

GOLDEN QUEEN MINING COMPANY, INC.

SOLEDAD MOUNTAIN PROJECT
MOJAVE, KERN COUNTY, CALIFORNIA

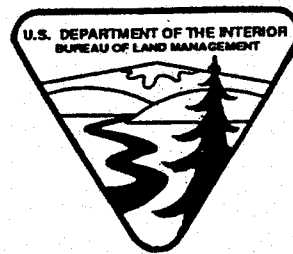
DRAFT
ENVIRONMENTAL IMPACT REPORT /
ENVIRONMENTAL IMPACT STATEMENT

VOLUME 2
(Appendices I and II)

MAY 1997



COUNTY OF KERN
PLANNING DEPARTMENT
BAKERSFIELD, CALIFORNIA



BUREAU OF LAND MANAGEMENT
RIDGECREST RESOURCE AREA
RIDGECREST, CALIFORNIA

VOLUME 2 OF 6

PLANNING DEPARTMENT

TED JAMES, A.I.C.P., Director

2700 "M" STREET, SUITE 100

BAKERSFIELD, CA 93301

Phone: (805) 861-2615

FAX: (805) 861-2061



RESOURCE MANAGEMENT AGENCY

JOEL HEINRICHS, AGENCY DIRECTOR

Air Pollution Control District

Airports Department

Engineering & Survey Services Department

Planning Department

Transportation Management Department

Waste Management Department

June 13, 1994

TO THE BOARD OF SUPERVISORS

RE: Memorandum of Understanding, Kern County and the Bureau of Land Management; Surface Mining and Reclamation Plan Coordination
Funding: No Fiscal Impact

Dear Members of the Board of Supervisors:

In 1990, the State of California Department of Conservation and the Bureau of Land Management (BLM) entered into a State-wide Memorandum of Understanding wherein the BLM acknowledged that surface mining activities conducted on BLM administered lands will be subject to the State Surface Mining and Reclamation Act of 1975 (SMARA). As part of this agreement the BLM acknowledged that counties (or cities) have lead agency responsibility to approve reclamation plans on BLM administered land, while the BLM would retain operational permit authority. Since 1990, the County has been processing reclamation plans on BLM administered land through the conditional use permit process. The adopted Memorandum of Understanding between the State and the BLM also encourages the adoption of similar agreements between local regional BLM offices and the responsible county. To this end, the Caliente Resource Area and Ridgecrest Resource Area BLM offices, have requested that the County enter into the attached Memorandum of Understanding.

The primary purpose of the recommended Memorandum of Understanding is to encourage coordination between the BLM and the County related to the processing of surface mining permits and reclamation plans on BLM administered lands. A related objective is to encourage the joint preparation of environmental documents and to reduce the overall processing time that would typically be required for an applicant to independently secure all necessary approvals from each agency. Another benefit of the recommended MOU will be to establish coordinated enforcement responsibilities between the two agencies and to acknowledge that County personnel have the right to enter onto BLM administered lands for the purpose of determining reclamation plan compliance. Nothing in the proposed MOU will pre-empt the County from the normal exercise of its land use authority over reclamation plans.

June 13, 1994
Page 2

IT IS RECOMMENDED that your Board approve the proposed Memorandum of Understanding and authorize the Chairman to sign.

Very truly yours,



TED JAMES, AICP, Director
Planning Department

TJ:JEE:jb
L1.BOS
Enclosures

cc County Administrative Officer
County Counsel
State Mining and Geology Board
BLM - Caliente Resource Area
BLM - Ridgecrest Resource Area
Resource Management Agency
Grand Jury
Colleen Gallo, Senior Planner
Scott Denney, Associate Planner
Aaron Leicht, Engineering & Survey Services

MEMORANDUM OF UNDERSTANDING

Concerning Surface Mining and Reclamation in the County of Kern, State of California in accordance with California's Surface Mining and Reclamation Act (SMARA) of 1975, as amended,

by and between the

COUNTY of KERN

and the

**U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Bakersfield District, Caliente Resource Area,
California Desert District, Ridgecrest Resource Area**

I. PURPOSE

THIS MEMORANDUM OF UNDERSTANDING (MOU) is made and entered into by and between Kern County, a political subdivision of the State of California (County) and the U.S. Department of the Interior, Bureau of Land Management, Bakersfield District, Caliente Resource Area, and California Desert District, Ridgecrest Resource Area (BLM) for the purposes of:

