



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, TUCSON, AZ 85701-1317
(520) 740-8661 FAX (520) 740-8171

C. H. HUCKELBERRY
County Administrator

May 13, 2005

Mark Winkleman
State Land Commissioner
Arizona State Land Department
1616 West Adams Street
Phoenix, Arizona 85007

Re: **CalPC Lease 11-035596, -035597, -079816, -079817, -23880; Seel Lease 11-3227 through 11-3238; PDY Lease 11-908, -1022, -1456, -1457, -98753 through -98756; and W.R. Henderson Lease 23-109779**

Dear Mr. Winkleman:

On January 11, 2005, a letter was sent to Mr. Michael Rice and Mr. Richard Ahern of your department, referencing the above mineral lease applications in the Cienega Creek watershed (letter attached). On page four of the January 11 letter, I posed several questions regarding the State's process for considering new mineral leases and the renewal of mineral leases. I have yet to receive answers back from your department. More recently, the Pima Association of Governments (PAG) Environmental Planning Advisory Committee (EPAC) hosted a forum on the Portland Cement mineral lease renewals for leases on either side of Davidson Canyon, at which members of your staff participated. At that forum, it appeared that there are no policies or rules governing the process by which the renewal of mineral leases or proposals for new mineral leases are considered.

The locations, environmental impacts, and reclamation plans for these above referenced mineral lease applications are of great concern to Pima County and its residents. Please have your staff provide me with an update on where these leases are in the State's review process.

With regard specifically to the Portland Cement mineral lease renewal applications, I have met with a group of Portland Cement representatives to discuss their proposal. During my meeting with Portland Cement, I indicated a significant concern over the uncontrolled discharge of sediment to the Davidson Canyon. They indicated such would not occur and

Mark Winkleman

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May 13, 2004

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I pointed to a page in their mining plan that clearly showed a 3:1 slope overburden stockpile that would directly discharge to Davidson Creek. Clearly the mining plan is inadequate and incomplete.

Primarily, I am concerned about the impacts the proposed haul road across Davidson Canyon will have on this very unique ecosystem, as well as sediment making its way into the creek from overburdened stock piles with a 3:1 slope on the eastern bank or from any of their mining operations on State land. The Mineral Development Report is totally inadequate in addressing these points and should be revised. Furthermore, my staff had requested a hydrological report detailing where and how water will be obtained for these operations. As of today, we have not received such a report. Finally, the reclamation plan as shown apparently has two options. I do not believe reclamation should be at the operator's option and a specific plan that restores the mined surface to the natural appearance is the only viable and reasonable reclamation plan. From my view the reclamation plan is also wholly inadequate and requires major revisions.

Again, I would appreciate more information on this process. While I understand the economic need for mineral extraction in Pima County, the State Land Department needs to balance the impacts of these activities against the revenues gained by the State. I look forward to reviewing a more adequate and complete mining plan of operation for all of these potential state mineral leases. Also, per our phone conversation, I have forwarded our files on these matters to mineral legal counsel employed by the County.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/dr

Attachments

- c: Jan Leshar, Director, Governor's Southern Arizona Office
- Michael Rice, Mineral Section Manager, Arizona State Land Department
- Richard Ahern, Mineral Rights Section Geologist, Arizona State Land Department
- Mary Kidwell, Empire-Fagan Coalition
- Nicole Fyffe, Executive Assistant to the County Administrator



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C. H. HUCKELBERRY
County Administrator

January 11, 2005

Michael Rice, Minerals Section Manager, and
Richard Ahern, Geologist, Minerals Section
Arizona State Land Department
1616 West Adams Street
Phoenix, Arizona 85007

**Re: Seel Lease 11-3227 through 11-3238; CalPC Lease 11-035596, -035597; -079816,
and -079817; PBY 11-908, -1022, -1456, -0157**

Dear Messrs. Rice and Ahern:

Thank you for the opportunity to comment on the above referenced mineral lease applications in the Cienega Creek watershed. The preponderance of applications in this significant area for renewals (and the circumstances around some of these renewals) raises a number of concerns and questions and deserves a larger perspective on the issue, which we are pleased to provide. We would like to discuss how we can work toward a common goal of continued conservation and increased revenues to the Trust beneficiaries.

Since 1986, Pima County has worked to conserve the natural and cultural resources of the Cienega Creek watershed, including Davidson Canyon. Our vision has been to establish a watershed-based network of conserved lands extending from the Santa Rita Mountains to the Whetstone Range, and from the headwaters of Cienega Creek south of Sonoita, north to the Rincon Mountains, herein called the Cienega Valley Reserve (Attachment 1). This vision is becoming a reality through efforts of many organizations and local citizens working together to bring the concept to reality. Indeed, this treasured landscape recently received national recognition as one of seven "Endangered Cultural Landscapes" in America.

