

7/27/67

27. MINERAL EXTRACTION LEASE, OWENS LAKE, INYO COUNTY; MORRISON AND WEATHERLY CHEMICAL PRODUCTS - W.O. 6428.

After consideration of Calendar Item 30 attached, and upon motion duly made and carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO OFFER FOR LEASE, PURSUANT TO COMPETITIVE PUBLIC BIDDING, THE AREA OF LAND IN THE BED OF OWENS LAKE MORE PARTICULARLY DESCRIBED IN EXHIBIT "A" ATTACHED, CONTAINING 480 ACRES MORE OR LESS, AT AN ANNUAL RENTAL OF \$2.50 PER ACRE AND AT A MINIMUM ROYALTY RATE OF SIXTY-FIVE CENTS (\$0.65) PER TON FOR ALL MINERALS EXTRACTED AND/OR PRODUCED AND/OR SOLD FROM THE PROPOSED LEASE AREA.

ROYALTY PAYMENT UNDER THE LEASE WILL BE IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

$$R = [0.65 + 0.10 (C - 8.75)] B$$

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

C = WEIGHTED AVERAGE OF GROSS SALES PRICE PER TON DETERMINED BY THE ACTUAL GROSS SALES VALUE OF THE MATERIAL SOLD ON A QUARTERLY BASIS

B = BID FACTOR (EXPRESSED AS 1.0, 1.1, 1.2, ETC.)

THE MAXIMUM ROYALTY SHALL NOT EXCEED 25 PERCENT OF THE AVERAGE GROSS SALES PRICE OF THE MATERIAL.

THE MINIMUM ROYALTY SHALL BE \$0.65 PER TON.

Attachment

Calendar Item 30 (2 pages)

30.

APPLICATION FOR MINERAL EXTRACTION LEASE, OWENS LAKE, INYO COUNTY; MORRISON AND WEATHERLY CHEMICAL PRODUCTS - W.O. 6428.

An application has been received from Morrison and Weatherly Chemical Products for a mineral extraction lease on a portion of Section 18, T. 17 N., R. 38 E., M.D.B. & M., and a portion of Section 13, T. 17 S., R. 37 E., M.D.B. & M., containing 480 acres more or less of sovereign land in the dry bed of Owens Lake, Inyo County. The material to be produced, a thin crust of sodium sesquicarbonate (commonly called trona), will be scraped from the dry lake surface and transported off to be sold commercially. The southern boundary of the proposed lease area adjoins State Mineral Extraction Lease P.R.C. 3671.1, presently under lease to the applicant.

The Division of Beaches and Parks of the Department of Parks and Recreation has reported that the issuance of a lease would have no effect upon any program or project of that Department, and that there are no known recreational activities on these lands or lands littoral that would be adversely affected by the lease.

The Department of Fish and Game has reported that it has no objections to the proposed lease.

The form of lease has been approved by the Office of the Attorney General.

The statutory filing fee and the required expense deposit have been submitted.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO OFFER FOR LEASE, PURSUANT TO COMPETITIVE PUBLIC BIDDING, THE AREA OF LAND IN THE BED OF OWENS LAKE MORE PARTICULARLY DESCRIBED IN EXHIBIT "A" ATTACHED, CONTAINING 480 ACRES MORE OR LESS, AT AN ANNUAL RENTAL OF \$2.50 PER ACRE AND AT A MINIMUM ROYALTY RATE OF SIXTY-FIVE CENTS (\$0.65) PER TON FOR ALL MINERALS EXTRACTED AND/OR PRODUCED AND/OR SOLD FROM THE PROPOSED LEASE AREA.

ROYALTY PAYMENT UNDER THE LEASE WILL BE IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

$$R = \lfloor 0.65 + 0.10 (C - 8.75) \rfloor B$$

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

C = WEIGHTED AVERAGE OF GROSS SALES PRICE PER TON DETERMINED BY THE ACTUAL GROSS SALES VALUE OF THE MATERIAL SOLD ON A QUARTERLY BASIS

B = BID FACTOR (EXPRESSED AS 1.0, 1.1, 1.2, ETC.)

THE MAXIMUM ROYALTY SHALL NOT EXCEED 25 PERCENT OF THE AVERAGE GROSS SALES PRICE OF THE MATERIAL.

THE MINIMUM ROYALTY SHALL BE \$0.65 PER TON.

Attachment: Exhibit "A"

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EXHIBIT "A"

A portion of Section 18, T. 17 S., R. 38 E., M.D.B. & M., and a portion of Section 13, T. 17 S., R. 37 E., M.D.B. & M., situated in the bed of Owens Lake, County of Inyo, State of California, and described as follows:

West half of Section 18, Township 17 South, Range 38 East,
M.D.B. & M.

East half of the East half of Section 13, Township 17 South,
Range 37 East, M.D.B. & M.