

22. APPLICATION FOR PROSPECTING PERMIT, SAN BERNARDINO COUNTY; UNITED STATES BORAX AND CHEMICAL COMPANY - W.O. 5452, P.R.C. 3359.2.

After consideration of Calendar Item 10 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION FINDS THAT THE LANDS DESCRIBED BELOW ARE NOT KNOWN MINERAL LANDS AND AUTHORIZES THE EXECUTIVE OFFICER TO ISSUE TO UNITED STATES BORAX AND CHEMICAL COMPANY A TWO-YEAR PERMIT TO PROSPECT FOR ALL MINERALS OTHER THAN OIL AND GAS ON 640 ACRES MORE OR LESS IN WHICH ALL MINERALS ARE RESERVED TO THE STATE IN SECTION 16, T. 8 N., R. 5 E., S.B.B. & M., SAN BERNARDINO COUNTY.

ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS OF MINERALS, UPON ANY AND ALL MINERALS PRODUCED, EXTRACTED, OR SOLD FROM SAID LEASE 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

$$R = 1.25 + 0.15 (C - 15.00)$$

WHERE R = ROYALTY IN DOLLARS AND CENTERS PER TON OR ORE

C = WEIGHTED AVERAGE OF GROSS SALES PRICE PER TON OF ORE DETERMINED BY THE ACTUAL GROSS SALES VALUE OF THE ORE SOLD ON A QUARTERLY BASIS DURING THE FIRST YEAR OF THE LEASE, AND EACH YEAR THEREAFTER THE WEIGHTED AVERAGE TO BE DETERMINED BY THE ACTUAL GROSS SALES VALUE OF THE ORE SOLD DURING THE PREVIOUS YEAR.

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 OR ORE

2. FOR NONPRECIOUS METALLIC MINERALS,

\$3.00 PER TON OF ORE

3. FOR NONMETALLIC MINERALS,

\$1.25 PER TON OF ORE

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

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

Attachment

Calendar Item 10 (2 pages)

10.

APPLICATION FOR PROSPECTING PERMIT, SAN BERNARDINO COUNTY; UNITED STATES BORAX AND CHEMICAL COMPANY - W.O. 5452.

An application has been received from United States Borax and Chemical Company for a permit to prospect for all minerals other than oil and gas on Section 16, T. 8 N., R. 5 E., S.B.B. & M., San Bernardino County, containing 640 acres of land in which the minerals are reserved to the State.

The surface owners who were notified of the pending application failed to exercise their preferential right to file an application for a permit in the six-month period as set forth in Section 6893 of the Public Resources Code.

Section 6891 of the Public Resources Code provides for the issuance to a qualified applicant of a prospecting permit for lands which are not known mineral lands.

The applicant proposes to prospect for all minerals, excluding oil, gas and other hydrocarbon substances, but in particular the applicant proposes to develop discoveries of borate minerals.

As required under Section 6890 of the Public Resources Code, the application was referred to the office of the Attorney General, which office has advised that the application complies with the applicable laws and the Rules and Regulations of the State Lands Commission.

The \$5 statutory filing fee has been paid, and the permit fee of \$640 has been deposited by the applicant.

IT IS RECOMMENDED THAT, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION FIND THAT THE LANDS DESCRIBED BELOW ARE NOT KNOWN MINERAL LANDS AND AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE TO UNITED STATES BORAX AND CHEMICAL COMPANY A TWO-YEAR PERMIT TO PROSPECT FOR ALL MINERALS OTHER THAN OIL AND GAS ON 640 ACRES MORE OR LESS IN WHICH ALL MINERALS ARE RESERVED TO THE STATE IN SECTION 16, T. 8 N., R. 5 E., S.B.B. & M., SAN BERNARDINO COUNTY.

ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS OF MINERALS, UPON ANY AND ALL MINERALS PRODUCED, EXTRACTED, OR SOLD FROM SAID LEASE 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

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

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3. FOR NONMETALLIC MINERALS

$$R = 1.25 + 0.15 (C - 15.00)$$

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

C = WEIGHTED AVERAGE OF GROSS SALES PRICE PER TON OF ORE DETERMINED BY THE ACTUAL GROSS SALES VALUE OF THE ORE SOLD ON A QUARTERLY BASIS DURING THE FIRST YEAR OF THE LEASE, AND EACH YEAR THEREAFTER THE WEIGHTED AVERAGE TO BE DETERMINED BY THE ACTUAL GROSS SALES VALUE OF THE ORE SOLD DURING THE PREVIOUS YEAR.

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 OF ORE

2. FOR NONPRECIOUS METALLIC MINERALS,

\$3.00 PER TON OF ORE

3. FOR NONMETALLIC MINERALS,

\$1.25 PER TON OF ORE

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

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