Mineral leasing runs counter to the vision, and will irretrievably damage the integrity of this national treasure, and most importantly for your role as fiduciary of the State Land trust, ultimately diminish the potential net gain to the State Trust.

Michael Rice/Richard Ahern

Seel Lease 11-3227 through 11-3238; CalPC Lease 11-035596, -035597; -079816, and -079817; PBY 11-908, -1022, -1456, -0157

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At the time we began this effort, there was only the framework provided by distinct units of the Coronado National Forest, sheltering the incomparable diversity of southern Arizona's "sky islands." Since that time, Pima County and the federal government have invested millions of dollars to assemble the Cienega Valley Reserve. This work commenced with the Cienega Creek Natural Preserve, established in 1986 by the Board of Supervisors to conserve the aquatic and riparian habitat of the last low-level perennial stream reaches in Arizona.

Since then, the County has acquired numerous other parcels in the vicinity, and is in the immediate process of acquiring several others, for a total Pima County investment of \$31 million, of which approximately \$3.6 million ran to the benefit of the State Trust (Attachment 1).

Pima County Acquisitions

Cienega Creek Natural Preserve(north of I-10)	3196 acres	\$6.1 million
Empirita Ranch (CCNP, S of I-10)	880 acres	\$2.5 million
Colossal Cave Mountain Park	1679 acres	\$5.1 million
Posta Quemada Ranch	470 acres	\$2.5 million
Walden Property	470 acres	\$1.4 million
Bar V Ranch	1763 acres	\$8.7 million
<u>McKenzie - exchange property</u>	<u>1689 acres</u>	<u>\$5.0 million</u>
Total	10,147 acres	\$31.3 million

One of the properties that we are in the immediate process of acquiring is the Bar V Ranch. The Bar V Ranch includes some 1,763 acres along Davidson Canyon and other tributaries of Cienega Creek, as well as 12,674 acres of state grazing leases (Attachment 1).

The federal government's involvement in assembling the Cienega Valley Reserve has been even greater. In 1999, Congress established the Las Cienegas National Conservation Area, some 75,000 acres of State Trust and BLM lands which are managed as a single unit for the conservation of grassland and riparian ecosystems, and the protection the ranchland's cultural heritage. The same legislation provides for future friendly land condemnations, and a potential expansion of the federal government's ability to acquire land within the Sonoita Valley Acquisition Planning District.

In 2001, the United States Bureau of Reclamation acquired 160 acres of limestone outcrops and mesquite forest for perpetual conservation, near Colossal Cave Mountain Park.

With bipartisan support, Congressmen Kolbe and Grijalva have introduced HR 4943, the Pima County Land Exchange Act. HR 4943 would conserve additional 2,660 acres of private land near the Whetstone Mountains via a land trade to the Bureau of Land Management.

Michael Rice/Richard Ahern

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Participants in conservation of the area have also included the State Land Department. In early 1990, State Land Commissioner Jean Hassell worked with Pima County to sell parcels of state land to Pima County for the Cienega Creek Natural Preserve (284 acres valued at \$623,000) and to establish the Colossal Cave Mountain Park (1,218 acres of State Trust Land sold at \$3,030,000). Mr. Hassell also set up the original agreement committing the State Land Department to work with the Bureau of Land Management to improve grazing management in the Cienega Creek watershed, an effort that has had great success.

In May of 2004, Pima County voters approved \$38 million in general obligation bonds for acquisitions in the area of the Cienega Valley Reserve. Specific parcels, called Habitat Protection Priorities, were identified in the bond ordinance for purchase with these funds. Over 200,000 acres of these are State Trust land parcels (Attachment 2).

Recently, Commissioner Winkleman worked with numerous stakeholders to develop a proposal to reform the laws regarding State Trust land administration. The reform proposal identified much of the northern Cienega Creek watershed for immediate conservation through the State Trust Land Reform Act (Attachment 3).

Your department had provided us with the precise locations of five mineral lease renewals and one new application as shown in the table below. Five of the six are within the Reserve area and are located within the lands that your department identified for conservation (Attachment 3). The sixth, W. R. Henderson, is within the Habitat Protection Priorities, which were identified in the 2004 bond ordinance approved by voters last May (Attachment 2).

