

MINUTE ITEM

19. APPLICATION FOR MINERAL EXTRACTION LEASE, OWENS LAKE, INYO COUNTY;  
GUY L. WEATHERLY - W.O. 4485.

After consideration of Calendar Item 11 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO OFFER FOR LEASE, IN THE FORM SET FORTH IN EXHIBIT "B", PURSUANT TO COMPETITIVE PUBLIC BIDDING, THE AREA OF LAND IN THE BED OF OWENS LAKE MORE PARTICULARLY DESCRIBED IN EXHIBIT "A", AT A MINIMUM ANNUAL RENTAL OF \$2.50 PER ACRE AND AT A ROYALTY RATE ON ALL MINERALS OR MINERAL PRODUCTS EXTRACTED FROM THE LEASED PREMISES AND SOLD, IN THE SUM OF FIFTY CENTS (\$.50) PER TON, OR TWO PERCENT OF THE WEIGHTED AVERAGE SALES PRICE PER TON F.O.B. THE EXTRACTION PLANT, WHICHEVER IS THE GREATER, ON THE AGGREGATE ON ALL MINERALS AND MINERAL PRODUCTS EXTRACTED FROM THE PREMISES AND SOLD.

Attachment

Calendar Item 11 (7 pages)

8275

A 6  
S 28

CALENDAR ITEM

11.

APPLICATION FOR MINERAL EXTRACTION LEASE, OWENS LAKE, INYO COUNTY; G  
WEATHERLY - W.O. 4485.

An application has been received from Guy L. Weatherly, an individual, of Lone Pine, California, for a mineral extraction lease and a right-of-way on an area 100 feet wide and 18,884.12 feet long, a total of 45.35 acres of land lying in the bed of Owens Lake, located in Sections 4, 5, 8, 9, and 17, T. 18 S., R. 37 E., M.D.B. & M., Inyo County. Minerals will be extracted from brine produced by wells drilled into the bed of the lake. The form of lease is attached as Exhibit "B" which has been approved by the Office of the Attorney General.

The filing fee in the amount of \$5, required by statute, and an expense deposit in the amount of \$200 have been submitted by the applicant.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO OFFER FOR LEASE, IN THE FORM SET FORTH IN EXHIBIT "B", PURSUANT TO COMPETITIVE PUBLIC BIDDING, THE AREA OF LAND IN THE BED OF OWENS LAKE MORE PARTICULARLY DESCRIBED IN EXHIBIT "A", AT A MINIMUM ANNUAL RENTAL OF \$2.50 PER ACRE AND AT A ROYALTY RATE ON ALL MINERALS OR MINERAL PRODUCTS EXTRACTED FROM THE LEASED PREMISES AND SOLD, IN THE SUM OF FIFTY CENTS (\$0.50) PER TON, OR TWO PERCENT OF THE WEIGHTED AVERAGE SALES PRICE PER TON F.O.B. THE EXTRACTION PLANT, WHICHEVER IS THE GREATER, ON THE AGGREGATE ON ALL MINERALS AND MINERAL PRODUCTS EXTRACTED FROM THE PREMISES AND SOLD.

Attachments

Exhibits "A" and "B"

EXHIBIT "A"

Situated in the County of Inyo, State of California, parcels of land 100 feet wide, 50 feet on each side of the following-described center lines:

Parcel No. 1

Beginning at the S.E. corner of the N.E. Quarter of the S.E. Quarter of Section 5, T. 18 S., R. 37 E., M.D.M., and running thence S.  $33^{\circ} 07'$  E., a distance of 5,000 feet.

Parcel No. 2

Beginning at a point which bears S.  $33^{\circ} 07'$  E., 500 feet and S.  $26^{\circ} 32'$  W., 57.94 feet from the S.E. corner of the N.E. Quarter of the S.E. Quarter of Section 5, T. 18 S., R. 37 E., M.D.M., and running thence S.  $26^{\circ} 32'$  W., a distance of 6,942.06 feet.

Parcel No. 3

Beginning at a point which bears S.  $33^{\circ} 07'$  E., 3,400 feet and S.  $26^{\circ} 32'$  W., 57.94 feet from the S.E. corner of the N.E. Quarter of the S.E. Quarter of Section 5, T. 18 S., R. 37 E., M.D.M., and running thence S.  $26^{\circ} 32'$  W., a distance of 6,942.06 feet.

The total length of the above-described center lines is 18,884.12 feet.  
The total area of lands defined is 43.35 acres more or less.

EXHIBIT "B"STATE LANDS COMMISSION  
STATE OF CALIFORNIA  
LOS ANGELES

MINERAL LEASE NO. P.R.C. \_\_\_\_\_

THIS INDENTURE OF LEASE, Made and entered into this \_\_\_\_\_ pursuant to authority contained in Division 6 of the Public Resources Code of the State of California, which is made a part hereof, by and between the State of California, through the State Lands Commission of the State of California, party of the first part, hereinafter called the State, and the \_\_\_\_\_ party of the second part, hereinafter called the Lessee.

