

MINUTE ITEM

14. WAIVER OF OPERATING REQUIREMENTS, MINERAL EXTRACTION LEASE P.R.C. 1512.2, H. T. LECKMAN, FRESNO AND SAN BENITO COUNTIES - W.O. 3235.

After consideration of Calendar Item 16 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION WAIVES THE OPERATING REQUIREMENTS AS SPECIFIED IN SECTION 10 OF MINERAL EXTRACTION LEASE P.R.C. 1512.2, FOR THE LEASE YEARS ENDING APRIL 27, 1958 AND APRIL 27, 1959, BECAUSE OF THE MARKET CONDITIONS WHICH MADE OPERATIONS BY THE LESSEE UNECONOMIC. ALL OTHER TERMS, CONDITIONS AND PERFORMANCE REQUIREMENTS UNDER THE SUBJECT LEASE ARE TO REMAIN UNCHANGED.

Attachment

Calendar Item 16 (1 page)

CALENDAR ITEM

16.

WAIVER OF OPERATING REQUIREMENTS, MINERAL EXTRACTION LEASE P.R.C. 1512.2, H. T. LECKMAN, FRESNO AND SAN BENITO COUNTIES - W.O. 3235.

Mineral Extraction Lease P.R.C. 1512.2 was issued as a preferential mineral extraction lease, pursuant to Section 6895 of the Public Resources Code, to J. S. Bonnell on April 28, 1955.

The lease assignment to H. T. Leckman was approved on May 13, 1957. As of March 8, 1956, 69.96 tons of chrome ore concentrates, sold at \$3,732.36, had been removed from the areas included under Leases P.R.C. 1512.2 and 1511.2. The ore is not salable until it has been milled and concentrated. Total royalty received by the State from these leases to date is \$209.88.

The completion of the government chrome stockpiling program resulted in a depressed chrome market. Under this market the grade of ore available from the subject lease cannot be mined economically. The lessee has reported that since the completion of the government program he has been prospecting the area. During the conduct of this work it has been determined that asbestos is present within the leased area and that the property may yield commercial ore.

Lease P.R.C. 1512.2 requires an advance rental of \$160 per year, a minimum royalty rate of \$3 per ton for chrome ore removed, and the completion of at least 100 shifts of work on the lease during each lease year. The lessee is interested in continuance of the lease in order that the possibility of finding other commercially salable minerals may be further explored, or chrome mining operations may be resumed at some future date when the market for chrome is more favorable.

IT IS RECOMMENDED THAT THE COMMISSION WAIVE THE OPERATING REQUIREMENTS AS SPECIFIED IN SECTION 10 OF MINERAL EXTRACTION LEASE P.R.C. 1512.2, FOR THE LEASE YEARS ENDING APRIL 27, 1958 AND APRIL 27, 1959, BECAUSE OF THE MARKET CONDITIONS WHICH MADE OPERATIONS BY THE LESSEE UNECONOMIC. ALL OTHER TERMS, CONDITIONS AND PERFORMANCE REQUIREMENTS UNDER THE SUBJECT LEASE ARE TO REMAIN UNCHANGED.