- (A) Providing for the consistent application of an adequate and appropriate mining and reclamation policy throughout Kern County; and
- (B) Regulating surface mining and reclamation activities related to mining, mineral material sales, mineral leasing, under the General Mining Laws of 1872, as amended, Mineral Materials Sales Act of 1947, as amended, and Mineral Leasing Act of 1920, as amended, which are located on lands and/ or mineral estate under BLM jurisdiction within Kern County: in so far as those surface mining and reclamation activities are subject to state and local environmental regulations (ref. California Coastal Comm. v. Granite Rock Co., 480 U.S. 572, 1987); and
- (C) Coordinating and simplifying the administration and processing of applicable NEPA, CEQA, FLPMA, and SMARA documents.

II. RECITALS

- (A) The California State Office of the Bureau of Land Management and the State of California, operating by and through the Department of Conservation, State Mining and Geology Board have entered into a statewide MOU. A copy of the statewide MOU is attached hereto as exhibit "A".
- (B) The statewide MOU encourages the adoption of "specific area agreements" at the local level (including, but not limited to, joint powers agreements and MOUs) between appropriate federal land managing agencies and "lead agencies" under SMARA.

- (C) The County, as "lead agency" under SMARA, and the BLM are desirous to enter into a MOU as such a "specific area agreement" under the provisions of the statewide MOU.
- (D) It is the intent of the parties entering into this MOU, that applicable state and local environmental regulations which do not conflict with federal laws or regulations shall be observed on lands and/ or mineral estate under BLM jurisdiction, within Kern County.
- (E) It is the further intent of the parties entering into this MOU that nothing in the MOU shall interfere or diminish the ultimate authority of the BLM when making land use decisions affecting lands under BLM jurisdiction.

III. EXEMPTIONS

In conformance with SMARA, the following operations are exempt from the provisions of this MOU. (It should be noted that mining operations may be subject to other regulatory requirements related to air and water quality, grading, zoning, etc.)

- (A) Surface mining operations that are required by Federal law in order to hold a mining claim, if such operations are conducted solely for that purpose. (i.e. this is typically defined as "annual assessment work." It does not include development drilling or extraction of minerals for commercial purposes which are not exempted from applicable provisions of SMARA.)
- (B) Prospecting for, or the extraction of, minerals for commercial purposes which does not involve either the removal of more than 1,000 cubic yards of minerals, ores, and overburden, and/or involve more than one acre in any one location.

NOTE: For exploratory drilling activity (where it can be demonstrated on a case by case basis that satisfactory concurrent reclamation has occurred) calculations to determine the SMARA threshold limits, shall take into consideration the "net" unreclaimed surface disturbance at any one location.

- (C) Such other surface mining operations the BLM, State or County may determine to be of an infrequent nature and which involve only minor surface disturbances.
- (D) Nothing in this MOU shall be construed as requiring the processing of a County permit or Reclamation Plan for surface mining operations which were in existence but ceased operations, prior to January 1, 1976.

IV. PERMIT PROCESSING

The parties to this MOU understand and agree to the following:

General provisions:

- (A) The County and BLM shall work cooperatively to insure that conditions required of operators to minimize adverse environmental impacts, conform to all applicable local, State and Federal regulations.
- (B) The County and BLM shall review and coordinate Environmental Documents, Operating Plans, Reclamation Plans, Permits and Performance Assurances for those mining operations that include both Federal and a combination of Federal and non-Federal lands. The objective of the review and coordination process shall be to avoid conflicting and duplicative requirements and to keep procedural impacts on the mining operators to the minimum necessary to meet Federal, State, and County lead agency requirements.
- (C) Lead agency permitting responsibilities with respect to surface mining operations which are located on a combination of Federal and non-Federal lands, shall be determined on a case-by-case basis by the parties involved.
- (D) The County agrees to accept as functionally, equivalent documents to meet their requirements under SMARA, CEQA and local ordinances; those operating plans, reclamation plans and environmental studies submitted pursuant to federal regulation, provided such plans and environmental studies submitted pursuant to Federal regulation meet or exceed applicable State and County regulatory requirements.
- (E) The BLM agrees to accept as functionally equivalent documents to meet their requirements under FLPMA, NEPA and other Federal laws and regulations; those permits, reclamation plans and environmental studies submitted to the County when such permits plans and studies meet or exceed applicable BLM regulatory requirements.
- (F) The County and BLM shall, on a site specific basis, agree to guidelines including requirements for performance standards to be used and accepted by both agencies when coordinating and processing Permits, Operating Plans, Reclamation Plans and Environmental Documents through their respective agencies.

