

19. 5 PROSPECTING PERMITS TO PROSPECT FOR MINERALS OTHER THAN OIL AND GAS AND GEOTHERMAL RESOURCES, TIDE AND SUBMERGED LANDS, OFFSHORE DEL NORTE AND HUMBOLDT COUNTIES; BUTTES GAS & OIL COMPANY - W.O. 7243, P.R.C. 4205.1; W.O. 7247, P.R.C. 4206.1; W.O. 7248, P.R.C. 4207.1; W.O. 7249, P.R.C. 4208.1; W.O. 7250, P.R.C. 4209.1.

After consideration of Calendar Item 46 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 FIVE PARCELS OF LAND DESCRIBED IN ATTACHED EXHIBITS "B-1" THROUGH "B-5", CONTAINING 26,507 ACRES MORE OR LESS ARE NOT KNOWN MINERAL LANDS, AND AUTHORIZES THE ISSUANCE OF FIVE STANDARD FORMS OF PROSPECTING PERMIT FOR A TERM OF TWO YEARS TO BUTTES GAS & OIL COMPANY TO PROSPECT FOR ALL MINERALS OTHER THAN OIL AND GAS AND GEOTHERMAL RESOURCES IN SAID LANDS, SUBJECT TO THE CONDITIONS CONTAINED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

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 AND OTHER PRECIOUS MINERALS

$$R = 0.05 + .04 (V - .50)^2 \text{ FOR VALUES OF } V \text{ GREATER THAN } 0.50$$

2. FOR NONPRECIOUS METALLIC MINERALS

$$R = 0.05 + .04 (V - .35) \text{ FOR VALUES OF } V \text{ GREATER THAN } 0.35$$

WHERE R = ROYALTY AS A FRACTION OF GROSS SALES

V = AVERAGE UNIT VALUE OF THE MATERIAL PROCESSED (DOLLARS PER CUBIC YARD)

THE MINIMUM ROYALTY FOR ALL MINERALS SHALL NOT BE LESS THAN 5% OF THE GROSS SALES.

THE MAXIMUM ROYALTY FOR GOLD, SILVER AND OTHER PRECIOUS MINERALS SHALL NOT EXCEED 50% OF THE AVERAGE GROSS SALES PRICE OF THE ORE.

THE MAXIMUM ROYALTY FOR ALL NONPRECIOUS METALLIC MINERALS SHALL NOT EXCEED 25% OF THE AVERAGE GROSS SALES PRICE OF THE ORE.

Attachment

Calendar Item 46 (8 pages)

CALENDAR ITEM

4/69

46.

W.O. 7243

W.O. 7247

W.O. 7248

W.O. 7249

W.O. 7250

APPLICATIONS FOR PERMITS TO PROSPECT FOR MINERALS
OTHER THAN OIL AND GAS AND GEOTHERMAL RESOURCES

APPLICANT: Buttes Gas & Oil Company.

LOCATION: Offshore Del Norte and Humboldt counties.

TYPE OF LAND: Tide and submerged.

ACREAGE: 26,507.56 acres.

MINERALS SOUGHT: Offshore placer deposit minerals.

METHOD OF EXPLORATION: Grab sampling and seismic survey probe (nonexplosive).

PREREQUISITE ITEMS: a. The Department of Parks and Recreation has made an examination pursuant to Section 6818 of the Public Resources Code.

b. The applications for five permits have been submitted to the Office of the Attorney General, which office states that such applications comply with the applicable provisions of the Public Resources Code and the Rules and Regulations of the State Lands Commission.

c. Areas are not known to contain commercially valuable deposits of minerals.

d. Statutory filing fees and permit fees have been deposited by applicant.

e. Letters of permission authorizing the proposed prospecting have been issued by the U. S. Army Corps of Engineers.

f. Review of the proposed prospecting has been made by the following State agencies:

1. Department of Fish and Game.
2. Department of Water Resources.
3. State Water Quality Control Board.

They have requested that the permits be subject to conditions as specified in attached Exhibit "A".

g. Proposed royalty schedule has been approved by applicant.

CALENDAR ITEM 46. (CONTD.)

IT IS RECOMMENDED THAT, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION FIND THAT THE FIVE PARCELS OF LAND DESCRIBED IN ATTACHED EXHIBITS "B-1" THROUGH "B-5", CONTAINING 26,507 ACRES MORE OR LESS ARE NOT KNOWN MINERAL LANDS, AND AUTHORIZE THE ISSUANCE OF FIVE STANDARD FORMS OF PROSPECTING PERMIT FOR A TERM OF TWO YEARS TO BUTTES GAS & OIL COMPANY TO PROSPECT FOR ALL MINERALS OTHER THAN OIL AND GAS AND GEOTHERMAL RESOURCES IN SAID LANDS, SUBJECT TO THE CONDITIONS CONTAINED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON DISCOVERY OF COMMERCIALLY 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 AND OTHER PRECIOUS MINERALS

$$R = 0.05 + .04 (V - .50)^2 \text{ FOR VALUES OF } V \text{ GREATER THAN } 0.50$$

2. FOR NONPRECIOUS METALLIC MINERALS

$$R = 0.05 + .04 (V - .35) \text{ FOR VALUES OF } V \text{ GREATER THAN } 0.35$$

WHERE R = ROYALTY AS A FRACTION OF GROSS SALES

V = AVERAGE UNIT VALUE OF THE MATERIAL PROCESSED (DOLLARS PER CUBIC YARD)

THE MINIMUM ROYALTY FOR ALL MINERALS SHALL NOT BE LESS THAN 5% OF THE GROSS SALES.