The parties hereto do hereby agree as follows:

Section 1. That the State, in consideration of the royalty and rental to be paid, the covenants to be performed, and the statutory conditions to be observed by the Lessee, together with such other conditions as are herein set forth, does hereby lease to the Lessee those certain lands of the State of California (hereinafter referred to as the State Lands), hereinafter more particularly described, for the purpose of extracting, taking, and removing, and as a right of way for removing minerals other than oil and gas deposited therein and thereon and from the waters of Owens Lake.

The lands referred to as the State Lands, situate in the County of Inyo, State of California, have been classified by the State as lands containing commercially valuable mineral deposits and are more particularly described as follows, to wit:

The term of this lease shall be for twenty (20) years from and after the date hereof, with the preferential right in the Lessee to renew this lease for successive periods of ten (10) years upon such reasonable terms and conditions as may be prescribed by the State at the time of such renewal.

Section 2. The Lessee, in consideration of the foregoing, hereby agrees:

(A) To deposit with the State within fifteen (15) days from the date of this lease a good and sufficient corporate surety bond in favor of the State

of California, and approved by the State, in the penal sum of \$5,000, conditioned upon the faithful performance by the Lessee of the terms, covenants, and conditions of this lease and of the applicable provisions of law, and to indemnify the State against any loss occasioned by or arising out of the failure of Lessee to faithfully perform the terms and conditions of this lease;

(B) To carry full and complete Workmens' Compensation Insurance satisfactory to the State at all times in any and all operations under this lease and in any and all work in and upon the land embraced therein;

(C) To pay the State annually in advance, as rental, the sum of two dollars and fifty cents (\$2.50) per acre for each acre of State Lands herein described;

(D) To commence promptly following the date of the execution of this lease and to diligently prosecute in a good and workmanlike manner the extraction and the construction of facilities for the extraction of minerals from the demised premises and from the waters of Owens Lake; and Lessee shall, each year during the term of this lease or any renewal thereof, extract and produce and pay royalties upon not less than five (5) tons of minerals for each acre of land contained in the demised premises;

(E) To carry on all work hereunder with due regard for the preservation of all the property embraced within this lease, and of all adjacent property belonging to the State, and for the prevention of waste;

(F) To pay to the State, in accordance with the following schedule, royalties on each ton of 2,000 pounds of minerals extracted and/or produced and/or sold from such State Lands and from the waters of Owens Lake by Lessee during the term of this lease and any renewal or renewals thereof:

The sum of \_\_\_\_\_ per ton, or two per cent (2%) of the average bulk value received f.o.b. the plant at Owens Lake, whichever is the greater, for all minerals. Royalty shall be paid to the State on or before the twenty-fifth (25th) day of the month immediately following the quarter year in which such mineral is extracted and/or produced and/or sold;

(G) To furnish to the State, quarterly, subscribed and sworn statement or statements of the amount of all minerals extracted or produced and the amount and price of all minerals sold hereunder during the preceding quarter, and the proceeds from such sales;

(H) To furnish the State a plat or plats showing in detail all installations, development work, and improvements on the State Lands at date hereof, and to file with the State amended plats showing all changes and additions therein as they occur;

(I) To keep full and complete records of all sales and other contracts covering disposition of minerals extracted and sold hereunder, and bills of lading therefor. If at any time the State shall have questioned in writing the sufficiency of the royalty payment for any quarterly period covered by this lease or any renewal thereof, and if the computation of such royalty payment necessitates reference to such records and/or bills of lading covering said period, the Lessee shall make the same available for examination by the State or its authorized representative; and in such event the

Lessee will acquiesce in the examination, in so far as the same may pertain to such inquiry, of the books and records of any individual, association, or corporation which has transported for the Lessee, or received from the Lessee, or has processed for the Lessee any of the minerals extracted and sold hereunder during such period. Any and all information so obtained by the State or its authorized representative will be held in confidence and no record thereof will constitute a public document;

(J) To permit any authorized representative of the State to go upon and inspect the said State Lands at any and all times during the term of this lease or any renewal thereof;

(K) To pay when due all taxes lawfully assessed and levied under the laws of any city, county, the State of California, or the United States of America upon improvements, or other rights, property, or assets of the Lessee; and to regularly and in lawful money of the United States pay all wages due workmen and employees;

(L) Upon the termination, expiration, or forfeiture of this lease or last renewal thereof, to remove from the State Lands, within sixty (60) days after demand by the State, all structures, machinery, fixtures, or any other facility or works of the Lessee which may occupy the State Lands, but Lessee shall not be required to remove foundations or footings or regrade ground following such removal;

