

MINUTE ITEM

5/26/66

21. PROPOSED MINERAL EXTRACTION LEASE, OWENS LAKE, INYO COUNTY; MORRISON AND WEATHERLY CHEMICAL PRODUCTS - W.O. 5809, P.R.C. 3488.1.

After consideration of Calendar Item 14 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO ISSUE A MINERAL EXTRACTION LEASE TO MORRISON AND WEATHERLY CHEMICAL PRODUCTS, THE HIGHEST QUALIFIED BIDDER, IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE PUBLIC RESOURCES CODE, ON 320 ACRES OF SOVEREIGN LANDS IN OWENS LAKE, INYO COUNTY, MORE PARTICULARLY DESCRIBED AS THE WESTERN HALF OF SECTION 30, T. 17 S., R. 38 E., M.D.B. & M., AT A ROYALTY DETERMINED IN ACCORDANCE WITH THE FORMULA  $R = [0.60 + 0.10(C - 8.75)] 1.32$  PER TON FOR ALL MINERALS EXTRACTED AND/OR PRODUCED AND/OR SOLD FROM THE PROPOSED LEASE AREA ON OWENS LAKE.

Attachment

Calendar Item 14 (1 page)

PROPOSED MINERAL EXTRACTION LEASE, OWENS LAKE, INYO COUNTY; MORRISON AND WEATHERLY CHEMICAL PRODUCTS - W.O. 5809.

On April 19, 1966, one bid was received in response to a published Notice of Intention of the State Lands Commission to enter into a lease for the extraction of minerals other than oil and gas from certain sovereign lands in the bed of Owens Lake in the western half of Section 30, T. 17 S., R. 38 E., M.D.B. & M., Inyo County, containing 320 acres. This offer was authorized by the Commission on March 1, 1966. The material to be produced, a thin crust of sodium sesquicarbonate (commonly called Trona), will be scraped from the dry lake surface and removed from the lease.

The bidder, Morrison and Weatherly Chemical Products, State lessee on Owens Lake, submitted a bid factor (B) of 1.32 that, when applied to the formula  $R = \sqrt{0.60 + 0.10 (C - 8.75)} \cdot B$ , results in a minimum royalty payment to the State in the amount of \$0.7920 per ton for all minerals extracted and sold from the proposed lease area on Owens Lake. The bid submitted was reviewed by the staff as to technical sufficiency and economic factors; the office of the Attorney General has determined that it conforms with the requirements set forth in the lease offer, the applicable provisions of law, and the rules and regulations of the Commission.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE A MINERAL EXTRACTION LEASE TO MORRISON AND WEATHERLY CHEMICAL PRODUCTS, THE HIGHEST QUALIFIED BIDDER, IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE PUBLIC RESOURCES CODE, ON 320 ACRES OF SOVEREIGN LANDS IN OWENS LAKE, INYO COUNTY, MORE PARTICULARLY DESCRIBED AS THE WESTERN HALF OF SECTION 30, T. 17 S., R. 38 E., M.D.B. & M., AT A ROYALTY DETERMINED IN ACCORDANCE WITH THE FORMULA  $R = \sqrt{0.60 + 0.10 (C - 8.75)} \cdot 1.32$  PER TON FOR ALL MINERALS EXTRACTED AND/OR PRODUCED AND/OR SOLD FROM THE PROPOSED LEASE AREA ON OWENS LAKE.