

20. PERMIT TO PROSPECT FOR MINERALS OTHER THAN OIL AND GAS AND GEOTHERMAL RESOURCES, SAN BERNARDINO COUNTY; THE BUNKER HILL COMPANY - W.O. 6579, P.R.C. 3893.2.

After consideration of Calendar Item 18 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 EASTERN HALF OF THE NORTHEAST QUARTER ($E\frac{1}{2}$ OF $NE\frac{1}{4}$), THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER ($SW\frac{1}{4}$ OF $NE\frac{1}{4}$), THE SOUTHEAST QUARTER ($SE\frac{1}{4}$), AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER ($SE\frac{1}{4}$ OF $SW\frac{1}{4}$) OF SECTION 30, THE NORTHERN HALF OF THE NORTHEAST QUARTER ($N\frac{1}{2}$ OF $NE\frac{1}{4}$) AND THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER ($NE\frac{1}{4}$ OF $NW\frac{1}{4}$) OF SECTION 31, AND THE WESTERN HALF OF THE NORTHWEST QUARTER ($W\frac{1}{2}$ OF $NW\frac{1}{4}$) OF SECTION 32, T. 10 N., R. 1 E., S.B.M., SAN BERNARDINO COUNTY, CONTAINING 520 ACRES MORE OR LESS, IS NOT KNOWN MINERAL LAND, AND AUTHORIZES THE ISSUANCE OF THE STANDARD FORM OF PERMIT TO THE BUNKER HILL COMPANY TO PROSPECT FOR ALL MINERALS OTHER THAN OIL, GAS, SODIUM, POTASH, AND GEOTHERMAL RESOURCES IN SAID LANDS, THE PERMIT TO BE SUBJECT TO THE RESERVATION BY THE UNITED STATES OF ALL RIGHTS-OF-WAY FOR DITCHES AND CANALS.

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

$$R = .70 + .01 (C - 7.00)^2$$

2. FOR NONPRECIOUS METALLIC MINERALS

$$R = 0.60 + .15 (C - 12.00)$$

3. FOR NONMETALLIC MINERALS

$$R = 0.50 + 0.20 (C - 15.00)$$

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

\$0.70 PER TON OF ORE

2. FOR NONPRECIOUS METALLIC MINERALS

\$0.60 PER TON OF ORE

3. FOR NONMETALLIC MINERALS

\$0.50 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 18 (2 pages)

18.

APPLICATION FOR PERMIT TO PROSPECT FOR MINERALS
OTHER THAN OIL AND GAS AND GEOTHERMAL RESOURCES

APPLICANT: The Bunker Hill Company

LOCATION: Vacant lieu lands - E $\frac{1}{2}$ of NE $\frac{1}{4}$, SW $\frac{1}{4}$ of NE $\frac{1}{4}$, SE $\frac{1}{4}$, SE $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 30; N $\frac{1}{2}$ of NE $\frac{1}{4}$ and NE $\frac{1}{4}$ of NW $\frac{1}{4}$ of Section 31; and the W $\frac{1}{2}$ of NW $\frac{1}{4}$ of Section 32; all in T. 10 N., R. 1 E., S.B.M., San Bernardino County

ACREAGE: 520 acres

SURFACE OWNER: State of California

MINERALS SOUGHT: Low grade, disseminated silver deposits

METHOD OF EXPLORATION: Geophysical surveys, followed by a combination of rotary and diamond drilling

PREREQUISITE ITEMS: a. Application approved by Attorney General's Office
b. Area inspected and declared not known to contain commercially valuable deposits of minerals
c. Statutory filing fee (\$5) and permit fee (\$1 per acre, or \$520) have been deposited by applicant
d. Reserved to the United States in the above properties are rights-of-way for ditches and canals and all oil, gas, sodium, and potash

STATUTORY AND OTHER REFERENCES:
a. Public Resources Code: Div. 6, Pt. 2, Ch. 3, Art. 5, Secs. 6890-6900
b. Administrative Code: Title 2, Div. 3, Secs. 2200-2205
c. Commission policy: Policy 6106-H; Minute Item 30, 2/9/54, p. 1985

IT IS RECOMMENDED THAT, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION FIND THAT THE EASTERN HALF OF THE NORTHEAST QUARTER (E $\frac{1}{2}$ OF NE $\frac{1}{4}$), THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER (SW $\frac{1}{4}$ OF NE $\frac{1}{4}$), THE SOUTHEAST QUARTER (SE $\frac{1}{4}$), AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER (SE $\frac{1}{4}$ OF SW $\frac{1}{4}$) OF SECTION 30, THE NORTHERN HALF OF THE NORTHEAST QUARTER (N $\frac{1}{2}$ OF NE $\frac{1}{4}$) AND THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER (NE $\frac{1}{4}$ OF NW $\frac{1}{4}$) OF SECTION 31, AND THE WESTERN HALF OF THE NORTHWEST QUARTER (W $\frac{1}{2}$ OF NW $\frac{1}{4}$) OF SECTION 32, T. 10 N., R. 1 E., S.B.M., SAN BERNARDINO COUNTY, CONTAINING 520 ACRES MORE OR LESS IS NOT KNOWN MINERAL LAND, AND AUTHORIZE THE ISSUANCE OF THE STANDARD FORM OF PERMIT TO THE BUNKER HILL COMPANY TO PROSPECT FOR ALL MINERALS OTHER THAN OIL, GAS, SODIUM, POTASH, AND GEOTHERMAL RESOURCES IN SAID LANDS. THE PERMIT TO BE SUBJECT TO THE RESERVATION BY THE UNITED STATES OF ALL RIGHTS-OF-WAY FOR DITCHES AND CANALS.

CALENDAR ITEM 18. (CONF.)

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3. FOR NONMETALLIC MINERALS

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