

MINUTE ITEM

36. APPLICATION FOR PREFERENTIAL MINERAL EXTRACTION LEASES, CALIFORNIA MINERALS CORPORATION, SAN BENITO AND FRESNO COUNTIES - W.O. 4104, P.R.C. 2809.2; W.O. 4105, P.R.C. 2810.2; AND W.O. 4106, P.R.C. 2811.2.

After consideration of Calendar Item 16 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AND ISSUE PREFERENTIAL MINERAL EXTRACTION LEASES TO CALIFORNIA MINERALS CORPORATION FOR AN INITIAL TERM OF TWENTY YEARS FOR EACH LEASE WITH A PREFERENTIAL RIGHT TO RENEW EACH LEASE FOR AN ADDITIONAL TERM NOT TO EXCEED 10 YEARS, UPON SUCH REASONABLE TERMS AND CONDITIONS AS MAY BE PRESCRIBED BY THE COMMISSION, COVERING THE FOLLOWING DESCRIBED AREAS:

PROSPECTING PERMIT P.R.C. 2488.2, COVERING 120 ACRES IN THE $W\frac{1}{2}$ OF THE $NW\frac{1}{4}$ AND THE $W\frac{1}{2}$ OF THE $E\frac{1}{2}$ OF THE $NW\frac{1}{4}$ OF SECTION 36, T. 18 S., R. 12 E., M.D.B. & M., FRESNO AND SAN BENITO COUNTIES.

PROSPECTING PERMIT P.R.C. 2489.2, COVERING 100 ACRES IN THE $N\frac{1}{2}$ OF THE $SW\frac{1}{4}$ AND THE SOUTH 20 ACRES OF THE 40-ACRE PARCEL WEST OF LOT 9 AND NORTH OF LOT 12 OF SECTION 36, T. 18 S., R. 12 E., M.D.B. & M., FRESNO AND SAN BENITO COUNTIES.

PROSPECTING PERMIT P.R.C. 2490.2, COVERING 160 ACRES IN LOTS 10, 11, 12, 18, 19 AND 20 OF SECTION 36, T. 18 S., R. 12 E., M.D.B. & M., FRESNO COUNTY.

EACH LEASE IS TO BE SUBJECT TO A ROYALTY PAYABLE IN ACCORDANCE WITH THE RATE SPECIFIED IN THE PROSPECTING PERMIT AND TO AN ADVANCE ANNUAL RENTAL OF \$1.00 PER ACRE OF LEASED LAND. PRIOR TO THE ISSUANCE OF ANY LEASE, THE LESSEE SHALL DEPOSIT A PERFORMANCE BOND IN THE AMOUNT OF \$2,000 FOR EACH LEASE.

Attachment
Calendar Item 16 (2 pages)

CALENDAR ITEM

16.

APPLICATION FOR PREFERENTIAL MINERAL EXTRACTION LEASES, CALIFORNIA MINERALS CORPORATION, SAN BENITO AND FRESNO COUNTIES - W.O.s 4104, 4105, and 4106.

Prospecting Permits P.R.C. 2488.2, P.R.C. 2489.2 AND P.R.C. 2490.2 were issued on November 30, 1959, to Stanley A. Tanner. Subsequently, on March 7, 1961, and on July 28, 1961, the initial and remaining undivided one-half interests in these permits were assigned to California Minerals Corporation, a California corporation.

An application for preferential mineral extraction leases covering the permit areas has been received from California Minerals Corporation. Pursuant to Section 14 of the prospecting permits, the permittee, upon establishing to the satisfaction of the Commission that valuable deposits of minerals have been discovered within the limits of a permit area, shall be entitled to a lease for not more than 160 acres of the area within the permit, in accordance with the provisions of Division 6 of the Public Resources Code, at the royalty rate specified in the permits.

A field reconnaissance by a staff engineer has disclosed the presence of commercial deposits of asbestos-bearing ore within each of the three permit areas. Shipments are presently being made from the S $\frac{1}{2}$ of Section 30 of asbestos fiber of similar quality to the fiber present in the permit areas.

A minimum royalty of \$1 per ton for asbestos ore extracted and sold would be due the State according to the following royalty formula specified in the prospecting permits:

For nonmetallic minerals:

$$R = 1.00 + 0.20 (C - 15.00)$$

Where R = Royalty in dollars and cents per ton of ore

C = Weighted average of gross sales price per ton of ore sold determined at the end of the first year of the lease and every four years thereafter.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE AND ISSUE PREFERENTIAL MINERAL EXTRACTION LEASES TO CALIFORNIA MINERALS CORPORATION FOR AN INITIAL TERM OF TWENTY YEARS FOR EACH LEASE WITH A PREFERENTIAL RIGHT TO RENEW EACH LEASE FOR AN ADDITIONAL TERM NOT TO EXCEED 10 YEARS, UPON SUCH REASONABLE TERMS AND CONDITIONS AS MAY BE PRESCRIBED BY THE COMMISSION, COVERING THE FOLLOWING DESCRIBED AREAS:

CALENDAR ITEM 16. (CONTD.)

PROSPECTING PERMIT P.R.C. 2488.2, COVERING 120 ACRES IN THE $W\frac{1}{2}$ OF THE $NW\frac{1}{4}$ AND THE $W\frac{1}{2}$ OF THE $E\frac{1}{2}$ OF THE $NW\frac{1}{4}$ OF SECTION 36, T. 18 S., R. 12 E., M.D.B.& M., FRESNO AND SAN BENITO COUNTIES.

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