

MINUTE ITEM

12. APPLICATION FOR PROSPECTING PERMIT, INYO COUNTY, KERN COUNTY LAND COMPANY - W.O. 3228, P.R.C. 2420.2.

After consideration of Calendar Item 6 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AND ISSUE A TWO-YEAR PROSPECTING PERMIT TO THE KERN COUNTY LAND COMPANY FOR 480 ACRES OF VACANT STATE SCHOOL LAND IN THE S $\frac{1}{2}$ AND NE $\frac{1}{4}$ OF SECTION 16, T. 22 N., R. 7 E., S.B.B. & M., INYO COUNTY, WITH ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS OF MINERALS, UPON ANY AND ALL MINERALS PRODUCED AND EXTRACTED FROM SAID LEASED PREMISES, TO BE DETERMINED AS FOLLOWS:

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

$$R = 3.00 + .01 (C - 20.00)^2$$

2. FOR NONPRECIOUS METALLIC MINERALS

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

3. FOR NONMETALLIC MINERALS

$$R = 1.00 + 0.20 (C - 16.50)$$

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

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

THE MINIMUM ROYALTY UNDER ANY LEASE ISSUED PURSUANT TO THIS PERMIT SHALL BE:

1. FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS, \$3.00 PER TON.
2. FOR NONPRECIOUS METALLIC MINERALS, \$3.00 PER TON.
3. FOR NONMETALLIC MINERALS, \$1.00 PER TON.

THE MAXIMUM ROYALTY FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS SHALL NOT EXCEED 50 PER CENT OF THE AVERAGE GROSS SALES PRICE OF THE ORE.

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

THE ROYALTY DURING THE FIRST YEAR OF ANY LEASE ISSUED
PURSUANT TO THIS PERMIT SHALL BE COMPUTED ON THE ACTUAL
GROSS SALES VALUE PER TON OF ORE SOLD.

Attachment
Calendar Item 6 (2 pages)

CALENDAR ITEM

6.

APPLICATION FOR PROSPECTING PERMIT, INYO COUNTY, KERN COUNTY LAND COMPANY - W.O. 3228.

An application has been received from the Kern County Land Company of San Francisco, California, for a permit to prospect on 480 acres of vacant State school land in the S $\frac{1}{2}$ and NE $\frac{1}{4}$ of Section 16, T. 22 N., R. 7 E., S.B.B. & M., Inyo County. Operations for the extraction of borates are presently being conducted by the U. S. Borax Company in the NW $\frac{1}{4}$ of the described section under Mineral Extraction Lease P.R.C. 736.2. 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 statutory filing fee of \$5 has been paid and the deposit fee of \$480 has been submitted by the applicant.

IT IS RECOMMENDED THAT, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE AND ISSUE A TWO-YEAR PROSPECTING PERMIT TO THE KERN COUNTY LAND COMPANY FOR 480 ACRES OF VACANT STATE SCHOOL LAND IN THE S $\frac{1}{2}$ AND NE $\frac{1}{4}$ OF SECTION 16, T. 22 N., R. 7 E., S.B.B. & M., INYO COUNTY, WITH ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS OF MINERALS, UPON ANY AND ALL MINERALS PRODUCED AND EXTRACTED FROM SAID LEASED PREMISES, TO BE DETERMINED AS FOLLOWS:

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

$$R = 3.00 + .01 (C - 20.00)^2$$

2. FOR NONPRECIOUS METALLIC MINERALS

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

3. FOR NONMETALLIC MINERALS

$$R = 1.00 + 0.20 (C - 16.50)$$

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

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

THE MINIMUM ROYALTY UNDER ANY LEASE ISSUED PURSUANT TO THIS PERMIT SHALL BE:

1. FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS, \$3.00 PER TON.

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2. FOR NONPRECIOUS METALLIC MINERALS, \$3.00 PER TON.

3. FOR NONMETALLIC MINERALS, \$1.00 PER TON.

THE MAXIMUM ROYALTY FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS SHALL NOT EXCEED 50 PER CENT OF THE AVERAGE GROSS SALES PRICE OF THE ORE.

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

THE ROYALTY DURING THE FIRST YEAR OF ANY LEASE ISSUED PURSUANT TO THIS PERMIT SHALL BE COMPUTED ON THE ACTUAL GROSS SALES VALUE PER TON OF ORE SOLD.