

MINUTE ITEM

16. APPLICATION FOR PROSPECTING PERMIT, SAN BERNARDINO COUNTY; AMERICAN SMELTING AND REFINING COMPANY - W.O. 5431, P.R.C. 3305.2.

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

PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE EXECUTIVE OFFICER IS AUTHORIZED TO ISSUE TO AMERICAN SMELTING AND REFINING COMPANY A TWO-YEAR PROSPECTING PERMIT AUTHORIZING PROSPECTING FOR MINERALS OTHER THAN OIL AND GAS ON LOT 13, CONTAINING 18.31 ACRES OF VACANT STATE SCHOOL LAND IN SECTION 16, T. 10 N., R. 1 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

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

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

C = WEIGHTED AVERAGE OF GROSS SALES PRICE PER TON OF ORE 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,

\$5.00 PER TON OF ORE

2. FOR NONPRECIOUS METALLIC MINERALS,

\$3.00 PER TON OF ORE

3. FOR NONMETALLIC MINERALS,

\$1.00 PER TON OF ORE

THE MAXIMUM ROYALTY FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIO-ACTIVE 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 30 (2 pages)

CALENDAR ITEM

30.

APPLICATION FOR PROSPECTING PERMIT, SAN BERNARDINO COUNTY; AMERICAN SMELTING AND REFINING COMPANY - W.O. 5431.

An application has been received from American Smelting and Refining Company for a permit to prospect for minerals other than oil and gas on Lot 13, containing 18.31 acres of vacant State school land within Section 16, T. 10 N., R. 1 E., S.B.B. & M., San Bernardino County, as shown on U. S. Supplemental Plat approved June 13, 1931.

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 and explore the land for silver, barite, and other ores by trenching and drilling and, if such ores are discovered in quantity and quality, to apply for a lease.

The proposed prospect area lies within the Calico mining district. The applicant is presently exploring the Waterloo group of patented mining claims to the west and the surrounding unpatented claims. A field reconnaissance of the area has established that the land sought is not known to contain commercially valuable deposits of minerals. The statutory filing fee has been paid, and the permit fee has been deposited by the applicant.

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.

IT IS RECOMMENDED THAT, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE TO AMERICAN SMELTING AND REFINING COMPANY A TWO-YEAR PROSPECTING PERMIT AUTHORIZING PROSPECTING FOR MINERALS OTHER THAN OIL AND GAS ON LOT 13, CONTAINING 18.31 ACRES OF VACANT STATE SCHOOL LAND IN SECTION 16, T. 10 N., R. 1 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

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

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

C = WEIGHTED AVERAGE OF GROSS SALES PRICE PER TON OF ORE 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,

\$1.00 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.