

"With this in mind it is recommended that a special item of \$50,000 be included in the 1955-56 Budget to accomplish the purpose. The scope of the investigations will be patterned after the one currently proposed for the south Huntington Beach area, with such modifications as experience there will dictate."

Further discussion of this item indicated that rather extensive outside legal advice might be required. For that reason the Executive Officer increased his estimate of the cost to \$75,000.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE EXECUTIVE OFFICER WAS AUTHORIZED TO PROCEED WITH OBTAINING AN AUGMENTATION OF \$75,000 IN THE COMMISSION'S 1955-56 BUDGET FOR CONSULTING SERVICES FOR AN EXTENDED STUDY AND SURVEY OF OFFSHORE LEASING PROBLEMS.

4. (APPLICATION FOR MINERAL LEASE, J. S. BONNELL, FRESNO COUNTY - W.O. 2072, P.R.C. 1511.2.) The following report was presented to the Commission:

"An application for a preferential lease on 40 acres of area included in Prospecting Permit 1417.2 in the south 20 acres of the 80-acre parcel west of Lots 3 and 4, and the north 20 acres of the 40-acre parcel west of Lot 9 and north of Lot 12 in Section 36, T. 18 S., R. 12 E., M.D.B. & M., Fresno County, has been received from the permittee, J. S. Bonnell. Field inspection of the development work on the deposit of chrome ore undertaken pursuant to prospecting permit has shown that commercially valuable deposits of such minerals have been uncovered. A new mill has been built in the area to permit concentration of low-grade ore before shipment. Pursuant to Section 14 of Prospecting Permit P.R.C. 1417.2 the permittee, upon demonstration of the discovery of commercially valuable deposits of minerals, is entitled to a preferential mineral lease at the royalty rates specified in the subject permit issued July 27, 1954."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AND ISSUE TO J. S. BONNELL A PREFERENTIAL MINERAL LEASE IN THE STANDARD FORM AUTHORIZED BY THE PUBLIC RESOURCES CODE COVERING 40 ACRES IN THE SOUTH 20 ACRES OF THE 80-ACRE PARCEL WEST OF LOTS 3 AND 4, AND THE NORTH 20 ACRES OF THE 40-ACRE PARCEL WEST OF LOT 9 AND NORTH OF LOT 12 IN SECTION 36, T. 18 S., R. 12 E., M.D.B. & M., FRESNO COUNTY, HERETOFORE INCLUDED IN PROSPECTING PERMIT P.R.C. 1417.2 AT THE ROYALTY RATE SPECIFIED IN THE SUBJECT PROSPECTING PERMIT WHICH IS AS FOLLOWS, AND AT THE ANNUAL RENTAL OF \$10, SUBJECT TO DEPOSIT BY THE LESSEE OF A PERFORMANCE BOND IN THE AMOUNT OF \$1,000.

1. FOR NONPRECIOUS METALLIC MINERALS:

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

2. FOR NONMETALLIC MINERALS:

$$R = 1.00 + 0.20 (C - 20.00)$$

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 SALES PRICE OF THE ORE FOR NONPRECIOUS METALLIC MINERALS AND FOR NONMETALLIC MINERALS.

THAT THE AMOUNT UPON WHICH SAID ROYALTIES SHALL BE FIXED SHALL NOT BE LESS THAN A REASONABLE MARKET VALUE AS FIXED BY THE COMMISSION OF ANY AND ALL MINERALS 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.

5. (APPLICATION FOR MINERAL LEASE, J. S. BONNELL, FRESNO AND SAN BENITO COUNTIES - W.O. 2073, P.R.C. 1542.2.) The following report was presented to the Commission:

"An application for preferential lease on 160 acres of the area included in Prospecting Permit P.R.C. 1425.2, including all of Lot 3 and Lot 4, north 60 acres of the 80-acre parcel west of Lots 3 and 4 and the E $\frac{1}{2}$ of the E $\frac{1}{2}$ of the 160-acre parcel west of said 80-acre parcel, all in Section 36, T. 18 S., R. 12 E., M.D.B. & M., Fresno and San Benito Counties, has been received from the permittee, J. S. Bonnell. Field inspection of the development work on the deposit of chrome ore undertaken pursuant to the prospecting permit has shown that commercially valuable deposits of such minerals have been uncovered. A new mill has been built in the area to concentrate low-grade ore before shipment. Pursuant to Section 14 of the Prospecting Permit P.R.C. 1425.2, the 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 July 27, 1954."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AND ISSUE TO J. S. BONNELL A PREFERENTIAL MINERAL LEASE IN THE STANDARD FORM AUTHORIZED UNDER THE PUBLIC RESOURCES CODE COVERING 160 ACRES INCLUDED IN ALL OF LOTS 3 AND 4, NORTH 60 ACRES OF THE 80-ACRE PARCEL WEST OF LOTS 3 AND 4, AND THE E $\frac{1}{2}$ OF THE E $\frac{1}{2}$ OF THE 160-ACRE PARCEL WEST OF SAID 80-ACRE PARCEL, ALL IN SECTION 36, T. 18 S., R. 12 E., M.D.B. & M., FRESNO AND SAN BENITO COUNTIES, HERETOFORE INCLUDED IN PROSPECTING PERMIT 1425.2 AT THE ROYALTY RATE SPECIFIED IN THE SUBJECT PROSPECTING PERMIT, WHICH IS AS FOLLOWS, AND AT THE ANNUAL RENTAL OF \$160, SUBJECT TO THE DEPOSIT BY THE LESSEE OF A PERFORMANCE BOND IN THE AMOUNT OF \$1,000.