For mineral resource development projects located on lands and/ or mineral estate under BLM jurisdiction the following provisions shall be applicable.

- (G) Operators will be notified by BLM that failure to file and obtain County approved reclamation plan in compliance with SMARA and applicable provisions of County ordinance will be subject to a BLM issued "Notice of Non-Compliance."
- (H) The County shall forward surface mining and reclamation plan applications that may potentially affect BLM administered lands and/ or mineral estate, to BLM for initial review and circulation. The applications will be forwarded no later than 30

days after the application is deemed complete, except where an environmental document pursuant to CEQA will be prepared by the county, in which case BLM shall be treated as a responsible agency, as defined by the CEQA guidelines, in which case BLM shall be included in the "early consultation" phase and all subsequent phases for preparation of that document.

- (I) For mining operations requiring a "Plan of Operation," BLM shall provide to the County notice within 30 days after the Plan is deemed by BLM complete, and the opportunity for early participation and consultation.

Within 30 days of receipt of notification, concerning a proposed "Plan of Operations," the County will provide comments to the BLM so that they may be considered and incorporated, where appropriate, as part of the environmental review and proposed federal agency decision.

Public hearings as may be required by the County, in compliance with SMARA, shall be coordinated with the processing of the BLM "Plan of Operations." The County shall correspond directly with BLM concerning SMARA compliance. BLM shall require applicants to comply with applicable provisions of SMARA and the County's Surface Mining Ordinance that do not conflict with Federal law.

- (J) Unless exempt under item III of this MOU, existing "surface mining operations" (as defined in SMARA) which are located on land and/ or mineral estate under BLM jurisdiction shall file Reclamation Plans with the county in compliance with SMARA.
- (K) Where BLM, or a BLM contractor is to be the operator for "surface mining operations" (as defined in SMARA - including community pits etc.) reclamation shall be in compliance with Federal regulations and applicable provisions of SMARA.
- (L) The BLM, in consultation with the County, shall be responsible for determining the amount, form and adequacy of performance assurances required for mining permits. BLM approved bonds or assurances may be used to satisfy County assurance requirements when the County and State Mining and Geology Board are added as co-signatories and the approved bonds and assurances meet all County requirements. The County shall be given 30 days written notice, prior to the adjustment or release of any such required performance assurances.

For mining activities that qualify under BLM "Notice" requirements, the County, in consultation with BLM, shall be responsible for determining the amount, form and adequacy of performance assurances with respect to any reclamation plan filed with the County. The BLM shall be given 30 days written notice, prior to the adjustment or release of any such required performance assurances.

- (M) The County and BLM agree to coordinate their respective enforcement and monitoring activities in order to provide consistency in the application of mining permit terms and conditions. Operators who fail to meet SMARA or County requirements shall be subject to a BLM issued "Notice of Non-Compliance." The County shall have the right to enter BLM administered land for the purpose of conducting inspections on mine sites approved pursuant to this MOU.

The County and BLM are responsible for enforcement of approved combined SMARA/ BLM reclamation plans.

- (N) For operations abandoned after the effective date of this agreement, BLM and Kern County will jointly devise a recommended reclamation plan and completion schedule. BLM will apply for reclamation funds in accordance with applicable regulations and funding provisions. Kern County will jointly apply for reclamation funds through its appropriate channels when any mining operation is abandoned for which the county approved a reclamation plan. This Section is not intended to preclude other enforcement actions taken jointly by the BLM and Kern County to compel compliance from any operator found not to be in compliance with an approved reclamation plan.

V. MISCELLANEOUS PROVISIONS

- (A) This MOU may be signed in counterparts and shall become effective on the date last signed by the authorized agent(s) of the County and BLM.
- (B) The terms and conditions of this MOU may be modified upon the initiative of either County or BLM for the purpose of ensuring consistency with County, State or Federal statutes or regulations, or for any other purpose mutually agreed upon by the parties. In order to be effective, any such modification must be in writing, subject to a 30 (thirty) day notice, and must be signed by the County and BLM.
- (C) This MOU shall continue in full force and effect unless terminated by either the County or BLM upon a thirty (30) day written notice.
- (D) Agency contacts related to this agreement shall be:

- (1) KERN COUNTY

- Kern County Planning Department Kern County
2700 M Street, Suite 100
BAKERSFIELD, CA 93301

- (2) BUREAU OF LAND MANAGEMENT

- Area Manager
Caliente Resource Area
3801 Pegasus Drive
Bakersfield, CA 93301

- Area Manager
Ridgecrest Resource Area
300 South Richmond Road
Ridgecrest, CA 93555

VI. SIGNATURES

This document may be signed in counterparts.

COUNTY OF KERN

Bow Curt
Kern County Board of Supervisors

Date: 6-14-94

Approved as to Form:

Bruce Dickinson
County Counsel

Date: _____

Approved as to Content:

Red Jan
Planning Director

Date: 6-17-94

U.S.D.I., BUREAU OF LAND MANAGEMENT:

[Signature]
Cahente Resource Area Manager

Date: 5/2/94

[Signature]
Ridgecrest Resource Area Manager

Date: 5/6/94

EXHIBIT A

Memorandum of Understanding

Between

The California Department of Conservation

and the

The State Mining and Geology Board

and the

Bureau of Land Management

February 7, 1990

MEMORANDUM OF UNDERSTANDING

Surface Mining and Reclamation Coordination in the State of California in accordance with California's Surface Mining and Reclamation Act (SMARA) of 1975, as amended,

by and between the

STATE OF CALIFORNIA, DEPARTMENT OF CONSERVATION
AND THE STATE MINING AND GEOLOGY BOARD

and

the

U. S. DEPARTMENT OF THE INTERIOR,
BUREAU OF LAND MANAGEMENT, CALIFORNIA

THIS AGREEMENT is made and entered into by and between the State of California, Department of Conservation, through its Director, and the State Mining and Geology Board, through its Chairman (jointly referred to herein as "the State"), and the Bureau of Land Management (BLM), through its State Director, California, for the purposes of: (1) assuring the consistent application of adequate and appropriate reclamation throughout the State of California; (2) simplifying the administration of surface mining and reclamation practice requirements on Federal lands and on a combination of Federal and private lands; (3) achieving coordination of activity governing reclamation; and (4) eliminating duplication among the aforementioned agencies and counties serving as lead agencies ("lead agencies" pursuant to the Surface Mining and Reclamation Act, Public Resources Code Section 2728) in implementing State and Federal requirements.

WITNESSETH:

WHEREAS, local, State, and BLM have certain legal requirements in regulating the effects of surface mining on Federal lands and on combinations of Federal and private lands, it is deemed advisable to develop an understanding between BLM and the State to serve as guidance for

local agencies, BLM and the State in fulfilling their agency regulatory responsibilities in such situations.

WHEREAS, for purposes of this agreement, the following are exempt from SMARA pursuant to Public Resources Code Section 2714:

- (1) Prospecting for, or the extraction of, minerals for commercial purposes and the removal of overburden in total amounts of less than 1,000 cubic yards in any one location of one acre or less;
- (2) Surface mining operations that are required by federal law in order to protect a mining claim (i.e. annual assessment work), if such operations are conducted solely for that purpose; and
- (3) Such other surface mining operations which the State determines to be of an infrequent nature and which involve only minor surface disturbances.

WHEREAS, a Memorandum of Understanding (MOU) between the State, and BLM, governing surface mining and reclamation coordination in the State of California, was signed in 1979 and remains in effect until this new agreement is signed by each party.

WHEREAS, several acts of Congress provide for persons to prospect and mine on Federal lands which are administered by the BLM, and which are open to the operation of the United States mining, mineral leasing and mineral materials laws, providing they comply with the rules and regulations covering the Federal lands involved (applicable regulations include 25 CFR 211, 43 CFR 3802, 3809, 3500, and 3600).

WHEREAS, Federal laws and regulations require that operations authorized under Federal mining, mineral leasing, and mineral material laws shall be conducted so as to minimize adverse environmental impact, or prevent unnecessary or undue degradation caused by such operations, and that the land be reclaimed to a second productive use, where practicable.