Table 1

Mineral and Special Land Use Lease Applications Within the Cienega Creek Watershed

<u>Owner</u>	<u>Lease Number(s)</u>	<u>Application Type</u>
Charles P. Seel	11-003227	Renewal
Phoenix Brickyard	11-908, 11-1022, 11-1456 and 11-1457	Renewal
Portland Cement	11-035596, 11-035597, 11-079816 and 11-079817	Renewal
Phoenix Brickyard	11-98753, 11-98754, 11-98755 and 11-98756	New
New Portland Cement	11-23880	Renewal
W. R. Henderson	23-109779	Renewal

I suggest that the overall benefits of the State Land reform efforts to the Trust's fiduciary responsibilities would outweigh the short-term revenue generation opportunity presented by individual mining proposals.

Michael Rice/Richard Ahern

Seel Lease 11-3227 through 11-3238; CalPC Lease 11-035596, -035597; -079816, and -079817; PBY 11-908, -1022, -1456, -0157

January 11, 2005

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Several specific questions arise as a result of this recent interest in mineral leasing in this sensitive area. What has triggered the interest? Are lessees attempting to bypass the Trust land reform proposal, is some of this activity a clean-up of old files awaiting processing, or has the State Land Department solicited lease renewals in this area?

A number of the leases in this area appear to have expired in 1988 and subsequent years. What qualifies them for renewal? How long may a lease lapse before the State Land Department requires the applicant to initiate a new application, rather than a renewal? Overlooking expired leases would be contrary to due process, particularly given the exceedingly constrained public involvement provided for in the State Land Department's leasing process.

Active and abandoned mineral operations pose a continuing threat to the ecological integrity of the Reserve by damaging native plant cover and soils. By separate letter dated October 21, 2004, the United States Fish and Wildlife Service described the significance of the area to wildlife and vegetation, and enumerated some of the federally listed species which occur in the area. In addition, State lands also harbor some rare species with limited legal protection, such as the Needle-spined Cactus (*Echinomastus erectocentrus* var. *erectocentrus*), which is considered a Priority Vulnerable Species under the Sonoran Desert Conservation Plan.

Another problem is the increased threat of non-native species of plants and animals. The Pima Association of Governments has performed non-native plant species surveys in the area, and found that disturbances of soil are associated with non-native grasses such as Lehmann's lovegrass, buffelgrass, and tamarisk. In addition, the Arizona Game and Fish Department found bullfrogs (*Rana catesbeiana*) and bluegill sunfish (*Lepomis macrochirus*) in ponds created by mining. Both of these species are considered highly detrimental to native aquatic species of Arizona. Please note that a number of endangered fish species exist within the Cienega Creek and could be threatened by the very mining operations now contemplated.

All of the proposed mineral leases are on tributaries to Cienega Creek. Cienega Creek from Interstate Highway 10 downstream to the Pantano Vail dam is considered a Unique Water of the State of Arizona. The Unique Waters designation confers the State's highest level of protection from degradation of water quality. The anti-degradation requirements of AAC R18-11-202 state that no further surface water quality degradation which would interfere with or become injurious to existing uses is allowable.

Several of the leases are close to Davidson Canyon, which is one of the principal tributaries to Cienega Creek. Davidson Canyon's perennial stream reach is situated downstream of some of the mineral leases, with native long-fin dace and leopard frogs present, as well as aquatic plants unique to the area. We attach a map with hillshading to assist in visualizing the proximity of the mineral leases to existing topography (Attachment 4). Pima County intends to submit an application for Unique Waters protection for Davidson Canyon, following acquisition of the land containing the perennial reach in February 2005.

Michael Rice/Richard Ahern

Seel Lease 11-3227 through 11-3238; CalPC Lease 11-035596, -035597; -079816, and -079817; PBX 11-908, -1022, -1456, -0157

January 11, 2005

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Mining in the area has already left a legacy of permanently scarred landscapes, which has not been addressed by reclamation. For instance, State Land Department records indicate that the State Land Department required restoration and damage bonds to be posted in the amounts of \$5,000 per lease for 11-1456 and 11-1457, amounts which I believe you would agree that today are grossly inadequate relative to what was and still is needed to rectify problems at the sites. In 1990, following community outcry during your tenure at the State Land Department Minerals Branch, the renewal of mining on another lease adjacent to Cienega Creek was suspended. While that prevented further mining, it did not abate the ongoing erosion and other problems caused by the mining. This was a subject of my letter to you dated October 13, 2004, and will not be repeated here.

The damaged landscape left after mining has attracted further abuse in the form of trash dumping, target shooting and off-road vehicular activity. To some degree, both the State and County have incurred further clean-up and control costs, which are unaccounted for in the analyses presented to you by attorneys for Mr. Charles Seel, dated September 28, 2004. Further, the topography map I have attached clearly indicates the Seel lease is directly tributary to Davidson Canyon, contrary to what has been stated in the letter from Mr. Seel's attorney.

