

STATE LANDS COMMISSION

TRANSCRIPTS

July 13, 1992

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MEETING

STATE LANDS COMMISSION

CONFIDENTIAL

STATE CAPITOL

ROOM 127

SACRAMENTO, CALIFORNIA

MONDAY, JULY 13, 1992

9:35 A.M.

Nadine J. Parks
Shorthand Reporter

PETERS SHORTHAND REPORTING CORPORATION

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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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P R O C E E D I N G S

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3 EXECUTIVE OFFICER WARREN: The first calendar
4 item, Mr. Chairman and Commissioners, is an amendment
5 of a public agency permit held by San Eliso Joint Power
6 Authority. This permit is necessary to enable it to
7 stabllize an outfall pipe by the use of H-blocks on
8 which the cross-member of which will rest the outfall
9 pipe. This work has to be done this summer because
10 the pipe, in its present condition, is being exposed and
11 could suffer structural damage during the fall and winter
12 storms, representing a significant pollution threat.

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

16 Staff recommends approval.

17 CHAIRMAN STANCELL: Any questions?

18 COMMISSIONER DAVIES: Any known opposition?

19 EXECUTIVE OFFICER WARREN: No opposition, no.

20 COMMISSIONER GOLDSTONE: They're not extending
21 the pipe; they're just reinforcing the existing pipe?

22 EXECUTIVE OFFICER WARREN: Yes.

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

25 CHAIRMAN STANCELL: Second. Without objection,

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1 item approved. All right.

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

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

13 COMMISSIONER DAVIES: Move approval.

14 CHAIRMAN STANCELL: Without objection, second.
15 That will be the order.

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

23 We recommend approval of the renewal.

24 CHAIRMAN STANCELL: Okay. Questions? Do I
25 hear a motion?

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1 COMMISSIONER DAVIES: Move approval.

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

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

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

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

20 In the event the company decides to proceed, it
21 would then have to come to us for a core drilling permit.
22 We have reviewed the EIR, in which there was some
23 discussion of expansion of the project. We have discussed
24 this with those who were interested in the project --
25 notably, the Sierra Club and the Wilderness Society. And

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1 they have indicated they have no opposition at this time
2 to proceeding as in the Viceroy Gold request to proceed.

3 Based on those representations and given the
4 limited nature of the effort, and the fact that the
5 information obtained will be shared with us, we'd
6 recommend approval.

7 CHAIRMAN STANCELL: Okay. The royalties --

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

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

13 EXECUTIVE OFFICER WARREN: There would be
14 royalties.

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

17 ASSISTANT EXECUTIVE OFFICER TROUT: Yes.

18 CHAIRMAN STANCELL: -- been entitled to?

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

23 The future royalties would be not less than 10
24 percent and would be based on current market and other
25 things at that time.

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1 CHAIRMAN STANCELL: Any other questions?

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

4 ASSISTANT EXECUTIVE OFFICER TROUT: At least.

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

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

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

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

23 ASSISTANT EXECUTIVE OFFICER TROUT: They might
24 be able to under Federal law, but they're just asking for
25 the State permit. And I think Mr. Warren stressed that the

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1 project consists only of geological reconnaissance, which
2 includes geologic mapping and surface rock sampling. No
3 other activity is permitted.

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

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

10 CHAIRMAN STANCELL: Do I hear a motion then?

11 COMMISSIONER DAVIES: Move approval.

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

14 EXECUTIVE OFFICER WARREN: Thank you very much.

15 CHAIRMAN STANCELL: Any other business?

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

18 (Laughter.)

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

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CERTIFICATE OF SHORTHAND REPORTER

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

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

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

14
15 Nadine J. Parks
16 Nadine J. Parks
17 Shorthand Reporter
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