WHEREAS, BLM is authorized to work with the State for the purposes of coordinating Federal, State and local regulatory activities for environmental protection [applicable regulations include 43 CFR 3809.3-1(a)-(c)].

WHEREAS, for proposed mineral operations, the purpose of both the National Environmental Protection Act of 1969 (NEPA) and the California Environmental Quality Act (CEQA) is to assure the identification, analysis, and disclosure of significant environmental impacts associated with proposed projects and

the incorporation of feasible mitigation to address significant adverse environmental impacts.

WHEREAS, the statutory requirements of the National Environmental Protection Act of 1969 (NEPA) for the BLM and the California Environmental Quality Act (CEQA) for State and local agencies are largely equivalent.

WHEREAS, city and county "lead agencies" have the responsibility under the Surface Mining and Reclamation Act of 1975 (Public Resources Code Sections 2710-2795), as amended, and State policy for surface mining and reclamation practice (California Code of Regulations Sections 3500-3505), to regulate surface mining and reclamation within their jurisdictions to assure that:

- (1) Adverse environmental effects are prevented or minimized and that mined lands are reclaimed to a usable condition which is readily adaptable for alternative land uses;
- (2) The production and conservation of minerals are encouraged, while giving consideration to values relating to recreation, watershed, wildlife, range and forage, and aesthetic enjoyment; and
- (3) Residual hazards to the public health and safety are eliminated.

WHEREAS, "lead agencies" are cities, counties, or other agencies designated by the Board which have the principal responsibility for approving a surface mining operation or reclamation plan (as defined by SMARA and other relevant regulations and ordinances) pursuant to the provisions of SMARA, and the use herein of the words "lead agencies" shall signify the Board's approval for lead agencies to use the guidance in this MOU to satisfy the requirements of applicable State laws and regulations for surface mining and reclamation on lands in California.

WHEREAS, lead agency surface mining and reclamation ordinances certified by the Board include and comply with applicable provisions of State laws and regulations for surface mining and reclamation practice.

NOW, THEREFORE BE IT RESOLVED that the parties to this memorandum hereby understand and agree that the following will satisfy the aforesaid requirements of the aforesaid laws and are acceptable to both BLM and the State. It is agreed that in regulation of surface mining of minerals on Federal lands and on combinations of Federal and private lands that:

- (1) Lead agencies and BLM will work cooperatively to insure that conditions required of operators (as defined by Federal law, and by SMARA and any other relevant regulations and ordinances) in minimizing adverse environmental impacts conform to all applicable local, State, and Federal regulations.
- (2) Lead agencies may accept as functionally equivalent documents to meet their requirements under SMARA, operating plans, reclamation plans and environmental studies submitted pursuant to federal regulation provided such plans and studies meet or exceed lead agency requirements as included in the lead agency's State-certified surface mining and reclamation ordinance and any other applicable laws and regulations; and alternatively, BLM may accept as functionally equivalent documents to meet their requirements, operating plans, reclamation plans and environmental studies submitted to the lead agency when such plans and studies meet or exceed requirements set by the BLM.
- (3) Lead agencies may accept as functionally equivalent, documents prepared under NEPA (40 CFR 1500-1508) that meet the requirements of CEQA.
- (4) Lead agencies and BLM will use, insofar as applicable, guidelines and a checklist (upon approval by the parties to this agreement) in the development of appropriate environmental documents and reclamation plans.
- (5) Lead agencies may enter, and in fact are encouraged to enter, into specific area agreements (including, but not limited to, joint powers agreements and MOUs) with BLM for purposes of implementing this agreement, coordinating reviews, avoiding duplication, and facilitating participation by affected agencies. Issues that may be addressed by such agreements include, but are not limited to, the filing, review, and procedures for approval of reclamation plans, fees, public inspection and enforcement activities, and bonding requirements. Such specific area agreements shall be in conformance with the lead agency's certified surface mining and reclamation ordinance and Federal law and regulation. A model is being prepared to be used as guidance for the development of such agreements upon its approval by the parties to this agreement.

