

MINUTE ITEM

22. APPLICATION FOR PREFERENTIAL MINERAL EXTRACTION LEASES, CALIFORNIA MINERALS CORPORATION, SAN BENITO AND FRESNO COUNTIES - W.O. 4101, P.R.C. 2786.2; W.O. 4102, P.R.C. 2787.2; AND W.O. 4103, P.R.C. 2788.2.

After consideration of Calendar Item 19 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AND ISSUE TO CALIFORNIA MINERALS CORPORATION PREFERENTIAL MINERAL EXTRACTION LEASES FOR THE FOLLOWING AREAS:

PROSPECTING PERMIT P.R.C. 2445.2, COVERING 76.59 ACRES IN LOTS 14, 15, AND 16 IN THE SE $\frac{1}{4}$ OF SECTION 36, T. 18 S., R. 12 E., M.D.B.& M., FRESNO COUNTY.

PROSPECTING PERMIT P.R.C. 2446.2, COVERING 136.02 ACRES IN LOTS 1, 2, N $\frac{1}{2}$ OF 3, 5, AND 6 IN THE NE $\frac{1}{4}$ OF SECTION 36, T. 18 S., R. 12 E., M.D.B.& M., SAN BENITO AND FRESNO COUNTIES.

PROSPECTING PERMIT P.R.C. 2599.2, COVERING 151 ACRES IN LOTS 7, 8, 9, 13, AND 17 IN THE SE $\frac{1}{4}$ OF SECTION 36, T. 18 S., R. 12 E., M.D.B.& M., FRESNO COUNTY.

THE ROYALTY PAYABLE IS TO BE AT THE RATE SPECIFIED IN THE SUBJECT PROSPECTING PERMITS, WITH AN ANNUAL RENTAL OF ONE DOLLAR PER ACRE OF LEASED LAND, SUBJECT TO THE DEPOSIT BY THE LESSEE OF A PERFORMANCE BOND IN THE AMOUNT OF \$2,000 FOR EACH LEASE.

Attachment
Calendar Item 19 (2 pages)

CALENDAR ITEM

19.

APPLICATION FOR PREFERENTIAL MINERAL EXTRACTION LEASES, CALIFORNIA MINERALS CORPORATION, SAN BENITO AND FRESNO COUNTIES - W.O.s 4101, 4102, AND 4103.

Prospecting Permit P.R.C. 2445.2, covering Lots 14, 15, and 16 in the SE $\frac{1}{4}$ of Section 36, T. 18 S., R. 12 E., M.D.B. & M., Fresno County, and Prospecting Permit P.R.C. 2446.2, covering Lots 1, 2, N $\frac{1}{2}$ of 3, 5, and 6 in the NE $\frac{1}{4}$ of Section 36, T. 18 S., R. 12 E., M.D.B. & M., San Benito and Fresno Counties, were issued on October 22, 1959, to Myco Mining Company.

Prospecting Permit P.R.C. 2599.2, covering Lots 7, 8, 9, 13 and 17 in the SE $\frac{1}{4}$ of Section 36, T. 18 S., R. 12 E., M.D.B. & M., Fresno County, was issued on August 11, 1960, to S. A. Tanner.

Prospecting Permits P.R.C. 2445.2 and 2446.2 were assigned to S. A. Tanner on July 15, 1960, and on March 7, 1961, an undivided one-half interest in these permits was assigned to California Minerals Corporation. The remaining undivided one-half interest was assigned to California Minerals Corporation on July 28, 1961.

An undivided one-half interest in P.R.C. 2599.2 was assigned to California Minerals Corporation on March 7, 1961. The remaining undivided one-half interest in the permit was assigned to California Minerals Corporation on July 28, 1961.

An application for preferential mineral extraction leases covering the permit areas has been received from California Minerals Corporation. Pursuant to Section 14 of the prospecting permits, the permittee, upon establishing to the satisfaction of the Commission that valuable deposits of minerals have been discovered within the limits of the prospecting permit, shall be entitled to a lease for not more than 160 acres of the area within the permit, in accordance with the provisions of Division 6 of the Public Resources Code, at the royalty rate specified in the permits.

A field reconnaissance has shown that exploratory work has exposed commercial deposits of asbestos-bearing ore in the area included in Prospecting Permits P.R.C.s 2445.2, 2446.2, and 2599.2.

An independent evaluation study on the asbestos-bearing rock found in the prospect areas reports nine million tons of proved ore and approximately six million tons of probable ore.

Shipments of asbestos fiber of similar quality to the asbestos-bearing rock exposed in the prospect areas are presently being made from asbestos-bearing ore from the S $\frac{1}{2}$ of Section 30. The average sales price per ton of asbestos fiber is \$50. The minimum royalty under the specified schedules would be one dollar per ton for asbestos ore extracted and shipped.

The lessee will pay the State a royalty upon any and all nonmetallic minerals produced and extracted from said premises, to be determined as follows:

CALENDAR ITEM 19. (CONTD.)

For nonmetallic minerals

$$R = 1.00 + 0.20 (C - 15.00)$$

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.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE AND ISSUE TO CALIFORNIA MINERALS CORPORATION PREFERENTIAL MINERAL EXTRACTION LEASES FOR THE FOLLOWING AREAS:

PROSPECTING PERMIT P.R.C. 2445.2, COVERING 76.59 ACRES IN LOTS 14, 15, AND 16 IN THE SE $\frac{1}{4}$ OF SECTION 36, T. 18 S., R. 12 E., M.D.B.& M., FRESNO COUNTY.

PROSPECTING PERMIT P.R.C. 2446.2, COVERING 136.02 ACRES IN LOTS 1, 2, N $\frac{1}{2}$ OF 3, 5, AND 6 IN THE NE $\frac{1}{4}$ OF SECTION 36, T. 18 S., R. 12 E., M.D.B.& M., SAN BENITO AND FRESNO COUNTIES.

PROSPECTING PERMIT P.R.C. 2599.2, COVERING 151 ACRES IN LOTS 7, 8, 9, 13, AND 17 IN THE SE $\frac{1}{4}$ OF SECTION 36, T. 18 S., R. 12 E., M.D.B.& M., FRESNO COUNTY.

THE ROYALTY PAYABLE IS TO BE AT THE RATE SPECIFIED IN THE SUBJECT PROSPECTING PERMITS, WITH AN ANNUAL RENTAL OF ONE DOLLAR PER ACRE OF LEASED LAND, SUBJECT TO THE DEPOSIT BY THE LESSEE OF A PERFORMANCE BOND IN THE AMOUNT OF \$2,000 FOR EACH LEASE.