

3. (CANCELLATION OF MINERAL EXTRACTION LEASE, TEHAMA COUNTY - P.R.C. 1263.2.)  
The following report was presented to the Commission:

"Mineral Extraction Lease P.R.C. 1263.2 covering the E $\frac{1}{2}$  of Section 16, T. 25 N., R. 7 W., M.D.B. & M., Tehama County, was issued to George Blackman, dba Conconully Mining and Milling Company, October 24, 1952, pursuant to competitive public bidding and assigned with the Commission's approval to Metro Metals, Inc., a Washington corporation, on May 17, 1954. The assignment was made upon the express condition that such assignment does not and shall not release or relieve the Assignor from any obligation to the State under the terms of said lease and that the State may hold the Assignor liable for faithful performance of any and all obligations of the Lessee under said lease. The acceptance by Metro Metals, Inc. provides that the Assignee agrees to perform the conditions, covenants, and agreements therein contained on the part of the Lessee to be kept and performed in the manner therein provided.

"Section 3 of the lease provides in part that the Lessee will pay to the State the rental and royalty considerations reserved to the State without deduction, default, or delay. In the event of the failure of the Lessee to do so, it shall be lawful for the State to re-enter into and upon the demised premises and repossess and enjoy the premises as in the first and former estate of the State. The Lessee and Assignee have been notified that a royalty payment in the amount of \$521.58 on ore shipments made during the period January 1, 1954 to May 17, 1954, inclusive, and the annual advance rental in the amount of \$320 for the year 1955 have not been received. Lessee's Quarterly Report of Operations and Quarterly Statement of Shipments and Sales have not been submitted since May 31, 1955. Requests for these reports have not been answered.

"On May 9, 1956, Mr. George Blackman, dba Conconully Mining and Milling Company, and Mr. Harold L. Heathman, President of Metro Metals, Inc., were notified that a recommendation would be made to the Commission for the cancellation of Mineral Extraction Lease P.R.C. 1263.2, and request for payment of royalty and rental presented to the respective bonding companies for payment. Mr. Blackman of Conconully has made a conditional offer to pay the amount due. No reply has been received from Mr. Heathman of Metro Metals, Inc."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO CANCEL MINERAL EXTRACTION LEASE P.R.C. 1263.2, TEHAMA COUNTY, DUE TO THE FAILURE OF THE LESSEE TO COMPLY WITH THE RULES AND REGULATIONS OF THE COMMISSION TO PAY THE REQUIRED RENT AND ROYALTY; MR. GEORGE BLACKMAN OF CONCONULLY IS REQUESTED TO PAY THE \$841.58 ROYALTY AND RENTAL DUE THE STATE; IN THE EVENT FULL PAYMENT IS NOT RECEIVED FROM THIS SOURCE, GENERAL CASUALTY COMPANY, SURETY FOR CONCONULLY MINING AND MILLING COMPANY, WILL BE REQUESTED TO PAY ALL OR ANY REMAINING PART OF THE AMOUNT DUE THE STATE, AND IN THE EVENT THAT THE AMOUNTS DUE ARE NOT VOLUNTARILY PAID, THE ATTORNEY GENERAL WILL BE REQUESTED TO TAKE SUCH LEGAL STEPS TO FORCE COLLECTION OF THE AMOUNTS DUE AS MAY BE NECESSARY.