(M) The weight of all minerals extracted and sold by Lessee hereunder shall be determined by weighing the same on Lessee's scales at its plant at \_\_\_\_\_ Lessee shall, during the term of this lease or any renewal thereof, maintain such scales in such condition as will assure an accurate registry of weight, and the State or its authorized representative shall have the right to inspect such scales at all reasonable times and witness the tests or adjustments thereof. Certificates from the Bureau of Weights and Measures of the State shall be supplied whenever such scales are checked for accuracy. The State may at any time request that such scales be checked for accuracy and may have representatives present at any test;

(N) To hold the State of California and its officers and employees free and harmless at all times from any liability on account of any negligent maintenance or operations on or in connection with the State Lands upon the part of the Lessee and the officers, agents, and employees of the Lessee;

(O) To comply with all valid laws of the United States and the State of California and with all valid ordinances of cities and counties applicable to the occupancy of said lands, and all valid rules and the regulations as are now or may be hereafter issued by the State;

(P) Not to assign this lease, wholly or partially, or transfer or sublet any portion of the State Lands to any person, association of persons, corporation, or any other body without the prior written consent of the State;

(Q) That in the event the Lessee at any time during the term hereof



be adjudged a bankrupt, either upon Lessee's voluntary petition in bankruptcy or upon the petition of Lessee's creditors, or any of them, or should an attachment be levied and permitted to remain for more than sixty (60) days upon or against the interests, rights, or privileges of the Lessee in or to any minerals produced by Lessee from said State Lands, then all of the interests, rights, and privileges of the Lessee in and to the State Lands shall immediately cease, terminate, and end, and in such event the State shall have, and the Lessee by the acceptance of this lease hereby gives the State the right, option, and privilege to cancel and terminate this lease and all of the rights and privileges granted hereby.

Section 3. In the event that the Lessee shall fail in the performance or observance of any of the terms, covenants, and stipulations hereof and if such default shall continue for a period of thirty (30) days after written notice thereof to the Lessee, then the State may terminate said lease and enter upon the State Lands and take full and complete possession of the same. The waiver of or failure of the State to act upon any particular failure of performance on the part of the Lessee shall not prevent the termination of this lease for any other failure or for the same failure occurring at another time.

Section 4. The State expressly reserves the right to permit for singular, joint, or several use such easements or rights of way, including easements in, upon, or through the demised premises, as may be necessary or appropriate to the working of other State Lands by or under authority of the State or other State lessees or permittees, and the State expressly reserves the further right, under existing law or laws, or such law or laws as may be hereafter enacted, to sell, lease or otherwise dispose of the surface of any of the portion of the State Lands described in this lease, provided, however, that the State shall exercise such rights only in so far as such exercise shall not interfere with the rights and operations of the Lessee hereunder.

Section 5. The Lessee, upon written notice to the State, may surrender, terminate, or quitclaim this lease or any portion of the premises described herein upon the payment of all rents, royalties, and other obligations then due and payable to the State, and upon payment of all wages and moneys then due to the workmen employed by the Lessee upon the State Lands.

Section 6. The Lessee's obligations under this lease shall be suspended in the event that the Lessee is unable to comply therewith because of Acts of God, strikes, other labor disturbances, riots, laws, rules and/or regulations of any federal, state, municipal, or other governmental agency having jurisdiction herein, or any other cause beyond the reasonable control of the Lessee.

Section 7. All notices herein provided to be given, or which may be given by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States mail, registered, and postage prepaid, and addressed as follows:

To the State: State Lands Commission  
305 California State Building  
Los Angeles 12, California

To the Lessee:

The addresses to which the notices shall or may be mailed, as aforesaid, to either party, shall or may be changed by written notice by United States mail, registered and postage prepaid, by such party to the other as hereinabove provided; but nothing herein contained shall preclude the giving of any such notice by personal service.

Section 8. It is further covenanted and agreed that each obligation herein shall extend to and be binding upon, and every benefit hereto, shall inure to the heirs, executors, administrators, successors, and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this lease the date hereafter written.

STATE LANDS COMMISSION  
STATE OF CALIFORNIA

\_\_\_\_\_  
Date of Signature

\_\_\_\_\_  
(Party of the First Part)  
Executive Officer

State of California }  
County of \_\_\_\_\_ } ss

On \_\_\_\_\_, 19\_\_\_\_, before me, the undersigned, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_ known to me to be the person whose name \_\_\_\_\_ subscribed to the within Instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

\_\_\_\_\_  
Name (Typed or printed)  
Notary Public in and for said County and State

\_\_\_\_\_  
Date of Signature

\_\_\_\_\_  
(Party of the Second Part)

State of California }  
County of \_\_\_\_\_ } ss

On \_\_\_\_\_, 19\_\_\_\_, before me, the undersigned, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_ known to me to be the person whose name \_\_\_\_\_ subscribed to the within Instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Approved as to Form:  
FOR: Walter L. Bowers  
Attorney General

\_\_\_\_\_  
Name (Typed or Printed)  
Notary Public in and for said County and State