

**CALENDAR ITEM  
C79**

A 34

06/21/13  
PRC 6375.2  
C. Hudson

S 17

**RESCINDAUTHORIZATION OF ASSIGNMENT OF LEASE, TERMINATION OF  
LEASE, AND ISSUANCE OF A NEW GENERAL LEASE – RIGHT-OF-WAY USE**

**LESSEE:**

Molycorp, Inc.  
HC1 Box 224  
Mountain Pass, CA 92366

**APPLICANT:**

Molycorp Minerals, LLC  
HC1 Box 224  
Mountain Pass, CA 92366

**AREA, LAND TYPE, AND LOCATION:**

5.48 acres, more or less, of State school land in a portion of Section 16, Township 16 North, Range 13 East, SBM, near the unincorporated community of Mountain Pass, San Bernardino County.

**AUTHORIZED USE:**

Continued use and maintenance of an existing 14-inch diameter potable water transportation line.

**LEASE TERM:**

25 years, beginning June 21, 2013.

**CONSIDERATION:**

\$668 per year; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

**SPECIFIC LEASE PROVISIONS:**

**Insurance:**

Liability insurance in an amount no less than \$1,000,000, per occurrence.

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**Surety:**

Surety bond or other security in the amount of \$20,000.

**OTHER PERTINENT INFORMATION:**

1. Applicant has the right to use the uplands adjoining the lease premises.
2. On January 27, 1983, the Commission authorized the issuance of a 49-year General Lease – Right-of-Way Use to Molycorp, Inc. for a 14-inch diameter potable water transportation line. The lease expires on January 19, 2032.
3. At its February 22, 2013, meeting, the Commission authorized the assignment of the lease to Molycorp Minerals, LLC. At the time of the processing of the lease assignment application, it was staff's understanding that the Assignor and Assignee were related entities with common officers. However, after the Commission authorized the assignment it became known that the Assignor (Molycorp, Inc.) had in fact gone out of business and there were no officers of the company available to execute the assignment. Staff is therefore requesting that the Commission rescind its authorization of the prior assignment of the lease and terminate the existing lease with Molycorp, Inc. Staff is also recommending the issuance of a new General Lease – Right-of-Way Use to Molycorp Minerals, LLC.
4. **Rescission of Lease Assignment and Termination of Lease:**  
The staff recommends that the Commission find that the subject lease assignment rescission and lease termination does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

5. **Issuance of New Lease for Existing Potable Water Transportation Line:**  
The staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084 and California Code of Regulations, Title 14, section 15300 and California Code of Regulations, Title 2, section 2905.

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6. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

**EXHIBITS:**

- A. Land Description
- B. Site and Location Map

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**CEQA FINDING:**

1. **Rescission of Lease Assignment and Termination of Lease:**  
Find that the subject lease assignment rescission and lease termination is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.
2. **Issuance of New Lease for Existing Potable Water Transportation Line:**  
Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

**SIGNIFICANT LANDS INVENTORY FINDING:**

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370 et seq.

**AUTHORIZATION:**

It is recommended that the Commission:

1. Rescind its February 22, 2013 authorization of an Assignment of Lease to Molycorp Minerals, LLC.
2. Authorize termination of a General Lease – Right-of-Way Use, Lease No. PRC 6375.2 effective June 20, 2013.

CALENDAR ITEM NO. **C79** (CONT'D)

3. Authorize issuance of a new General Lease – Right-of-Way Use to Molycorp Minerals, LLC, beginning June 21, 2013, for a term of 25 years, for the use and maintenance of an existing 14-inch diameter potable water transportation line as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; annual rent in the amount of \$668, with the State reserving the right to fix a different rent periodically during the lease term as provided in the lease; liability insurance in an amount no less than \$1,000,000 per occurrence; and surety in the amount of \$20,000.

EXHIBIT "A"