- (6) By written agreement BLM may delegate authority to lead agencies to be solely responsible for processing, to approval, all mining operations which are subject to federal mining law in accordance with 43 CFR 3809. A delegation agreement may provide, among other things, for lead agencies to forward copies of submitted exploration and development permit applications to BLM; to provide a 10-day comment period to BLM; and prior to approval, or rejection, to provide BLM 5 working days to comment on proposed reclamation and other requirements.
- (7) For the purposes of this agreement, assessment work required to protect claims under federal law is defined as prospecting or exploration work completed for the purposes of discovering an ore body. It does not include development drilling or extraction of minerals for commercial purposes, which are not exempted from the provisions of SMARA.
- (8) For BLM's Notices (written notification required to be provided to the BLM under 43 CFR 3809.1-3) for those operations of 5 acres in size or less, within 5 days after receipt by BLM of an accepted Notice, BLM will forward a copy of the Notice to the lead agency for appropriate action by the lead agency. The lead agency may correspond directly with the operator for purposes of approval in accordance with SMARA, including any and all additional conditions and requirements, and will send copies of all correspondence and requirements to the BLM.
- (9) For any mining operations requiring a Plan of Operations for projects solely on Federal land, BLM will provide lead agencies notice and the opportunity for early participation, consultation, and submission of information and recommendations for the development of Environmental Assessment Reports and reclamation plans.
- (10) Within 30 days of receipt of notification under paragraph (9) above and copies of relevant informational documents, lead agencies will provide comments and recommendations to BLM so that they may be considered and incorporated, as appropriate, as part of the environmental review and proposed BLM decision.
- (11) BLM will forward the environmental and decision documentation, which includes the reclamation plan requirements, to the lead agency for appropriate consideration. Public hearings for compliance with

SMARA and the certified lead agency SMARA ordinance should be coordinated with BLM. The lead agency will correspond directly with the applicant, and send copies to BLM, regarding adopted conditions of approval which differ from conditions of BLM approval.

- (12) Lead agencies will forward to BLM copies of all surface mining proposals and draft reclamation plans they receive for operations located entirely on BLM lands.
- (13) Implementation of measures to mitigate adverse environmental impacts to off-site, non-federal lands will be authorized, permitted, or otherwise directed by the lead agency or other responsible local or State agency.
- (14) Lead agencies will notify the BLM whenever an application for approval of mining activities is received and a draft reclamation plan is completed for an operation which comes under the purview of SMARA and lead agency requirements on areas adjacent to BLM public lands, and will give the BLM an opportunity to provide information and recommendations for such plans.
- (15) Lead agencies and BLM will review and coordinate Environmental Documents, Operating Plans, Reclamation Plans and Permits for those mining operations that include both BLM lands and private lands. The objective of the review and coordination process is to avoid conflicting and duplicative requirements in Operating Plans and Permits and to keep procedural impacts on the mining operators to a minimum necessary to meet all applicable requirements. Coordination responsibilities for operations encompassing two or more mixed private and BLM ownerships should be determined on a case-by-case basis by the parties involved.
- (16) BLM will approve the Plan of Operations when the operator agrees to the conditions and stipulations, including the appropriate measures to mitigate adverse environmental impacts, incorporated into the plan or permit to meet applicable BLM, State and local reclamation requirements. The operator must also comply with other applicable Federal, State, and local laws and regulations including those pertaining to hazardous substances.

- (17) Where BLM is the operator (i.e., for community pits), and where a Federal agency contractor will be the operator for surface mining activities on Federal lands, requirements for reclamation and any other necessary environmental documentation will be prepared and approved in accordance with the consultation procedures of this MOU to assure that private activities on BLM lands meet all applicable local, State, and Federal requirements.
- (18) To the extent practicable, lead agencies and BLM will coordinate their enforcement and monitoring responsibilities, and will cooperate in the correction and abatement of any violations of the conditions of operation imposed in accordance with the procedures described in this MOU.
- (19) BLM, in consultation with lead agencies, will be responsible for determining whether a reclamation bond or other assurance is needed on Federal land, and if so, the amount and adequacy of the bond or other assurance, making adjustments, and releasing the bond after completion of reclamation. Any federally-required bond or assurance may be used to satisfy local and State surety requirements.

Effective Date of this Agreement:

This agreement shall become effective upon each party by signature of that designated party and shall supersede the previously referenced 1979 MOU when signed by all parties.