In citing a potential revenue of \$3 million to the State Land Department, the Seel attorneys also overlook the permanent damage to the future use of the property. While mining is indeed a temporary and sporadic effort, it precludes other uses for the entire term of the lease, typically twenty years. Furthermore, we would argue that the value of the land left behind is diminished from the perspectives of future grazing or commercial leases, and most particularly future land sales for conservation purposes as part of the proposed Trust reform package. As we both know so well, the State Land Department must consider the total and long-term value of the Trust asset.

I appreciate the opportunity to provide continued comments on these lease renewals and request that the State Land Department take into account not only short-term monetary benefits to the Trust, but also the long-term value of the land and prior efforts at the Federal, State and County levels to assemble a Reserve already worthy of national recognition. I offer to meet with you and your key staff to discuss this matter at your earliest convenience.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/jj

Michael Rice/Richard Ahern

**Seel Lease 11-3227 through 11-3238; CalPC Lease 11-035596, -035597; -079816, and -
079817; PBY 11-908, -1022, -1456, -0157**

January 11, 2005

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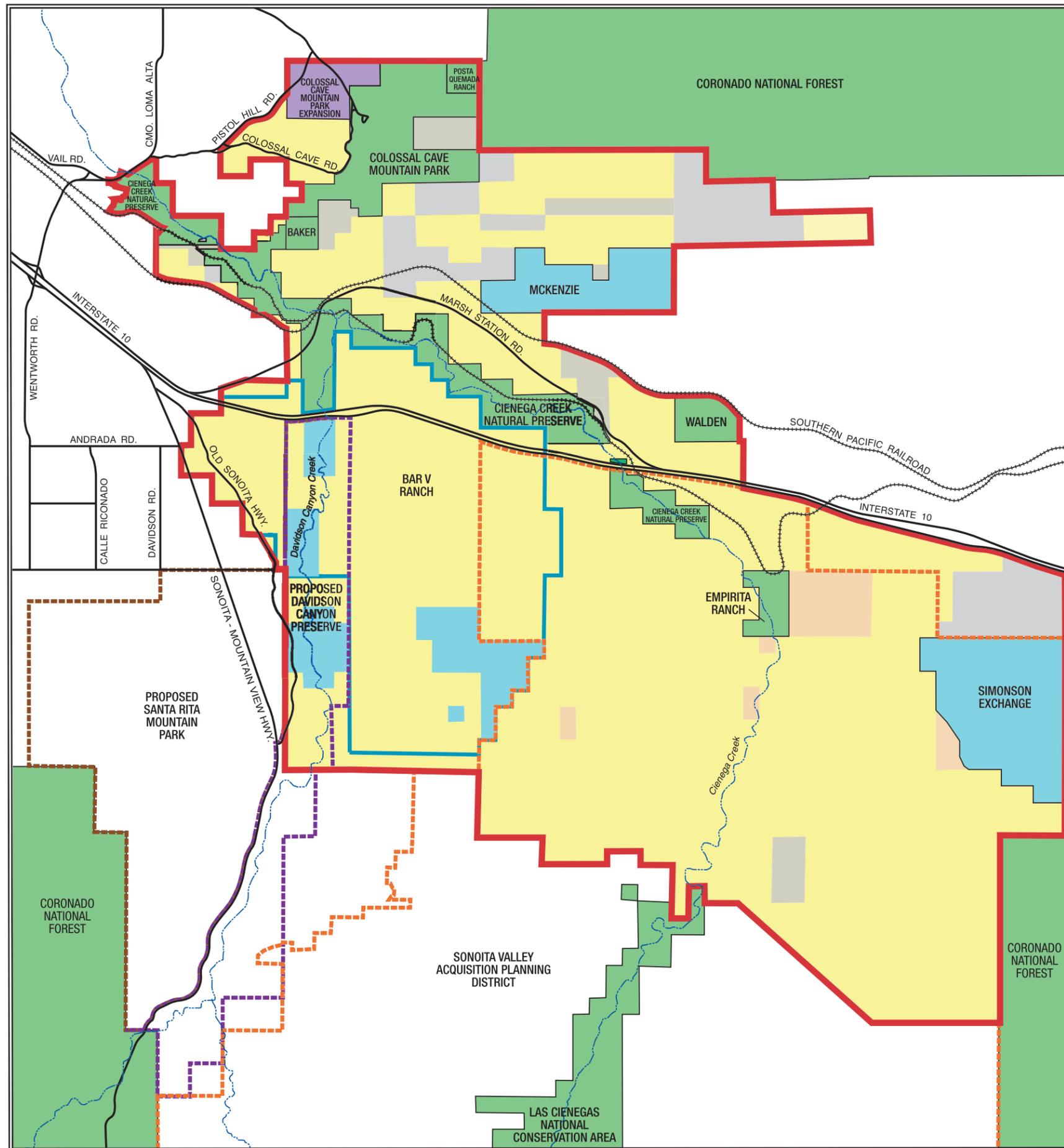
Attachment 1 - Conceptual Cienega Valley Reserve

