STATE MINING AND GEOLOGY BOARD

Mineral and Geologic Resources Committee

Erin Garner, Chair; Seena Hoose; Kathy Lund

EXECUTIVE OFFICER'S REPORT

ARNOLD SCHWARZENEGGER
GOVERNOR

For Meeting Date: April 10, 2008

Agenda Item No. 2: Recommendation for Designation of Mineral Resource Lands in the Palm Springs Production-Consumption Region, Riverside County, California.

INTRODUCTION: The State Mining and Geology Board (SMGB), based on recommendations from the State Geologist and public input, prioritizes areas to be classified and/or designated. At its December 13, 2007, regular business meeting, the SMGB accepted California Geological Survey (CGS) Special Report 198 which updated information previously presented in a classification report on Portland cement concrete-grade (PCC) aggregate in the Palm Springs Production-Consumption (P-C) Region completed in 1985. The previous report was published by the California Division of Mines and Geology (CDMG; now CGS) as Special Report 159 (SR 159) – *Mineral Land Classification: Aggregate Materials in the Palm Springs Production-Consumption Region*. The Mineral and Geologic Resources Committee (Committee) is considering accepting recommendations set forth by the State Geologist for designation of mineral resources of regional or statewide economic significance in the Palm Springs Production-Consumption Region, Riverside County.

STATUTORY ASPECTS: The SMGB's statutory authority to incorporate mineral lands classification information into state policy is provided pursuant to Division 2, Chapter 9, Article 4, State Policy for the Reclamation of Mined Lands, Public Resources Code (PRC) Section 2761(a), which states:

> *"On or before January 1, 1977, and, as a minimum, after the completion of each decennial census, the Office of Planning and Research shall identify portions of the following areas within the state which are urbanized or are subject to urban expansion or other irreversible land uses which would preclude mineral extraction:*
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> *(1) Standard metropolitan statistical areas and such other areas for which information is readily available.*
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> *(2) Other areas as may be requested by the board.*
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> *(b) In accordance with a time schedule, and based upon guidelines adopted by the board, the State Geologist shall classify, on the basis solely of geologic factors, and without regard to existing land use and land ownership, the areas identified by the Office of Planning and Research, any area for which classification has been*

requested by a petition which has been accepted by the board, or any other areas as may be specified by the board, as one of the following:

(1) Areas containing little or no mineral deposits.

(2) Areas containing significant mineral deposits.

(3) Areas containing mineral deposits, the significance of which requires further evaluation.

The State Geologist shall require the petitioner to pay the reasonable costs of classifying an area for which classification has been requested by the petitioner.

(c) The State Geologist shall transmit the information to the board for incorporation into the state policy and for transmittal to lead agencies."

The SMGB's statutory authority to consider areas for designation is provided pursuant to Division 2, Chapter 9, Article 6, Areas of Statewide or Regional Significance, PRC 2790, which states:

"*After receipt of mineral information from the State Geologist pursuant to subdivision (c) of Section 2761, the board may by regulation adopt after a public hearing to designate specific geographical areas of statewide or regional significance and specify the boundaries thereof. Such designation shall be included as a part of the state policy and shall indicate the reason for which the particular area designated is of significance to the state or region, the adverse effects that might result from premature development of incompatible land uses, the advantages that might be achieved from extraction of the minerals of the area, and the specific goals and policies to protect against the premature incompatible development of the area*."

The statutory authority which allows the SMGB to terminate, in whole or in part, an area previously designated is provided pursuant to PRC Section 2793 which states:

"*The board may, by regulation adopted after a public hearing, terminate, partially or wholly, the designation of any area of statewide or regional significance on a finding that the direct involvement of the board is no longer required*."

BACKGROUND: The original Mineral Land Classification study for the Palm Springs P-C Region was performed in 1988. This report assisted the SMGB in the subsequent process of "*Designation*." Designation is the formal recognition by the SMGB of lands containing mineral resources of regional or statewide economic significance that are needed to meet the demands of the future. In 1989, the SMGB designated construction aggregate resource areas of regional significance in the Palm Springs P-C Region as presented in the report prepared by CGS under the direction of the SMGB titled "*SMARA Designation Report No. 10 - Designation of Regionally Significant*

Construction Aggregate Resources in the Palm Springs Production-Consumption Region".

At its December 13, 2007, regular business meeting, the SMGB accepted California Geological Survey (CGS) Special Report 198 which updated information previously presented in a classification report on Portland cement concrete-grade (PCC) aggregate in the Palm Springs Production-Consumption (P-C) Region completed in 1985. The previous report was published by the California Division of Mines and Geology (CDMG; now CGS) as Special Report 159 (SR 159) – *Mineral Land Classification: Aggregate Materials in the Palm Springs Production-Consumption Region*. The SMGB subsequently directed the Committee to receive the recommendations of the State Geologist and follow through with conduct of a public hearing, to receive comments, as appropriate.

