

MINUTE ITEM

1./30/75
JFS

11. PERMIT TO PROSPECT FOR MINERALS OTHER THAN OIL AND GAS AND GEOTHERMAL RESOURCES, SCHOOL LANDS IN KERN COUNTY; D. E. SANDBURG - W 9521, PRC 4985.

After consideration of Calendar Item 10 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. DETERMINES THAT A FINAL ENVIRONMENTAL IMPACT REPORT HAS BEEN PREPARED FOR THIS PROJECT BY THE DIVISION FOLLOWING EVALUATION OF COMMENTS AND CONSULTATION WITH PUBLIC AGENCIES WHICH WILL ISSUE APPROVALS FOR THE PROJECT.
2. CERTIFIES THAT THE FINAL ENVIRONMENTAL IMPACT REPORT (EIR #170) HAS BEEN COMPLETED IN COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT OF 1970, AS AMENDED, AND THE STATE GUIDELINES AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
3. DETERMINES THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
4. DETERMINES, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THAT THE E $\frac{1}{2}$ OF NW $\frac{1}{4}$ AND NW $\frac{1}{4}$ OF SW $\frac{1}{4}$, SECTION 36, T 10 N, R 13 W, SBM, CONTAINING 120 ACRES, MORE OR LESS, IS NOT KNOWN MINERAL LANDS.
5. AUTHORIZES THE ISSUANCE OF A PERMIT TO D. E. SANDBURG TO PROSPECT FOR A TERM OF 2 YEARS FOR ALL MINERALS OTHER THAN OIL AND GAS AND GEOTHERMAL RESOURCES IN SAID LAND, UTILIZING THE STANDARD FORM OF PERMIT APPROVED BY THE COMMISSION FEBRUARY 22, 1973.

ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS, UPON ANY AND ALL MINERALS PRODUCED, EXTRACTED OR REMOVED FROM SAID LEASE PREMISES FOR SALE OR STOCK PILING TO BE DETERMINED AS SET FORTH IN EXHIBIT 'A' ATTACHED AND BY REFERENCE MADE A PART HEREOF.

Attachment:

Calendar Item 10 (4 pages)

CALENDAR ITEM

1/75
JFS
W 9521

10.

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

APPLICANT: D. E. Sandburg.
LOCATION: E $\frac{1}{2}$ of NW $\frac{1}{4}$ and NW $\frac{1}{4}$ of SW $\frac{1}{4}$, Section 36, T 10 N, R 13 W, SBM,
Kern County.
TYPE OF LAND: School lands.
MINERAL: Uranium.
METHOD OF EXPLORATION:
Surface mapping and core drilling.

PREREQUISITE ITEMS:

1. Area was inspected and is not known to contain commercially valuable mineral deposits.
2. Statutory filing fees, permit fees, and expense deposits have been submitted by the applicant.
3. Application approved by the Office of the Attorney General.
4. Proposed royalty schedule has been approved by the applicant.

OTHER PERTINENT INFORMATION:

1. The environmental impact report (EIR #170) prepared in connection with this application covers the prospecting phase of operations only, as agreed to and acknowledged in writing by the applicant, and any application for a future lease shall be subject to a separate environmental impact report covering the production phase of operations.
2. The standard mineral prospecting permit form has been modified by the inclusion of a paragraph covering the above condition.
3. An environmental impact report has been prepared and circulated. The report concludes that prospecting operations under the proposed permit will not have a significant detrimental environmental effect.

EXHIBITS: A. Royalty Schedule. B. Location Map.

CALENDAR ITEM NO. 10. (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT A FINAL ENVIRONMENTAL IMPACT REPORT HAS BEEN PREPARED FOR THIS PROJECT BY THE DIVISION FOLLOWING EVALUATION OF COMMENTS AND CONSULTATION WITH PUBLIC AGENCIES WHICH WILL ISSUE APPROVALS FOR THE PROJECT.
2. CERTIFY THAT THE FINAL ENVIRONMENTAL IMPACT REPORT (EIR #170) HAS BEEN COMPLETED IN COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT OF 1970, AS AMENDED, AND THE STATE GUIDELINES AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
3. DETERMINE THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
4. DETERMINE, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THAT THE E $\frac{1}{2}$ OF NW $\frac{1}{4}$ AND NW $\frac{1}{4}$ OF SW $\frac{1}{4}$, SECTION 36, T 10 N, R 13 W, SBM, CONTAINING 120 ACRES, MORE OR LESS, IS NOT KNOWN MINERAL LANDS.
5. AUTHORIZE THE ISSUANCE OF A PERMIT TO D. E. SANDBURG TO PROSPECT FOR A TERM OF 2 YEARS FOR ALL MINERALS OTHER THAN OIL AND GAS AND GEOTHERMAL RESOURCES IN SAID LAND, UTILIZING THE STANDARD FORM OF PERMIT APPROVED BY THE COMMISSION FEBRUARY 22, 1973.

ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS, UPON ANY AND ALL MINERALS PRODUCED, EXTRACTED OR REMOVED FROM SAID LEASE PREMISES FOR SALE OR STOCK PILING TO BE DETERMINED AS SET FORTH IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

Attachment: Exhibit "A"

EXHIBIT "A"

W 9521

Lessee shall pay to the State a royalty upon any and all minerals produced thereunder and extracted from said leased premises to be determined as follows:

For all uranium-bearing ores (i.e., mineral-bearing materials that are mined primarily for their uranium content) which are mined and saved or removed from the premises by Lessee hereunder for sale, processing, or stock piling, the royalty reserved shall be eleven (11%) percent of the mine value of such ores in raw, crude form.

For the purpose of computing such royalty to be paid for uranium-bearing ores, the mine value thereof shall be determined according to the following:

- (a) The mine value of uranium-bearing ores sold by the Lessee in raw, crude form shall be actual proceeds received for such ores by Lessee after deducting the cost to Lessee, if any, of transporting such ore from the mine to the mill or point of sale (where the crude ore is sold other than F.O.B. mine).
- (b) The mine value of uranium-bearing ores which are not sold in their raw form but which are processed in a mill owned or controlled, wholly or partly, by the Lessee, or which are processed in a custom mill for Lessee, shall be determined from following price schedule with the applicable adjustments provided hereunder:

Grade of Ore Uranium U_3O_8 Assay	Ore Value Per Dry Ton
0.10%	\$3.00
0.15%	7.00
0.20%	14.00
0.30%	21.00
0.40%	28.00
0.50%	35.00
0.60%	42.00
0.70%	49.00
0.80%	56.00
0.90%	63.00
1.00%	70.00

Over 1.00% add \$7.00 for each 0.10% of U_3O_8 in excess of 1.00%.

Ores of grades intermediate to those specified above will be valued on a pro rata basis. With respect to mine water or solutions (whether natural or introduced) or ores assaying less than 0.10% U_3O_8 that are processed by Lessee for recovery of uranium therefrom, the ore value shall be \$1.50 per pound of U_3O_8 recovered.

In the event the price received by Lessee for U_3O_8 sales from said mill is either more or less than \$7.00 per pound for the average of all sales made during the calendar month in which said uranium-bearing ores, mine waters or solutions are processed (or for the last previous month in which U_3O_8 sales were made if none were made in said month) then the ore value will be adjusted in the proportion that said average U_3O_8 sales price bears to \$7.00 per pound (i.e. $\frac{x}{7}$ x ore value per ton as listed in tables

and where x = average sales price). In the event that no sales of U_3O_8 produced in said mill by or for Lessee are had for a period of one year prior to the month in which such ores are processed, then the U_3O_8 sale price shall be the published or fair market price of U_3O_8 in the area of the leased premises but, however, not less than \$7.00 per pound for purposes of making this adjustment.

The adjusted ore value so determined shall be converted to mine value by deducting therefrom the actual cost of transporting such ore from the mine to the mill.

In the event the Lessee recovers and markets valuable constituents other than uranium from said uranium-bearing ores as by-products during the processing of such ores, then royalty reserved shall be eleven (11%) percent of the proceeds received by the Lessee from the sale of such by-products.

For all ore other than uranium-bearing ore (i.e., mineral-bearing materials that are mined by Lessee from the premises hereunder primarily for recovery of valuable constituents other than uranium) the royalty reserved shall be eleven (11%) percent of the market value of such ore in raw, crude form before any processing or beneficiation, less any cost incurred by Lessee in transporting such ore to the point of sale or processing.

Lessee shall pay to the State an annual minimum royalty equal to 10 percent (10%) of the value of uranium-bearing ores mined and saved from federal and State lands within the Rosamond project of the United Pacific Mining Corp. calculated from the foregoing table at mine values. Such minimum royalty shall be credited to royalties paid during the year for which such minimum is paid.

Lessee shall pay annually in advance a rental of \$1.00 per acre.