Attachment 2 - Lease locations relative to Habitat Protection Priorities

Attachment 3 - Lease locations relative to State Trust Land Reform Act lands

Attachment 4 - Topography map of Charles Seel Lease area

- c: The Honorable Chair and Members, Pima County Board of Supervisors
Chair and Members, Conservation Acquisition Commission
Mark Winkleman, State Land Commissioner
Jan Leshner, Director, Governor's Southern Arizona Office
John Bernal, Deputy County Administrator - Public Works
Carmine DeBonis, Development Services Director
Rafael Payan, Natural Resources, Parks and Recreation Director
Suzanne Shields, Regional Flood Control District Director
Arlan Colton, Planning Official, Development Services Department
Nicole Fyffe, Special Staff Assistant, County Administrator's Office



Conceptual Cienega Valley Reserve

Pima County, Arizona

Proposed Cienega Valley Reserve Boundary

PROPOSED ACQUISITIONS

- Proposed Davidson Canyon Preserve
- Proposed Santa Rita Mountain Park
- Colossal Cave Mountain Park Expansion

ACQUISITIONS IN PROCESS

- Bar V Ranch
- Simonson Exchange (HR4943)
- McKenzie Property (Section 15 Exchange)

PRESERVES

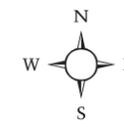
- Cienega Creek Natural Preserve
- Colossal Cave Mountain Park
- Posta Quemada Ranch
- Empirita Ranch
- Coronado National Forest
- Las Cienegas National Conservation Area
- Walden Property