The updated mineral classification report prepared by CGS, SR 198, presented the following conclusions:

- As of January 2006, eleven mines, operated by seven different mining companies, were producing PCC-grade aggregate in the Palm Springs P-C Region. In 1985, there were eight mines operated by five mining companies. In addition to PCC aggregates, these mines also produced a full range of lower aggregate grades for such products as asphaltic concrete and base.

- The anticipated consumption of aggregate in the Palm Springs P-C Region for the next 50 years (through the year 2056) is estimated to be 307 million tons, of which 45 percent, or 138 million tons, must be PCC quality. This is nearly double the 50-year consumption estimate made in SR 159.

- Since 1985, permitted PCC-grade aggregate reserves have increased from 67 million tons to 167 million tons, extending the projected depletion date from 2012 to 2038.

- Approximately 10 percent, or 911 acres of the 9,094 acres of lands designated by the SMGB in 1989, has been lost to land uses incompatible with mining.

- An additional 6,638 acres of land containing an estimated 472 million tons of PCC-grade aggregate resources have been identified in the Palm Springs P-C Region.

Based on this preliminary review, the State Geologist recommended acceptance of this updated mineral land re-classification report by the SMGB.

Based on further study and analysis, the State Geologist is recommending several candidates, or areas, which meet or exceed the SMGB's threshold economic value, and each area may be considered for designation as an area of regional or statewide significance by the SMGB. These areas include eight areas which have been reclassified as MRZ-2a, and eight areas that have been reclassified as MRZ-2b. The State Geologist is also recommending five areas for termination of designation.

Candidate Areas for Designation

Each Sector, or group of Sectors, described below, meets or exceeds the SMGB's threshold economic value, and each Sector may be considered for designation as an area of regional or statewide significance by the SMGB pursuant to Article 6, Section 2790 *et seq.* (SMARA).

Candidates for Designation -- Areas Reclassified MRZ-2a:

New information obtained since the publication of the 1988 Mineral Land Classification study has resulted in the reclassification of some areas originally classified MRZ-3 in that study. The areas reclassified as MRZ-2a for PCC-grade aggregate are in the area around previously designated Sector G. The reclassified areas are identified as Sector K. Candidate Sector K has eight sub-sectors (K-1 through K-8) that border the existing Sector G on the northwestern, northern, and eastern sides. A single mining/construction company owns all or part of sub-sectors K-1 through K-8. Therefore, estimated tonnage of aggregate present in these sectors is proprietary and is not listed below. However, each of the Sectors below, except as noted, meets or exceeds the threshold value as established by the SMGB. At the time of the updated classification study, that threshold value amounted to approximately 1.5 million tons of aggregate. Both unpermitted and permitted aggregate resources contained in these Sectors are considered proprietary because the property is owned by a single company.

> Candidate Sector K-1 (112 acres) is in Sections 28, and 33, T4S, R7E, SBBM. It is bounded to the north by the Mission Creek Branch of the San Andreas Fault near the base of the south flank of the Indio Hills. It is adjacent to the original Sector G on the east. On the south it is bounded by a utility corridor, which separates it from Sector K-2.
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> Candidate Sector K-2 (125 acres) is in Section 33, T4S, R7E, SBBM. It is bounded to the north by a utility corridor, which separates it from Sector

K-1. On the south, it is bounded a second utility corridor separating it from Sector K-3.

Candidate Sector K-3 (152 acres) is in Section 33, T4S, R7E; and Section 3, T5S, R7E, SBBM. It is adjacent to the original Sector G on the east. It is bounded to the north by a utility corridor, which separates it from Sector K-2. On the south, it is bounded by agricultural land of the Coachella Valley.

Candidate Sector K-4 (136 acres) is in Sections 27, and 34, T4S, R7E, SBBM. It is bounded on the south by the Mission Creek Branch of the San Andreas Fault.

Candidate Sector K-5 (34 acres) is in Sections 33, 34, and 35, T4S, R7E, SBBM. It is adjacent to the original Sector G on the south. On the north, it is bounded by the Mission Creek Branch of the San Andreas Fault, which separates it from Sector K-4.

Candidate Sector K-6 (6 acres) is in Section 2, T5S, R7E, SBBM, east of the original Sector G. It is bounded by the Mission Creek Branch of the San Andreas Fault on the north and a utility corridor to the south. Sector K-6 has less than the threshold amount of material within it; however it could be mined in conjunction with Sector G.

Candidate Sector K-7 (16 acres) is in Section 2, T5S, R7E, SBBM, southeast of the original Sector G. Utility corridors separate it from Sector K-6 to the north and Sector K-8 to the west.