THE MAXIMUM ROYALTY FOR GOLD, SILVER AND OTHER PRECIOUS MINERALS SHALL NOT EXCEED 50% OF THE AVERAGE GROSS SALES PRICE OF THE ORE.

THE MAXIMUM ROYALTY FOR ALL NONPRECIOUS METALLIC MINERALS SHALL NOT EXCEED 25% OF THE AVERAGE GROSS SALES PRICE OF THE ORE.

Attachments: Exhibits "A", "B-1" through "B-5"

W.O. 7243
W.O. 7247
W.O. 7248
W.O. 7249
W.O. 7250

EXHIBIT "A"

1. A Report on Waste Discharge shall be filed with the Regional Water Quality Control Board before dredging is begun.
2. Permittee shall notify the Coast Guard in advance of any operations involving the use of anchor lines in order that navigation interests may be forewarned.
3. Commercial extraction operations shall not occur within one-half mile of the shore.
4. Prospecting or commercial extraction operations shall not cause turbidity in ocean waters greater than the background level of turbidity at a distance more than 600 yards beyond the site of operations or in kelp bed areas.
5. Settleable solids resulting from this operation shall be prohibited in rocky substrate areas and the beaches.
6. In the event that commercial extraction operations are conducted, the operator shall conduct a monitoring program to document conditions Nos. 2, 3, and 4.
7. If commercial quantities of minerals are found, the Department of Fish and Game requests the right to review the applicant's recovery program before any full scale recovery operation is authorized.
8. Permittee must give the Department of Fish and Game 48 hours' notice of intent to conduct prospecting operations, and an observer is to be present at the discretion of the Department at the rate of \$60 per day for a total not to exceed 120 days in a 5-year period; such cost to be at the expense of the lessee.
9. No structures may be erected upon prospecting areas without prior consent of the State Lands Division.

EXHIBIT "B-1"

BEGINNING at U. S. Coast and Geodetic Survey Triangulation Station Hofford Ranch 415, located in Section 32, T. 11 N., R. 1 E., M.D.M., then west 1,106 feet, approximately, to the ordinary high water mark of the Pacific Ocean, then southwesterly along the ordinary high water mark of the Pacific Ocean as it follows the shoreline to a point in SE $\frac{1}{4}$ of Section 23, T. 9 N., R. 1 W., which is 2,006 feet N. 16° W. from the southeast corner of said Section 23, then west 2.37 miles (12,513 feet) to a point, then N. 10° E., 11.3 miles (59,664 feet) to a point, then east 3.4 miles (17,952 feet) to the point of beginning, containing 20,312 acres, more or less.

Note: Bearings taken from True North, U. S. Geological Survey Maps - 15 Minute Series - Topographic Sheets Orick and Trinidad Quadrangles, Scale of Map = 1:62,500.

EXHIBIT "B-2"

All that certain tract of submerged land in the Pacific Ocean described as follows:

From the U.S.C.& G.S. triangulation station located in the NW $\frac{1}{4}$, NW $\frac{1}{4}$ of Section 15, T. 5 N., R. 1 W., H.B.M., proceed N. 81° 30' W., for a distance of 5830 feet to the point of beginning; thence north 5280 feet; thence west 5280 feet; thence south 5280 feet; thence east 5280 feet to the point of beginning, containing 640 acres, more or less.

Note: Bearings taken from the True North, U. S. Geological Survey Topographic Map - 7.5 Minute Series - Eureka Quadrangle, Scale of Map = 1:24,000.

EXHIBIT "B-3"

All that certain tract of submerged land in the Pacific Ocean which is bounded on the north by Latitude $41^{\circ} 52'$ north, on the south by Latitude $41^{\circ} 50'$ north, on the east by Longitude $124^{\circ} 15'$ west and on the west by Longitude $124^{\circ} 16'$ west, excepting therefrom any and all land located beyond the territorial limits of the State of California, containing 1263.89 acres, more or less.

Note: Bearings taken from U. S. Geological Survey Topographic Map - 7.5 Minute Series - Crescent City Quadrangle, Scale of Map = 1:24,000.

EXHIBIT "B-4"

All of that certain tract of submerged land in the Pacific Ocean which is bounded on the north by Latitude $41^{\circ} 45'$ north, on the south by Latitude $41^{\circ} 44'$ north, on the west by Longitude $124^{\circ} 17'$ west and on the east by Longitude $124^{\circ} 15'$ west, excepting therefrom any and all land located beyond the territorial limits of the State of California, containing 1263.89 acres, more or less.

Note: Bearings taken from U. S. Geological Survey Topographic Map - 15 Minute Series - Klamath Quadrangle, Scale of Map = 1:62,500.

EXHIBIT "B-5"

All that certain tract of submerged land in the Pacific Ocean which is bounded on the north by Latitude $41^{\circ} 27'$ north, on the south by Latitude $41^{\circ} 23'$ north, on the east by Longitude $124^{\circ} 7'$ west, and on the west by Longitude $124^{\circ} 8'$ west, excepting therefrom any and all land located beyond the territorial limits of the State of California, containing 2,527.78 acres, more or less.

Note: Bearings taken from U. S. Geological Survey Topographic Map - 15 Minute Series - Orick Quadrangle, Scale of Map = 1:62,500.