Sonoita Valley Acquisition Planning District

LAND OWNERSHIP

Note: Land ownership not shown outside Cienega Valley Reserve

- State Land
- BLM Land
- Private Land

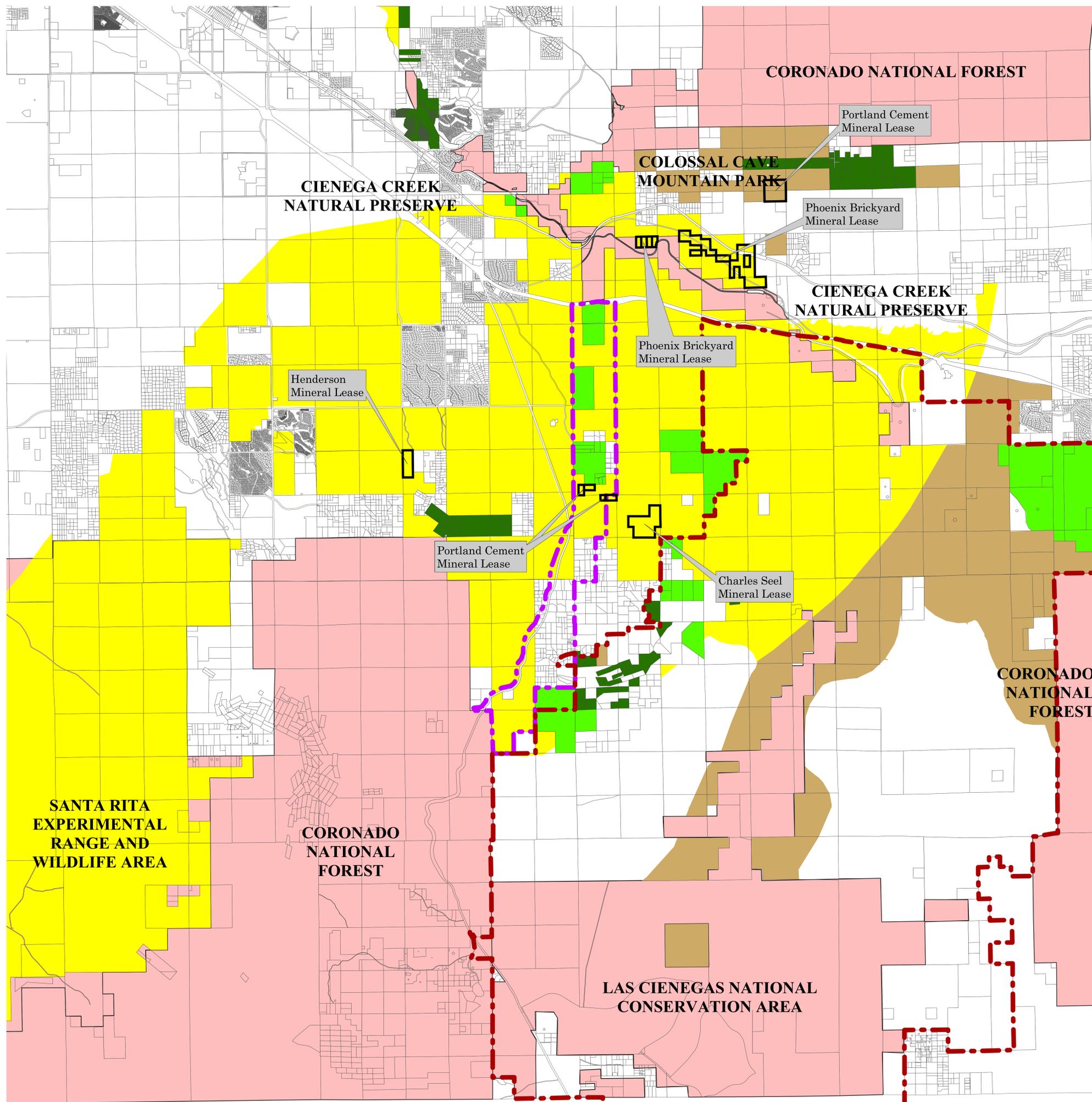


Scale: 1:105,000

January 10, 2005

Pima County Administrator's Office
 130 West Congress, 10th Floor
 Tucson, AZ 85701
 520-740-8661

Pima County 2004 Bond Ordinance Open Space And Mineral Leases



-  Phoenix Brickyard Mineral Lease
11-908
11-1022
11-1456
11-1457
11-98753
11-98754
11-98755
11-98756

-  Portland Cement Mineral Lease
11-035596
11-035597
11-079816
11-079817
11-23880

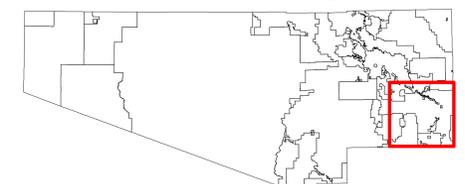
-  Charles Seel Mineral Lease
11-003227

-  Henderson Mineral Lease
23-109779

Habitat Protection Priorities

-  Highest Priority Private
-  Secondary Priority Private
-  Highest Priority State
-  Secondary Priority State
-  Sonoita Valley Acquisition Planning District
-  Davidson Canyon Natural Preserve
-  Parcel Lines
-  Existing Preserves

