

MINUTE ITEM

9. APPLICATION FOR PROSPECTING PERMIT ON PROPRIETARY LAND IN IMPERIAL COUNTY, R. W. CYPHER - W.O. 3889, P.R.C. 2866.1.

After consideration of Calendar Item 26 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 AUTHORIZES THE EXECUTIVE OFFICER TO ISSUE TO R. W. CYPHER A TWO-YEAR PROSPECTING PERMIT AUTHORIZING PROSPECTING FOR GEOTHERMAL STEAM, MINERAL WATERS, AND ALL MINERALS AND GASES EXCLUDING OIL AND HYDROCARBON GASES AND CARBON DIOXIDE GAS, ON 160 ACRES OF PROPRIETARY LAND IN THE NE $\frac{1}{4}$ OF SECTION 1, T. 11 S. R. 13 E., S.B.B.& M., IMPERIAL COUNTY, SUBJECT TO THE CONDITIONS INCLUDED IN EXHIBITS "A" THROUGH "D" ATTACHED TO CALENDAR ITEM 22 AND BY REFERENCE HEREBY MADE A PART HEREOF, WITH ROYALTY PAYABLE AS FOLLOWS:

1. UNDER THE PROSPECTING PERMIT ISSUED, 20 PERCENT OF THE GROSS VALUE OF ANY MINERALS, GEOTHERMAL STEAM AND SALABLE WATER SECURED BY PERMITTEE FROM THE LANDS EMBRACED WITHIN THE PERMIT AND SOLD OR OTHERWISE DISPOSED OF OR HELD BY THE PERMITTEE FOR SALE OR OTHER DISPOSITION;
2. UNDER ANY PREFERENTIAL LEASE ISSUED UPON THE DISCOVERY OF GEOTHERMAL STEAM, VALUABLE DEPOSITS OF MINERALS, AND SALABLE WATER, TO BE DETERMINED AS FOLLOWS:

A. UPON ANY AND ALL MINERALS PRODUCED AND EXTRACTED AND SOLD FROM SAID PREMISES:

- (1) FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS

$$R = 3.00 + 0.01 (C - 20.00)^2$$

- (2) FOR NONPRECIOUS METALLIC MINERALS

$$R = 3.00 + 0.37 (C - 60.00)$$

- (3) FOR NONMETALLIC MINERALS

$$R = 0.15 + 0.15 (C - 2.00)$$

WHERE R = ROYALTY IN DOLLARS AND CENTS PER TON OF MINERAL SALES

C = WEIGHTED AVERAGE OF GROSS SALES PRICE OF MINERAL SALES SOLD DETERMINED ON A QUARTERLY BASIS DURING THE FIRST YEAR IN WHICH SALES OCCUR. THEREAFTER, THE WEIGHTED AVERAGE DETERMINED BY GROSS SALES PRICE OF MINERAL SALES SOLD DURING THE PREVIOUS YEAR IN WHICH SALES OCCUR.

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.
- (2) FOR NONPRECIOUS METALLIC MINERALS: \$3.00 PER TON.
- (3) FOR NONMETALLIC MINERALS: \$0.15 PER TON.

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 MINERAL SALES.

THE MAXIMUM ROYALTY FOR ALL NONPRECIOUS METALLIC AND NONMETALLIC MINERALS SHALL NOT EXCEED 25 PERCENT OF THE AVERAGE GROSS SALES PRICE OF THE MINERAL SALES.

B. UPON ALL ELECTRIC ENERGY AND SALABLE WATER PRODUCED FROM MINERAL WATERS EXTRACTED FROM SAID LEASE PREMISES:

- (1) A FIXED MINIMUM PAYMENT OF $12\frac{1}{2}$ PERCENT OF THE GROSS SALES VALUE OF ALL ELECTRIC POWER AND WATER PRODUCED.
- (2) AN ADDITIONAL SUM OF $33\frac{1}{3}$ PERCENT OF THE NET PROFIT DERIVED FROM ALL THE OPERATIONS ON STATE LANDS, LESS THE MINIMUM PAYMENT.

C. UPON ALL NONHYDROCARBON GASES EXCLUDING CARBON DIOXIDE GAS EXTRACTED AND SAVED UNDER THIS LEASE, A PAYMENT OF SIXTEEN AND TWO-THIRDS ($16\frac{2}{3}$) PERCENT OF THE CURRENT MARKET PRICE AT THE WELL AND OF ANY PREMIUM OR BONUS PAID ON ALL NONHYDROCARBON PRODUCTION REMOVED OR SOLD FROM THE LEASED LANDS.

Attachment
Calendar Item 26 (2 pages)

CALENDAR ITEM

26.

APPLICATION FOR PROSPECTING PERMIT ON PROPRIETARY LAND IN IMPERIAL COUNTY,
R. W. CYPHER - W.O. 3889.

