

6. (APPLICATION FOR PROSPECTING PERMIT, SAN LUIS OBISPO COUNTY, HARRY J. STEVENS - W. O. 1613, P.R.C. 1899.2.)

After presentation of Calendar Item No. 19 attached, Mr. Karl Pierce appeared before the Commission to protest issuance of a prospecting permit, claiming that he had definitely found commercially valuable deposits of minerals on adjoining privately owned land, and contending that because of such findings it could be assumed that the State land also contained minerals and therefore was not eligible for a prospecting permit. He further indicated that if mineral ore were found in paying quantities on the State land, the process of mining, because of topography, would in a short time cover the road used for access to his property, thereby curtailing his operations. Also, he stated that the inspection by the State was made at a time when weather conditions were bad, with a field of mud existing, so that it was impossible to determine the actual character of the land.

A lengthy discussion followed, during which Mr. Hortig pointed out that the finding of minerals on adjoining lands did not ipso facto prove that there were minerals on the State land. He informed the Commission that the subject application had been on file for nearly three years, and that the delay in taking action was no fault of the applicant, but due to an investigation necessary on behalf of the Water Pollution Board to determine that mining operations in the area would not be detrimental to the water supply. Inasmuch as Mr. Pierce has been working the adjoining land for less than a year and one-half, if the application had been approved in what normally would be required time for processing, the permit would have been issued long before Mr. Pierce knew about the minerals on his lands. In addition, he reported that the State had made not one but two inspections of the property, and had adequate knowledge of the character of the land.

State Senator A. A. Erhart urged that Mr. Stevens be given preference as the first applicant, stating that he did not think the granting of such a permit would be contrary to the public interest in San Luis Obispo County.

Mr. Kirkwood inquired whether the Commission had any discretion in the matter, and was informed by the Executive Officer that under the law if there were no known commercially valuable minerals on the State land, a prospecting permit must be granted.

UPON MOTION JOINTLY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

1. THE COMMISSION FINDS THAT LOTS 1, 7, AND 15 IN THE N $\frac{1}{2}$  OF SECTION 33, T. 29 S., R. 12 E., M.D.B. & M., SAN LUIS OBISPO COUNTY, ARE NOT KNOWN TO CONTAIN COMMERCIALY VALUABLE DEPOSITS OF MINERALS.
2. THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AND ISSUE A TWO-YEAR PROSPECTING PERMIT TO MR. HARRY J. STEVENS FOR 64.87 ACRES OF STATE LAND IN LOTS 1, 7, AND 15 IN THE N $\frac{1}{2}$  OF SECTION 33, T. 29 S., R. 12 E., M.D.B. & M., SAN LUIS OBISPO COUNTY, PURSUANT TO THE PUBLIC RESOURCES CODE, WITH A ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS OF MINERALS TO BE IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

1. FOR GOLD, SILVER, OTHER PRECIOUS MINERALS AND RADIOACTIVE MINERALS

$$R = 2.00 + .01 (C - 20.00)^2$$

2. FOR NONPRECIOUS METALLIC MINERALS

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

3. 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 50 PER CENT OF THE AVERAGE GROSS SALES PRICE OF THE ORE FOR GOLD, SILVER, AND OTHER PRECIOUS MINERALS AND RADIOACTIVE MINERALS.

THE MAXIMUM ROYALTY SHALL NOT EXCEED 25 PER CENT OF THE AVERAGE GROSS SALES PRICE OF THE ORE FOR ALL NONPRECIOUS METALLIC AND NONMETALLIC MINERALS,

THE ROYALTY DURING THE FIRST YEAR OF ANY LEASE ISSUED PURSUANT TO THE PERMIT SHALL BE:

1. FOR PRECIOUS AND RADIOACTIVE MINERALS - \$2.00 PER TON.
2. FOR NONPRECIOUS METALLIC MINERALS - \$3.00 PER TON.
3. FOR NONMETALLIC MINERALS - \$1.00 PER TON.

Attachment

Calendar Item 19 (2 pages)

SUPPLEMENTAL

19.

(APPLICATION FOR PROSPECTING PERMIT, SAN LUIS OBISPO COUNTY, HARRY J. STEVENS - W. O. 1613.)

An application has been received from Mr. Harry J. Stevens of Cayucos, California, for a permit to prospect for all minerals other than oil and gas in Lots 1, 7, and 15 in the N $\frac{1}{2}$  of Section 33, T. 29 S., R. 12 E., M.D.B. & M., San Luis Obispo County, containing 64.87 acres.

Field reconnaissance and record review by the staff have shown that the area for which application has been made cannot be classified at this time as known to contain commercially valuable deposits of minerals. The subject area was acquired by the State, has been administered by the office of the Adjutant General, and the surface is included in a lease to the U. S. Army as part of Camp San Luis Obispo. On February 19, 1957 the office of the Adjutant General reported nonobjection to the issuance of a prospecting permit for the subject area, subject to compliance with two conditions:

- a. That the California Water Pollution Control Board assure the Commander of Camp San Luis Obispo that no silting of the Chorro Dam reservoir will result from operations under the prospecting permit.
- b. That the conduct of the prospecting operations within the Camp limits be authorized in writing by the installation commander.

Compliance with these conditions and a statement of nonobjection to the proposed prospecting operations are stated in a letter of February 25, 1957 from the Commanding Officer of Camp San Luis Obispo. The filing fee and permit deposit have been received.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT LOTS 1, 7, AND 15 IN THE N $\frac{1}{2}$  OF SECTION 33, T. 29 S., R. 12 E., M.D.B. & M., SAN LUIS OBISPO COUNTY, ARE NOT KNOWN TO CONTAIN COMMERCIALY VALUABLE DEPOSITS OF MINERALS.
2. AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE AND ISSUE A TWO-YEAR PROSPECTING PERMIT TO MR. HARRY J. STEVENS FOR 64.87 ACRES OF STATE LAND IN LOTS 1, 7, AND 15 IN THE N $\frac{1}{2}$  OF SECTION 33, T. 29 S., R. 12 E., M.D.B. & M., SAN LUIS OBISPO COUNTY, PURSUANT TO THE PUBLIC RESOURCES CODE, WITH A ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS OF MINERALS TO BE IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

1. FOR GOLD, SILVER, OTHER PRECIOUS MINERALS AND RADIOACTIVE MINERALS

$$R = 2.00 + .01 (C - 20.00)^2$$

SUPPLEMENTAL 19. (CONTD.)

## 2. FOR NONPRECIOUS METALLIC MINERALS

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

## 3. 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 50 PER CENT OF THE AVERAGE GROSS SALES PRICE OF THE ORE FOR GOLD, SILVER, AND OTHER PRECIOUS MINERALS AND RADIOACTIVE MINERALS.

THE MAXIMUM ROYALTY SHALL NOT EXCEED 25 PER CENT OF THE AVERAGE GROSS SALES PRICE OF THE ORE FOR ALL NONPRECIOUS METALLIC AND NONMETALLIC MINERALS.

THE ROYALTY DURING THE FIRST YEAR OF ANY LEASE ISSUED PURSUANT TO THE PERMIT SHALL BE:

1. FOR PRECIOUS AND RADIOACTIVE MINERALS - \$2.00 PER TON.
2. FOR NONPRECIOUS METALLIC MINERALS - \$3.00 PER TON.
3. FOR NONMETALLIC MINERALS - \$1.00 PER TON.