LAND DESCRIPTION

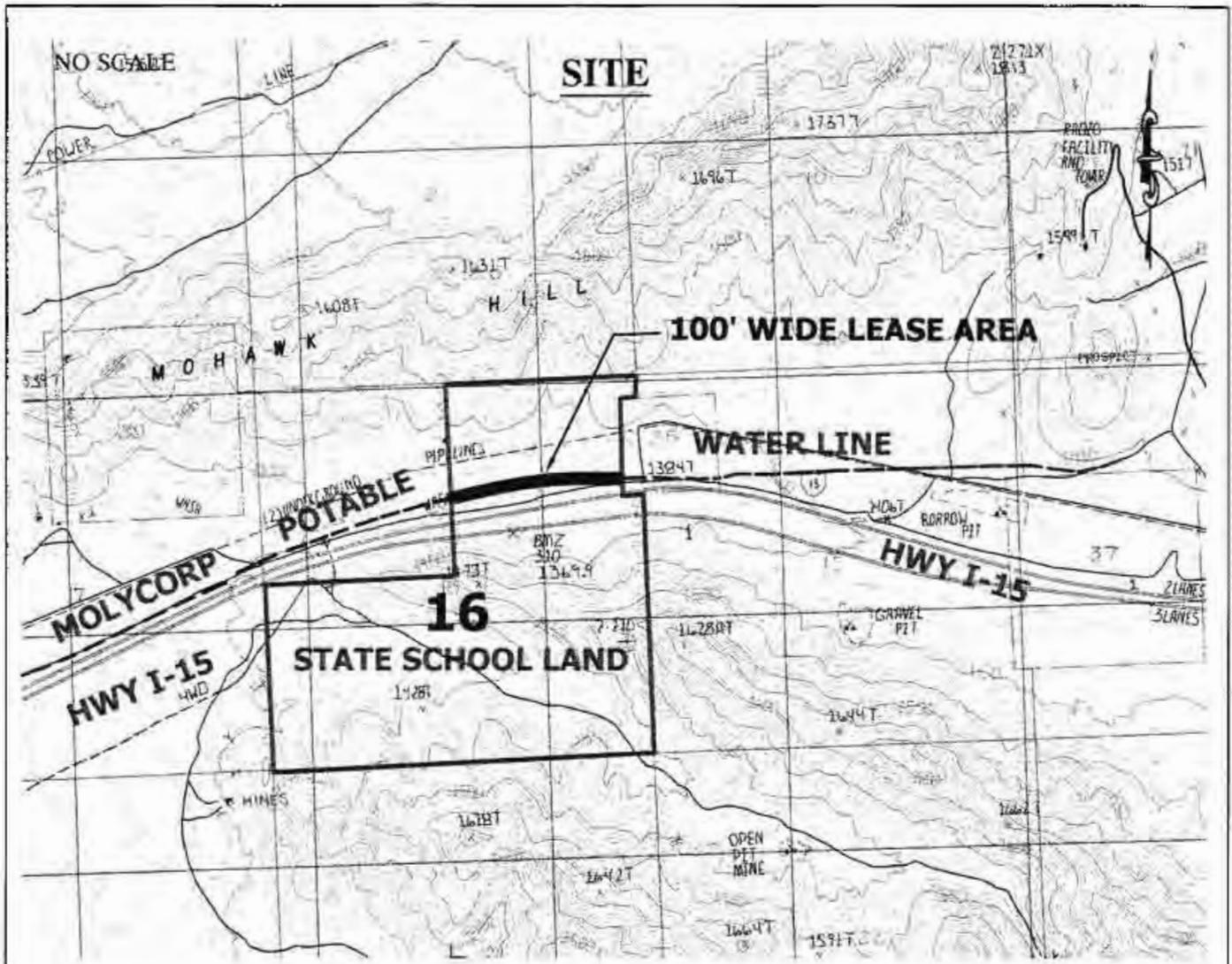
PRC 6375.2

A strip of State school lands 100 feet wide in Section 16, T16N, R13E, SBM, San Bernardino County, State of California, said strip lying 50 feet on each side of the following described centerline:

COMMENCING at a witness corner bearing N 0° 17' 25" E 6.60 feet from the East 1/4 corner of said Section 16; thence along the east line of said Section 16, N 0° 17' 25" E 932.39 feet to the south line of Tract 38 of said Township; thence along the boundary of said Tract 38, S 89° 54' 29" W 264.16 feet; thence N 00° 06' 26" W 168.17 feet to the TRUE POINT OF BEGINNING; thence westerly 24.26 feet along a curve concave to the south, said curve having a radius of 6150 feet, a radial bearing of N 4° 21' 00" W at the beginning of said curve, through a central angle of 0° 13' 34"; thence non-tangent to said curve N 88° 27' 40" W 2361.11 feet to a point on the west line of the NE 1/4 of said Section 16 and the end of the herein described line.

END OF DESCRIPTION

REVISED NOV. 30, 1982 BY BOUNDARY AND TITLE UNIT, LEROY WEED, SUPERVISOR.



WATER TRANSPORTATION LINE, MOLYCORP



MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

**Exhibit B**  
 PRC 6375.2  
 MOLYCORP MINERALS, LLC  
 GENERAL LEASE -  
 RIGHT-OF-WAY USE  
 SAN BERNARDINO COUNTY