Modification of this Agreement:

This agreement may be modified upon the initiative of any of the parties for the purpose of ensuring consistency with state or federal statutes or regulations, or for any other purpose mutually agreed upon. In order to be effective, any such modification must be in writing, subject to 30 days notice, and must be signed by all of the designated parties.

Termination of this Agreement:

This agreement shall continue in force until terminated by any party upon thirty (30) days written notice to the other parties. The parties intend to review this agreement at the end of 12 months, and periodically thereafter, as needed.

STATE OF CALIFORNIA:

Randall M. Ward
Director,
Department of Conservation

DATE: 1-19-90

BUREAU OF LAND MANAGEMENT:

Ed Hunter
State Director

DATE: 2/7/90

STATE OF CALIFORNIA:

James A. Amundson
Chairman,
State Mining and Geology Board

DATE: 1-25-90

NOTICE OF PREPARATION

TO: Mailing list attached

FROM: Kern County Planning Department
2700 M Street, Suite 100
Bakersfield, California 93301
Contact: Glenn Barnhill
(805) 862-8606

SUBJECT: NOTICE OF PREPARATION OF A DRAFT ENVIRONMENTAL IMPACT REPORT

The Kern County Planning Department will be the Lead Agency (per CEQA Guidelines Section 15051) and has required that a Project Environmental Impact Report (per CEQA Guidelines Section 15161) be prepared for the project identified below. We need to know the views of your agency as to the scope and content of the environmental information which is germane to your agency's statutory responsibilities in connection with the proposed project. Your agency will need to use the Environmental Impact Report (EIR) prepared for our agency when considering your permit or other approval of the project.

The project description, location, and the potential environmental effects are contained in the attached materials. Open pit mining operations which use cyanide heap leaching processes to produce gold or other precious metals are required to prepare an EIR in accordance with CEQA Section 21151.7. A joint document will be prepared as a project EIR/EIS in accordance with the Memorandum of Understanding between Kern County and the U.S. Department of Interior, Bureau of Land Management (BLM) because the project area includes a mix of private and public lands.

Due to the limits mandated by State law, your response must be sent at the earliest possible date but not later than 30 days after receipt of this notice.

Please send your response to Glenn Barnhill at the address shown above. We will need the name of a contact person in your agency.

PROJECT TITLE: Soledad Mountain Project, CUP 41, Map 213; CUP 22, Map 214

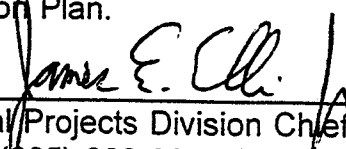
PROJECT LOCATION: Kern County, California

PROJECT DESCRIPTION: Development and operation of a mine to recover precious metals (gold and silver) from the Soledad Mountain ore deposit within the boundary of fee acreage, mining leases, patented mining claims and unpatented claims controlled by Golden Queen Mining Company, Inc. The project will consist of an open pit mine with a heap leach pad and overburden piles as well as processing facilities located near the leach pad. Approvals or entitlements necessary to implement the proposed project:

Conditional Use Permit and Surface Mine Reclamation Plan.

Date:

Signature:


Title: Special Projects Division Chief
Telephone: (805) 862-8606

Attachments

Reference: California Code of Regulations, Title 14, (CEQA Guidelines) Section 15082
(a), 15103, 15375

SOLEDAD MOUNTAIN PROJECT DISTRIBUTION LIST

CITIES

Arvin
Bakersfield
California City
Delano
Maricopa
McFarland
Ridgecrest
Shafter
Taft
Tehachapi
Wasco

COUNTIES

Inyo
Kings
Los Angeles
San Bernardino
San Luis Obispo
Santa Barbara
Tulare
Ventura

FEDERAL AGENCIES

U.S. Department of Interior, Bureau of Land Management/Ridgecrest
U.S. Department of Interior, Bureau of Reclamation/Fresno
U.S. Fish and Wildlife Service/Sacramento
Soil Conservation Service/Bakersfield

COUNTY OF KERN

County Administrative Office/Fiscal
Engineering & Survey Services/Floodplan
Engineering & Survey Services/Survey
Environmental Health Services Department
Fire Department
Health Department
Library/Administration Beale Library
Kern County Air Pollution Control District
Kern County Museum
Kern County Supervisor 2nd District - Steve Perez
Mojave Public Library
Planning Department/Special Projects
Parks and Recreation