



STATE MINING AND GEOLOGY BOARD

EXECUTIVE OFFICER'S REPORT



ARNOLD
SCHWARZENEGGER
GOVERNOR

For Meeting Date: November 13, 2008

Agenda Item No. 2: Acceptance of a Petition for Re-Classification of Mineral Resource Zone (MRZ) Lands from MRZ-3a to MRZ-2a, Day Street Project, Riverside County.

INTRODUCTION: In accordance with the “*Guidelines for Classification and Designation of Mineral Lands*”, the State Geologist reviews mineral land classification petitions. Should certain criteria be met, the State Geologist may recommend acceptance of the petition by the SMGB. On behalf of First Industrial Realty Trust, TerraMins, Inc. has submitted a petition to the State Mining and Geology Board (SMGB) dated August 6, 2008, for mineral land classification of the proposed Day Street project area located in Riverside County. The SMGB is considering accepting the petition for the re-classification of mineral resource land for this project.

REGULATORY ASPECTS: Pursuant to PRC 2761(b), “*the State Geologist shall classify, on the basis solely on geologic factors, and without regard to existing land use and land ownership... any area for which classification has been requested by a petition which has been accepted by the board...*” Pursuant to PRC 2761(b)(3), “*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...*”

Prior to acceptance of a petition by the SMGB, and in accordance with the “*Guidelines for Classification and Designation of Mineral Lands*” (Section III, Guidelines for Classification of Mineral Lands (1)(A)(1), “*Petitions will be preliminarily reviewed by the State Geologist to determine if the deposit meets the threshold value and other criteria required to qualify as MRZ-2a or MRZ-2b as in Section 1.2. If these criteria are met, the State Geologist will recommend acceptance of the petition by the SMGB.*”

BACKGROUND: On behalf of First Industrial Realty Trust, TerraMins, Inc. submitted a petition to the State Mining and Geology Board (SMGB) dated August 6, 2008, for mineral land classification of the proposed Day Street project area located in Riverside County. The project consists of about 500 acres located north of the City of Perris, Riverside County. The project area is situated near urban development, and urban encroachment may constitute a threat to the intended mining of the mineral resources on the property.

A portion of the site has been historically mined for curbing stone, but the site has been idle for many years. The property currently is classified as a Mineral Resource Zone (MRZ) 3a for Portland cement concrete (PCC) - grade aggregate in accordance with CGS’s Special Report 165. The petitioner is requesting that this area be reclassified as MRZ-2a and MRZ-2b, for PCC-grade aggregate.



Executive Officer's Report

The petition application was reviewed by the California Geological Survey's Minerals Resource Unit (CGS) staff using revised criteria for consideration of petitions adopted in 1994 by the SMGB. The following determinations were made:

- Based on test information provided by the petitioner, the material likely will meet the quality specifications for PCC aggregate.
- Preliminary calculations based on information provided by the petitioner indicate that the parcel contains aggregate resources in excess of the threshold value of \$12,550,000 (1998 dollars), or \$16,666,000 (2007 dollars), required for classification as MRZ-2a and MRZ-2b.

Based on this preliminary review, the State Geologist has recommended acceptance of the petition by the SMGB. The petitioner has submitted a check for \$5,000 to cover the cost of the preliminary evaluation. Actual cost incurred to perform the preliminary assessment was \$1,000, and it is estimated that the cost to complete the classification study for the petition will total \$16,112. Should the SMGB accept the petition, the petitioner will be requested to submit an additional \$12,112 to cover the cost of performing the full classification study. This work can commence immediately following receipt of the additional funds. After completion of the classification report, any funds not used would be returned to the petitioner.

EXECUTIVE OFFICER'S RECOMMENDATION: Based on the information presented by the Petitioner, and the results of the preliminary review and recommendation provided by the State Geologist, the Executive Officer recommends that the SMGB accepts the petition for mineral land re-classification.

SUGGESTED MOTION LANGUAGE:

To Accept the Petition for Re-Classification:

Mr. Chairman, in light of the information before the State Mining and Geology Board today, I move that the Board accept the petition for re-classification of Mineral Resources Zone Lands for the Day Street Project area, Riverside County.

Respectfully submitted:

Stephen M. Testa
Executive Officer