An application has been received from R. W. Cypher of Long Beach for a permit to prospect for geothermal steam, mineral waters, and all minerals and gases excluding oil and hydrocarbon gases and carbon dioxide gas, on approximately 160 acres of proprietary land in the NE $\frac{1}{4}$ of Section 1, T. 11 S., R. 13 E., S.B.B. & M., Imperial County.

The description of the proposed operations and operating conditions under this application is the same as set forth in Calendar Item 22 (W.O. 3885), except that the applicant has entered into a mineral extraction lease with the owner of the carbon dioxide gas reservation. The term of said lease is for 20 years from and after January 1, 1961, and may be renewed for the further term of 20 years provided that any wells are in process of being drilled or any existing wells are producing carbon dioxide gas in paying quantities.

IT IS RECOMMENDED THAT, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE TO R. W. CYPHER A TWO-YEAR PROSPECTING PERMIT AUTHORIZING PROSPECTING FOR GEOTHERMAL STEAM, MINERAL WATERS, AND ALL MINERALS AND GASES EXCLUDING OIL AND HYDRO-CARBON GASES AND CARBON DIOXIDE GAS, ON 160 ACRES OF PROPRIETARY LAND - THE NE $\frac{1}{4}$ OF SECTION 1, T. 11 S., R. 13 E., S.B.B. & M., IMPERIAL COUNTY, SUBJECT TO THE CONDITIONS INCLUDED IN EXHIBITS "A" THROUGH "D" ATTACHED TO CALENDAR ITEM 22 AND BY REFERENCE HEREBY MADE A PART HEREOF, WITH ROYALTY PAYABLE AS FOLLOWS:

1. UNDER THE PROSPECTING PERMIT ISSUED, 20 PERCENT OF THE GROSS VALUE OF ANY MINERALS, GEOTHERMAL STEAM AND SALABLE WATER SECURED BY PERMITTEE FROM THE LANDS EMBRACED WITHIN THE PERMIT AND SOLD OR OTHERWISE DISPOSED OF OR HELD BY THE PERMITTEE FOR SALE OR OTHER DISPOSITION;
2. UNDER ANY PREFERENTIAL LEASE ISSUED UPON THE DISCOVERY OF GEOTHERMAL STEAM, VALUABLE DEPOSITS OF MINERALS, AND SALABLE WATER, TO BE DETERMINED AS FOLLOWS:
 - A. UPON ANY AND ALL MINERALS PRODUCED AND EXTRACTED AND SOLD FROM SAID PREMISES:
 - (1) FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIO-ACTIVE MINERALS
$$R = 3.00 + 0.01 (C - 20.00)^2$$
 - (2) FOR NONPRECIOUS METALLIC MINERALS
$$R = 3.00 + 0.37 (C - 60.00)$$

CALENDAR ITEM 26 (CONTD.)

(3) FOR NONMETALLIC MINERALS

$$R = 0.15 + 0.15 (C - 2.00)$$

WHERE R = ROYALTY IN DOLLARS AND CENTS PER TON OF MINERAL SALTS

C = WEIGHTED AVERAGE OF GROSS SALES PRICE OF MINERAL SALTS SOLD DETERMINED ON A QUARTERLY BASIS DURING THE FIRST YEAR IN WHICH SALES OCCUR. THEREAFTER, THE WEIGHTED AVERAGE DETERMINED BY GROSS SALES PRICE OF MINERAL SALTS SOLD DURING THE PREVIOUS YEAR IN WHICH SALES OCCUR.

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.
- (2) FOR NONPRECIOUS METALLIC MINERALS: \$3.00 PER TON.
- (3) FOR NONMETALLIC MINERALS: \$0.15 PER TON.

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 MINERAL SALTS.

THE MAXIMUM ROYALTY FOR ALL NONPRECIOUS METALLIC AND NONMETALLIC MINERALS SHALL NOT EXCEED 25 PERCENT OF THE AVERAGE GROSS SALES PRICE OF THE MINERAL SALTS.

B. UPON ALL ELECTRIC ENERGY AND SALABLE WATER PRODUCED FROM MINERAL WATERS EXTRACTED FROM SAID LEASE PREMISES:

- (1) A FIXED MINIMUM PAYMENT OF $12\frac{1}{2}$ PERCENT OF THE GROSS SALES VALUE OF ALL ELECTRIC POWER AND WATER PRODUCED.
- (2) AN ADDITIONAL SUM OF $33\frac{1}{3}$ PERCENT OF THE NET PROFIT DERIVED FROM ALL THE OPERATIONS ON STATE LANDS, LESS THE MINIMUM PAYMENT.

C. UPON ALL NONHYDROCARBON GASES EXCLUDING CARBON DIOXIDE GAS EXTRACTED AND SAVED UNDER THIS LEASE, A PAYMENT OF SIXTEEN AND TWO-THIRDS ($16\frac{2}{3}$) PERCENT OF THE CURRENT MARKET PRICE AT THE WELL AND OF ANY PREMIUM OR BONUS PAID ON ALL NONHYDROCARBON PRODUCTION REMOVED OR SOLD FROM THE LEASED LANDS.