Pima County Index Map



Index Map Scale 1:1,500,000

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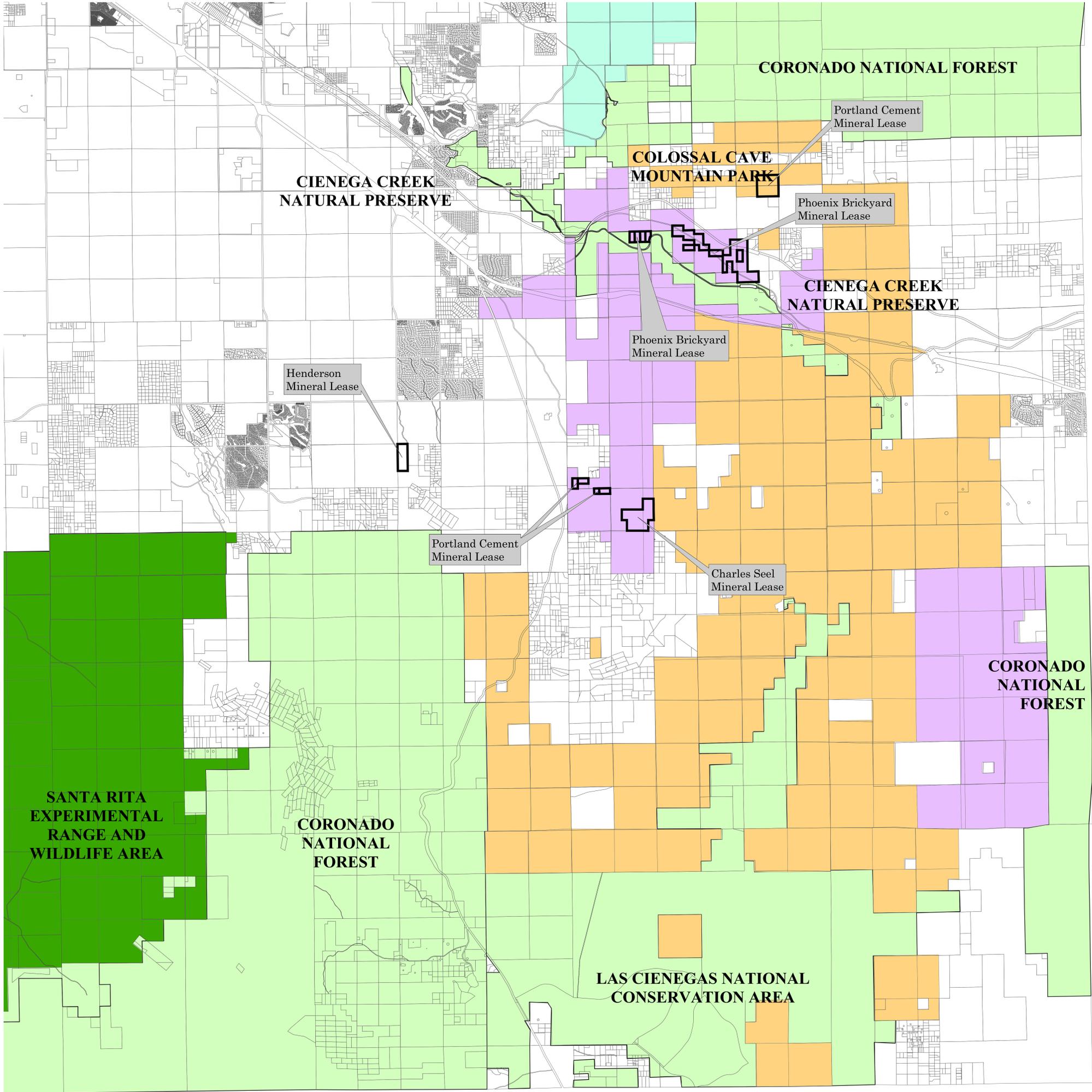
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<http://www.dot.co.pima.az.us>



Scale 1:48,000



State Trust Reform Lands And Mineral Leases



-  Phoenix Brickyard Mineral Lease
11-908
11-1022
11-1456
11-1457
11-98753
11-98754
11-98755
11-98756

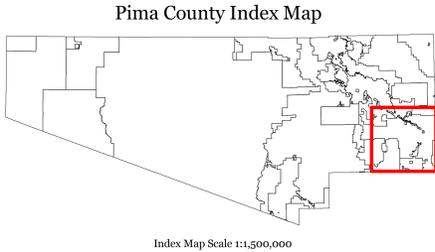
-  Portland Cement Mineral Lease
11-035596
11-035597
11-079816
11-079817
11-23880

-  Charles Seel Mineral Lease
11-003227

-  Henderson Mineral Lease
23-109779

State Trust Reform Lands (4/14/04)

