees" subsequently contacted Commission staff to inquire as to the nature and extent of State title to the area, offering to enter into leases with the Commission if the State was determined to be the owner of the property. One of the firms went so far as to attempt to join the State in a private lawsuit against Yuba Goldfields, Inc., to resolve the title question. The court refused to adopt this course of action, ruling instead that the dispute would be more properly resolved in a conventional quiet title action between the State and Yuba Goldfields.

Other factors similarly demonstrate the necessity for the Commission to take prompt action in this matter. Yuba Goldfields is currently negotiating with the United States Army Corps of Engineers to exchange certain lands (including portions of the historic bed of the river) in connection with the Corps' proposed Marysville Dam project. Moreover, under the provisions of Section 314 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. Section 1744), owners of all unpatented mining claims must record their interests with the United States Bureau of Land Management (BLM) by October 21, 1979. The BLM heretofore has refused to record any such claims within the federal meander lines of the Yuba river, but has asked that the State expeditiously perfect its sovereign interest.

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In light of the developments set forth above, the failure of the Commission presently to defend its claim to the Yuba River could lead to uncertainties with respect to both public and private title in the area.

Due to the substantial public rights threatened by Yuba Goldfield's present and intended future course of conduct on the Yuba River, staff requests authorization to take whatever steps necessary to protect the public interests in the Yuba River. These steps conceivably may include litigation against Yuba Goldfields, Inc. and other affected parties.

EXHIBIT:           A-1, A-2 Site Map.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE STAFF COUNSEL AND/OR THE OFFICE OF THE ATTORNEY GENERAL TO TAKE ALL STEPS NECESSARY, INCLUDING LITIGATION, TO PROTECT ANY AND ALL STATE INTERESTS IN THE YUBA RIVER AND TO REMEDY THE UNLAWFUL POSSESSION OF PUBLIC LANDS BY YUBA GOLDFIELDS, INC.



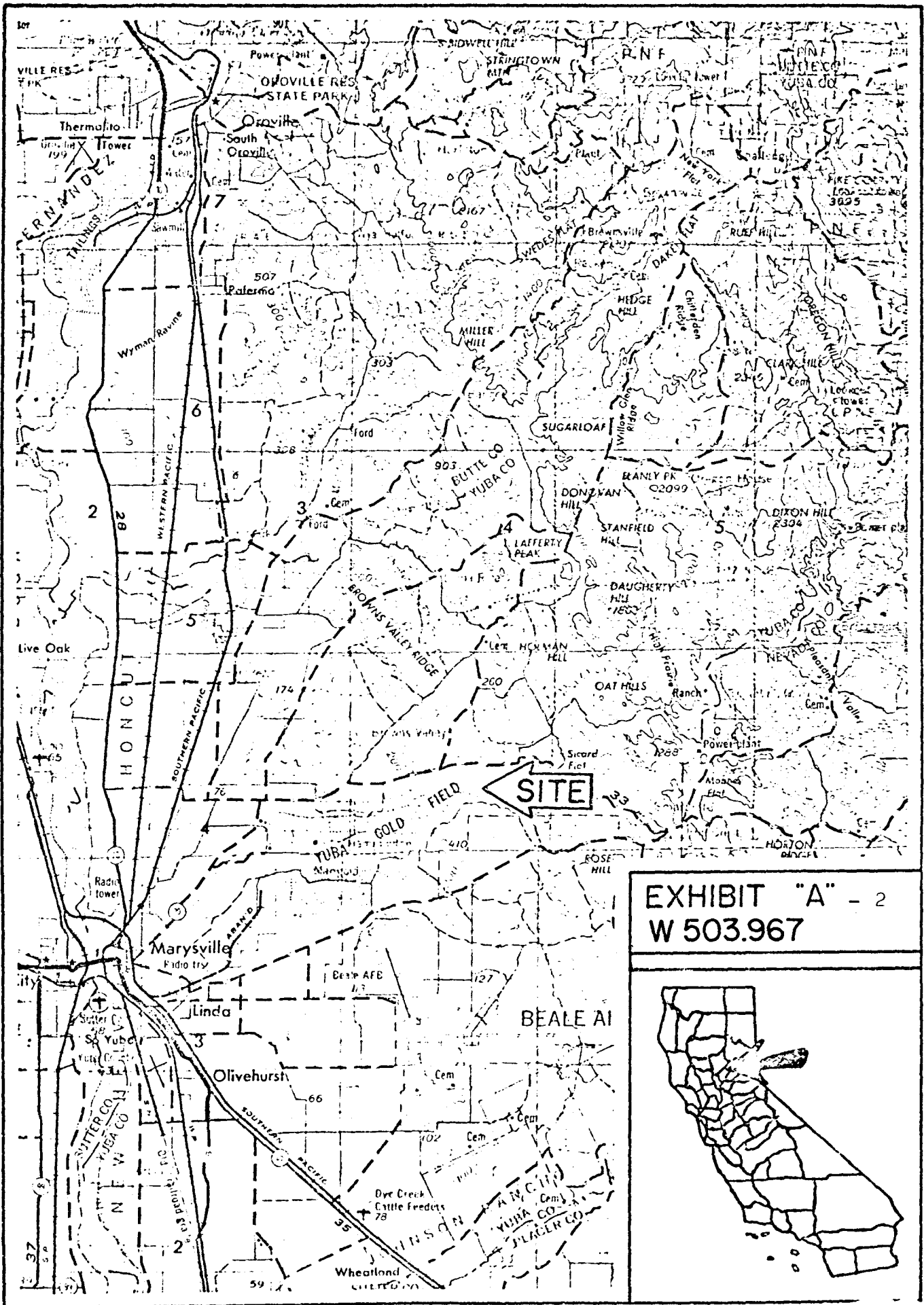


EXHIBIT "A" - 2  
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