THE EXTRACTION OF PERLITE FROM THE SUBJECT LANDS AT A ROYALTY OF NOT LESS THAN 5% OF THE REASONABLE MARKET VALUE OF THE MINERAL.

37. (APPLICATION FOR PREFERENTIAL MINERAL LEASE, PROSPECTING PERMIT P.R.C. 382, J. E. HICKS) The Commission was informed that an application has been received from Mr. J. E. Hicks, pursuant to the Public Resources Code, for a preferential mineral lease on the SW¼ of SW¼ of Section 36, T. 31 S., R. 44 E., M.D.B. & M., San Bernardino County, containing 40 acres. Mr. Hicks is the permittee under Prospecting Permit P.R.C. 382, issued December 6, 1948, for a term of two years to cover prospecting for gold, silver and non-metallic minerals on the subject property. Under Section 6895 of the Public Resources Code and the terms of the permit, upon establishment to the satisfiction of the Commission that commercially valuable deposits of minerals have been discovered within the limits of the permit, the permittee shall be entitled to a lease. Field inspection of the permit area by this Division has shown that the prospecting work has uncovered deposits of good grade perlite, with the indications that such deposits are extensive.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO ISSUE A PREFERENTIAL MINERAL LEASE, PURSUANT TO THE PUBLIC RESOURCES CODE, TO MR. J. E. HICKS COVERING THE SW¼ OF SW¼ OF SECTION 36, T. 31 S., R. 44 E., M.D.B. & M., CONTAINING 40 ACRES, FOR A TERM OF TWENTY YEARS WITH THE OPTION ON THE PART OF THE LESSEE TO RENEW FOR AN ADDITIONAL PERIOD OF TEN YEARS UNDER SUCH TERMS AND CONDITIONS AS THE STATE MAY DETERMINE AT THE TIME OF RENEWAL; THE ROYALTY RATE PAYABLE UNDER THE PREFERENTIAL MINERAL LEASE TO BE IN ACCORDANCE WITH THE SCHEDULE AS SPECIFIED IN PROSPECTING PERMIT P.R.C. 382 AS FOLLOWS:

5% ON ALL ORE PRODUCED UP TO $20.00 PER TON ASSAY VALUE.
SLIDING SCALE FROM 5% AT $20.00/TON VALUE TO 30% AT $100.00/TON VALUE AS DETERMINED FROM FORMULA:

$$R = KV^n$$

where R = Royalty rate in percent
K = Constant 0.00390625
V = Assay Value of ore ($/ton-above $20.00)
N = 2;

the maximum royalty rate to be 50%

38. (REQUEST FOR SUSPENSION OF OPERATION REQUIREMENTS UNDER MINERAL LEASE P.R.C. 50, W.O. 595 - TULAR E. WARNER) The Commission was informed that a letter request has been received from Mr. Tular E. Warner, lessee under State Mineral Lease P.R.C. 50 covering portions of the abandoned channel of the Tuolumne River, for permission to suspend dredging operations, required by the lease, until June 1, 1953. Lease P.R.C. 50 was issued October 23, 1942 for a term of 20 years with the preferential right in the lessee to renew for successive periods of ten years upon such conditions as may be prescribed at the time of renewal. No operations were carried on under the lease from 1942 to 1946 because of Federal orders suspending gold mining. On October 29, 1947 the Commission approved the suspension of operations until March 1, 1948. The lessee has reported that he has been unable to secure production since that date for the reason that his privately owned fee land and the land leased from the State are included in a development contract to the Yuba Consolidated Gold Fields. This organization has reported that the high cost of