-  E
-  I
-  O
-  P
-  S
-  Parcel Lines
-  Existing Preserves



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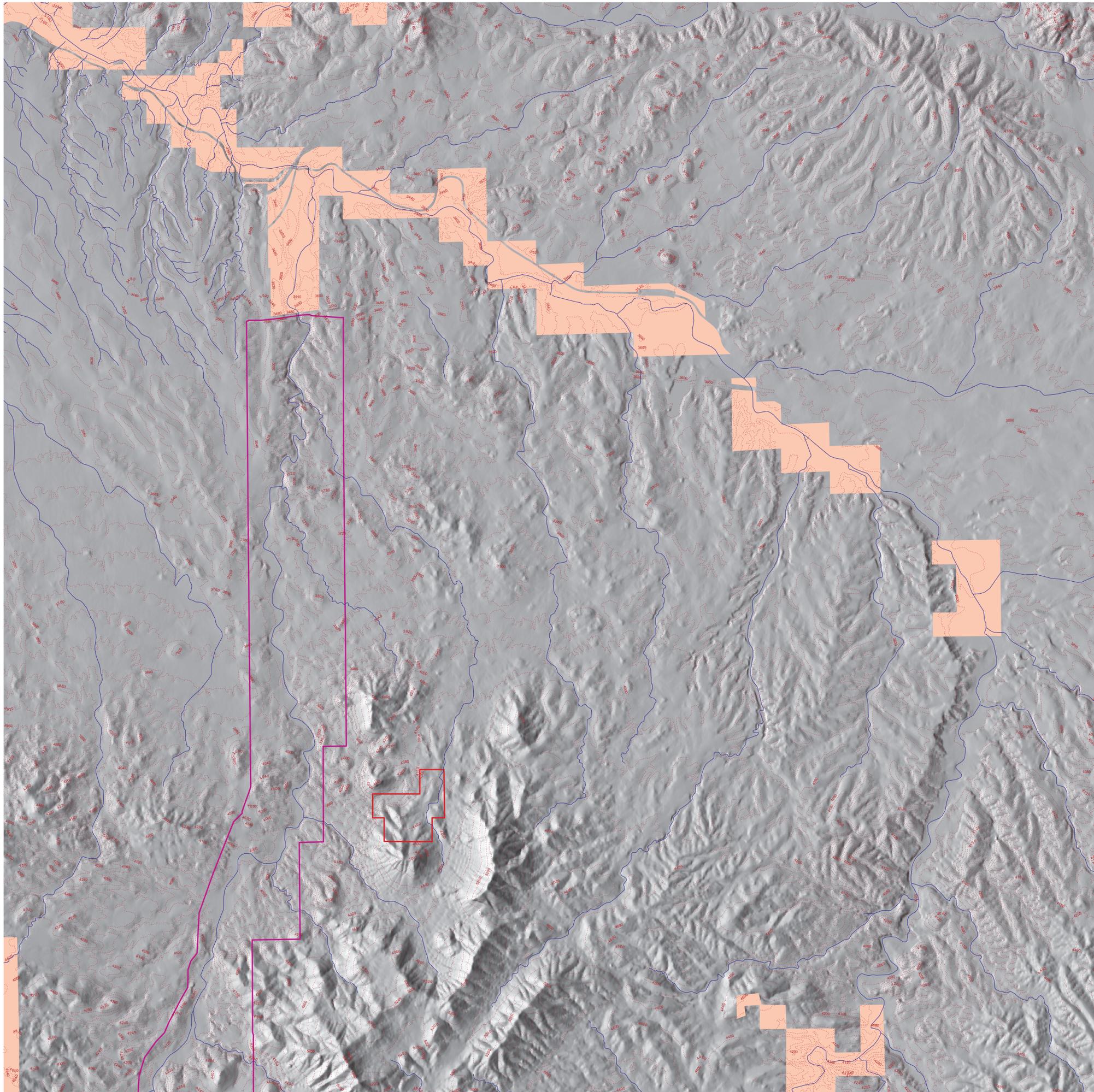


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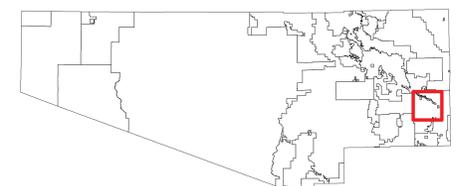


Arizona State Land Dept. Mineral Lease No. 11-003227

- Washes
 - Topography
 - ▭ Mineral Lease
 - ▭ Davidson Canyon Nat'l Preserve
- ### Existing Preserves
- ▭



Pima County Index Map



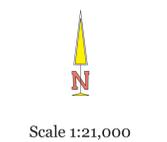
Index Map Scale 1:1,500,000

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Portland Cement
Mineral Development Report
May 13, 2005
Comments

1. Davidson Canyon is situated between the two Leases. The Leases are six miles upstream from the confluence with Cienga Creek and the edge of the Cienga Creek Natural Preserve. As such, proposed mining activities should be regulated so as not to negatively impact the water quality of the Preserve.
2. The Eastern Quarry will have a haul road through Davidson Canyon. The report does not discuss the environmental impacts heavy truck traffic will cause. The road may cause flow interruption in Davidson Canyon or could result in increased sediment from road erosion during storm events.
3. The Eastern Quarry has an overburden stockpile with a 3:1 slope on the eastern bank of Davidson Canyon that might increase sediment into the creek during storm events. This can be mitigated by building the stockpile slope with benches that slope away from the Canyon so stormwater is contained within the Lease area.
4. An additional reclamation approach (Section 5.2) is to add processed wastewater treatment biosolids as a soil amendment to promote revegetation. This approach has been successful on local copper mine tailings.
5. Figure 27 and 28 is labeled T17S, R16E, Section 13. However, the Eastern Quarry is located in T17S,R17E, Section 19. Figure 30 and 31 is labeled T17S, R16E, Section 13. However, the Western Quarry is located in T17S,R17E. Section 30.
6. Figure 31 is labeled "Western Quarry", however, it is the Eastern Quarry.
7. Page 27, Section 3.17 states the leases are north of the Cienga Creek Natural Preserve. They are south of the preserve.