

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE A FORM OF COMPENSATORY ROYALTY AGREEMENT WITH THE HUMBLE OIL & REFINING COMPANY FOR THE STATE LANDS INTEREST IN THE BED OF THE SACRAMENTO RIVER LYING IN SECTION 32, T. 20 N., R. 1 W., AND IN SECTIONS 4, 5, 6, 7, 8 AND 9, T. 19 N., R. 1 W., M.D.B. & M., GLEN AND BUTTE COUNTIES, WHICH AGREEMENT SHALL PROVIDE FOR ROYALTY PAYMENTS TO THE STATE IN ACCORDANCE WITH THE FOLLOWING SCHEDULE IN LIEU OF DRILLING OFFSET WELLS ON THE STATE LAND, AS AUTHORIZED BY SECTION 6815 OF THE PUBLIC RESOURCES CODE:

1. 16-2/3% ROYALTY FOR ALL GAS ALLOCATED TO STATE LANDS;
2. 15% ROYALTY FOR ALL GAS ALLOCATED TO STATE LANDS IN THE EVENT THAT IT IS NECESSARY TO COMPRESS THE GAS FOR DELIVERY TO A TRANSMISSION LINE;
3. 8-1/3% ROYALTY OF THE SALE OR USE VALUE OF ALL GASOLINE OR OTHER PRODUCTS EXTRACTED FROM THE QUANTITY OF GAS ALLOCATED TO STATE LANDS.

5. (APPLICATION FOR MINERAL LEASE, VERDI DEVELOPMENT COMPANY, KERN COUNTY - W.O. 1894.) The following report was presented to the Commission:

"An application for preferential lease on the 120 acres of area included in Prospecting Permit P.R.C. 1373.2 in the E $\frac{1}{2}$  of the NW $\frac{1}{4}$  and the NW $\frac{1}{4}$  of the SW $\frac{1}{4}$  of Section 36, T. 10 N., R. 13 W., S.B.B. & M., Kern County, has been received from the permittee, Verdi Development Company. Field inspection of the development work on a deposit of radioactive minerals, undertaken pursuant to the prospecting permit, has shown that commercially valuable deposits of such minerals have been uncovered. Mineralized areas have been localized by instrumental surveys and verified by core drilling and excavation. Milling equipment has been purchased by the permittee for milling and concentrating of ore before shipment. Pursuant to Section 14 of Prospecting Permit P.R.C. 1373.2, a permittee, upon demonstration of the discovery of commercially valuable deposits of minerals, is entitled to a preferential mineral lease at the royalty rate specified in the subject permit, issued February 9, 1954."

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AND ISSUE TO VERDI DEVELOPMENT COMPANY A PREFERENTIAL MINERAL LEASE, IN THE STANDARD FORM AUTHORIZED UNDER THE PUBLIC RESOURCES CODE, COVERING 120 ACRES IN THE E $\frac{1}{2}$  OF THE NW $\frac{1}{4}$  AND THE NW $\frac{1}{4}$  OF THE SW $\frac{1}{4}$  OF SECTION 36, T. 10 N., R. 13 W., S.B.B. & M., KERN COUNTY, HERETOFORE INCLUDED IN PROSPECTING PERMIT P.R.C. 1373.2, AT THE ROYALTY RATES SPECIFIED IN THE SUBJECT PROSPECTING PERMIT WHICH ARE AS FOLLOWS, AND AT AN ANNUAL RENTAL OF \$120, SUBJECT TO THE DEPOSIT BY THE LESSEE OF A PERFORMANCE BOND IN THE AMOUNT OF \$1,000:

FOR RARE EARTH MINERALS

$$R = 3.00 + 0.37 (C - 60.00)$$

FOR RADIOACTIVE, GOLD, SILVER AND OTHER PRECIOUS MINERALS

$$R = 2.00 + 0.01 (C - 200.00)^2$$

*20.00 corrected by pg 2344 of minutes*

WHERE R = ROYALTY IN DOLLARS AND CENTS PER TON OF ORE

C = WEIGHTED AVERAGE GROSS SALES PRICE PER TON DETERMINED  
AT THE END OF THE FIRST YEAR OF THE LEASE AND EVERY  
FOUR YEARS THEREAFTER.

THE MAXIMUM ROYALTY SHALL NOT EXCEED 25% OF THE AVERAGE GROSS SALE PRICE OF THE ORE FOR ALL RARE EARTH MINERALS. THE MAXIMUM ROYALTY SHALL NOT EXCEED 50% OF THE AVERAGE GROSS SALES PRICE OF THE ORE FOR RADIOACTIVE, GOLD, SILVER AND OTHER PRECIOUS MINERALS.

THE AMOUNT UPON WHICH SAID ROYALTY SHALL BE FIXED SHALL NOT BE LESS THAN THE REASONABLE MARKET VALUE AS FIXED BY THE COMMISSION OF ANY AND ALL MINERAL SECURED FROM THE LAND EMBRACED WITHIN SUCH LEASE AND SHALL NOT BE LESS THAN THE AMOUNT RECEIVED FROM THE SALE OR OTHER DISPOSITION OF SUCH MINERAL OR MINERALS.

6. (SALE OF VACANT STATE SCHOOL LAND, APPLICATION NO. 5053, SACRAMENTO LAND DISTRICT, SISKIYOU COUNTY, STATE OF CALIFORNIA, DEPARTMENT OF FISH AND GAME - S.W.O. 5853.) The following report was presented to the Commission:

"An offer has been received from the State Department of Fish and Game to purchase the W $\frac{1}{2}$  of Section 36, T. 48 N., R. 3 E., M.D.M., containing 320 acres in Siskiyou County. The State Department of Fish and Game made an offer of \$640, or \$2 per acre.

"The sale of the above-described land to said department was referred to the Commission at the meeting of July 28, 1954, and appropriate action was taken authorizing the filing of an application submitted by the department with the terms of the sale to be submitted to the Commission for action after appraisal. The Department of Fish and Game is desirous of acquiring the land for the purpose of establishing a public shooting ground.

"The Assessor of Siskiyou County is assessing land in the immediate vicinity at \$2 per acre, thus indicating its appraised value to be \$4 per acre.

"An inspection and appraisal was made by an independent appraiser on February 5, 1955. Said appraisal, on file with the Commission, establishes the value at \$3 per acre."

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS: