

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.

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 FOR 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 ALL NONPRECIOUS METALLIC AND NONMETALLIC MINERALS.

THAT 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 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.

6. (SALE OF VACANT SCHOOL LAND, APPLICATION NO. 4866, SACRAMENTO LAND DISTRICT, HUMBOLDT COUNTY, BUD T. RYERSON - S.W.O. 5454.) The following report was presented to the Commission:

"An offer has been received from Bud T. Ryerson of Weitchpec, Humboldt County, California, to purchase the $\frac{N}{2}$ of $NE\frac{1}{4}$ and $SE\frac{1}{4}$ of $NE\frac{1}{4}$ of Section 36, T. 12 N., R. 2 E., H.M., containing 120 acres in Humboldt County. Mr. Ryerson made an offer of \$600, or \$5 per acre.

"The Assessor of Humboldt County has assessed contiguous land at \$2.50 per acre plus \$1 per MBF for timber thereon, thus indicating its appraised value to be \$5 per acre plus the value of timber thereon.

"An inspection and appraisal was made by an independent appraiser on May 12, 1954. This appraisal, on file with the Commission, establishes the minimum land value at \$8.33+ per acre, plus timber value at \$51,000, thus establishing a total average of \$433.33+ per acre, or a total valuation of \$52,000.

"Before the land was advertised for sale, Mr. Ryerson was advised that the appraised value was \$52,000. He posted the necessary amount to meet the appraised value.

"The land was advertised for sale with a stipulation that no offer of less than \$52,000 would be accepted and indicating that any patent issued would be subject to a right-of-way for road purposes heretofore granted by the State. Pursuant to the advertising