Candidate Sector K-8 (9 acres) is in Section 2, T5S, R7E, SBBM, southeast of the original Sector G. A utility corridor separates it from Sector K-7 to the east. Sector K-8 has less than the threshold amount of material within it; however it could be mined in conjunction with Sector G.

Candidates for Designation -- Areas Reclassified MRZ-2b:

New information obtained since the publication of 1989 SMGB Designation Report No. 10 has resulted in two areas in the eastern Palm Springs P-C Region being reclassified as MRZ-2b for PCC-grade aggregate. These areas are identified as Candidate Sector I and Candidate Sector J (sub-sectors J-1 through J-6).

Candidate Sector I (683 acres) is in Sections 12 and 13, T5S, R8E; and Sections 7, 8, 9, and 18, T5S, R9E, SBBM, and includes that part of Thermal Canyon wash within the Palm Springs P-C Region. It is south of Interstate Highway 10, east of the Coachella Canal, and four miles northeast of the community of Thermal. Sector I is approximately one mile north of the previously designated Sectors H-1, H-2, and H-3 (Plate 2, Inset Map A). The reclassification to MRZ-2b is based on information obtained from the Riverside County Department of Transportation sand and gravel mine recently developed on a 160-acre parcel in Thermal Canyon wash. This Sector contains an estimated 25 million tons of PCC-grade aggregate resources.

Candidate Sector J (sub-sectors J-1 through J-6; 5,364 acres) is located near the community of Indio Hills. They include deposits formed as a series of coalescing alluvial fans deposited from material discharged from canyons cut northward into the Little San Bernardino Mountains. The reclassification to MRZ-2b is based on the strong similarity of the deposits in Sector J with the high-quality deposits currently being mined in the adjacent (previously designated) Sector E and Sector F. Local material apparently was used in cast-concrete structures associated with the Colorado River Aqueduct. These structures, though now washed out of place, remain intact. Sector J (sub-sectors J-1 through J-6) contains an estimated 373 million tons of PCC-grade aggregate resources.

Candidate Sector J-1 (2,633 acres) is north of the community of Indio Hills in Sections 20, 27, 28, 29, 30, 31, 32, 33, 34, T3S, R7E; and Sections 3 and 5, T4S, R7E, SBBM. It is separated from Sector J-2 to the south by Dillon Road. This sub-sector contains an estimated 191 million tons of PCC-grade aggregate resources.

Candidate Sector J-2 (103 acres) is west of the community of Indio Hills in Sections 31, and 32, T3S, R7E; and Section 5, T4S, R7E, SBBM. It is separated from Sector J-1 on the north by Dillon Road and from Sector J-3 on the south by a utility corridor. This sub-sector contains an estimated 6 million tons of PCC-grade aggregate resources.

Candidate Sector J-3 (1,135 acres) is west of the community of Indio Hills in Section 36, T3S, R6E; Section 1, T4S, R6E; and Sections 5, and 6, T4S, R7E, SBBM. It is separated from Sector J-2 to the north by a utility corridor. This sub-sector contains an estimated 83 million tons of PCC-grade aggregate resources.

Candidate Sector J-4 (1,086 acres) is north and east of the community of Indio Hills in Sections 1, 2, 11, and 12, T4S, R7E, SBBM. It is separated from Sector J-5 to the southeast by a public road and residential development in the community of Indio Hills. This sub-sector contains an estimated 71 million tons of PCC-grade aggregate resources.

Candidate Sector J-5 (148 acres) is east of the community of Indio Hills in Sections 13, and 24, T4S, R7E; and Section 19, T4S, R8E, SBBM. It is separated from Sector J-4 to the northwest by a public road and urbanization in the community of Indio Hills, and from Sector J-6 to the south by Dillon Road and a utility easement. Sector J-5 is contiguous with Sector E-1, to the southeast. This sub-sector contains an estimated 7 million tons of PCC-grade aggregate resources.

Candidate Sector J-6 (260 acres) is southeast of the community of Indio Hills in Sections 13 and 24, T4S, R7E, SBBM. It is separated from Sector J-5 to the north by Dillon Road and a utility easement. Sector J-6 is contiguous with Sector E-2, to the southeast. This sub-sector contains an estimated 15 million tons of PCC-grade aggregate resources.

Candidates for Termination of Designation Status:

Six areas (in five Sectors) are identified as potential candidates for termination of designation status due to high-value incompatible land use developments. Five areas, in Sectors A-3, B-2, B-3, and B-5 in the San Gorgonio Pass, are sites where large, high-value wind-driven electrical generators have been constructed. One area, Sector C in Little Morongo Canyon near Desert Hot Springs, is the site of recently constructed urban development and flood control infrastructure. These sites, located in the western part of the Palm Springs P-C Region, are shown on Plate 1. In addition to the areas described below, areas in Sectors E-1, E-2, and F are now underlain by a utility corridor carrying fiber optic cables. These areas amount to 100 acres containing 27 million tons of aggregate. Because these cables may be relocatable, allowing for the mining of the underlying aggregate, CGS is not recommending termination of designation status for these utility corridors at this time.

Candidate for Termination of Designation Sector A-3 (146 acres) is south of Interstate Highway 10 in Section 13, T3S, R2E, SBBM. Construction of wind-driven electrical generators and associated infrastructure has occurred. It is likely that this development will preclude the future mining of the 38 million tons of resources contained in Sector A-3.

Candidate for Termination of Designation - Sector B-2 (167 acres) is south of Interstate Highway 10 in Section 18, T3S, R4E, SBBM. Construction of wind-driven electrical generators and associated infrastructure has occurred in the western two-thirds (167 acres) of Sector B-2. It is likely that this development will preclude future mining of the approximately 36 million tons of PCC-grade aggregate resources contained in that part of Sector B-2.

Candidates for Termination of Designation - Sector B-3 (401 acres) is in Sections 16, 18, 19 and 21, T3S, R4E, SBBM, south of Interstate Highway 10 and north of the main line of the Southern Pacific Railroad. Construction of wind-driven electrical generators and associated infrastructure has occurred in the western half (300 acres) and eastern sixth (101 acres) of this Sector. It is likely that this high-value development will preclude future mining of the approximately 86 million tons of PCC-grade aggregate resources contained in those parts of Sector B-3.

Candidate for Termination of Designation - Sector B-5 (86 acres) is south of Interstate Highway 10 in Section 16, T3S, R4E, SBBM. Development of wind-driven electrical generators and associated infrastructure has occurred on approximately 86 acres of Sector B-5. It is likely that this high-value development will preclude the future mining of approximately 15 million tons of PCC-grade aggregate resources contained in the Sector.

Candidate for Termination of Designation - Sector C (11 acres) in Section 24, T2S, R4E, SBBM in Little Morongo Canyon north of the City of Desert Hot Springs. The southern one-quarter of Sector C (11 acres) has undergone development in the form of residential construction and associated infrastructure (roads, flood control improvements, etc.) thus precluding future mining from this portion of the Sector. The one million tons of PCC-grade aggregate resources contained in the southern one-quarter of the sector are considered lost to urbanization.

CONSIDERATIONS BEFORE THE COMMITTEE: Based on the 2007 Mineral Land Classification update report, several considerations are available to the Committee:

Consideration No. 1: In the case of areas reclassified from MRZ-3 to MRZ-2a or MRZ-2b in the updated classification study, the Committee may:

(a) Designate all, or portions, of the areas reclassified MRZ-2a or MRZ-2b and that had land uses considered compatible with mining at the time of the update (i.e. candidate Sectors), or

(b) Take no action

Consideration No. 2: In the case of areas where resources have been lost to land uses incompatible with mining, the Committee may:

(a) Terminate the designation status of some or all of those portions of the previously designated areas that are now considered lost to incompatible land uses, or

(b) Take no action.

EXECUTIVE OFFICER'S RECOMMENDATION: Based on the information presented by the State Geologist, the Executive Officer recommends that the Committee accept the recommendations of the State Geologist for designation, and termination of designation, of certain areas within the Palm Springs Production-Consumption Region, Riverside County, California, and direct the Executive Officer to schedule a public hearing to receive comments.

Specifically, it is recommended that candidate Sectors K, I, and J (and their sub-sectors) be designated as lands containing construction aggregate resources of regional significance. It is also recommended that the previously designated Sectors and/or portions of Sectors now developed with high-value incompatible land uses have their designation status terminated.

SUGGESTED MOTION LANGUAGE:

To Accept the State Geologist's Recommendation for Designation:

Mr. Chairman, in light of the information before the Minerals and Geologic Resources Committee today, I move that the Committee accept the recommendations of the State Geologist for certain areas, notably, Sectors K, I, and J (and their sub-sectors), within the Palm Springs Production-Consumption Region, Riverside County, California, be designated as lands containing construction aggregate resources of regional significance, and direct the Executive Officer to schedule a public hearing to receive comments.

To Accept the State Geologist's Recommendation for Termination of Designation:

Mr. Chairman, in light of the information before the Minerals and Geologic Resources Committee today, I move that the Committee accept the recommendations of the State Geologist for previously designated Sectors and/or portions of Sectors now developed with high-value incompatible land uses within the Palm Springs Production-Consumption Region, Riverside County, California, have their designation status terminated, and direct the Executive Officer to schedule a public hearing to receive comments.

Respectfully submitted:

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Stephen M. Testa
Executive Officer