

hospital building fund in the possession of such county treasurer. The county hospital commission shall thereupon proceed to erect such hospital and to carry it on.

Sec. 13. **General hospital and sanatorium may be in conjunction.**—It shall be lawful with the consent of the Advisory Commission of the State Sanatorium for Consumptives for any county or any group of counties which has or which may hereafter erect a tuberculosis sanatorium in accordance with existing statute, to erect in conjunction therewith or in the neighborhood thereof a General hospital and to conduct the two institutions under a common management and under one commission, to be known as the County Hospital and Sanatorium Commission.

Sec. 14. **Effective July 1, 1921.**—This act shall take effect and be in force from and after July 1, 1921.

Approved April 20, 1921.

#### CHAPTER 412—S. F. No. 276.

*An act providing for the issue of permits to prospect for iron ore and other ores on lands belonging to the state, or in which the state has an interest, excepting lands situate under the waters of any public lake or river, and leases for the mining of such ore.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **State auditor to issue permits to prospect for iron ore.**—The State Auditor may execute permits to prospect for iron ore and other ores upon lands belonging to the state, or in which the state has an interest and leases for the mining of such ore, subject to the conditions hereinafter provided.

Sec. 2. **Lands to be classified.**—The State Auditor shall classify all lands belonging to the State, or in which the State has an interest, excepting lands situate under the waters of any public lake or river, into the following classes as nearly as may be, in accordance with the character of the iron ore or iron bearing material likely to be found thereon: Class 1. Lands containing iron ore, the larger part of which may be shipped without beneficiation; Class 2. lands likely to contain iron ore capable of being beneficiated by washing, drying or screening; Class 3. lands likely to contain iron ore and iron bearing material requiring magnetic separation methods; and Class 4, lands containing iron ore or iron bearing materials where a combination of two or more of the foregoing processes of beneficiation may be necessary. The State Auditor shall also divide the tracts thus classified into mining units of not to exceed in the aggregate two contiguous forty acre tracts for land belonging to classes one and two, unless some of the descriptions are fractional subdivisions according to the government survey thereof,

in which case the acreage may exceed eighty acres, but shall not exceed a total of ninety acres, provided that in case of lands clearly within the third and fourth classes, the total area of such units shall not exceed three contiguous units of the first and second classes. No class or mining unit herein provided for shall contain lands belonging to more than one permanent trust fund.

**Sec. 3. Sales to be advertised.**—When he shall have classified and divided such lands in any county as set out herein, the State Auditor shall give public notice of each of said sales of permits within such county of four publications in a weekly paper printed and published at the County Seat of Cook, Lake, St. Louis, Itasca, Aitkin, Crow Wing and Morrison Counties and such other counties, not exceeding three, for any one sale, and also by four weekly publications in a daily paper printed and published in each of the cities of St. Paul, Minneapolis, Duluth, Hibbing and Virginia. The same notice of sales for the same number of publications may be published in not to exceed two additional newspapers and two trade magazines as the State Auditor may from time to time direct. The last publication above provided for shall be not less than seven days before the first day of January and August of each year. Said published notice shall contain the following information:

1. Time and place of holding said sales.
2. The limitations and requirements provided by law as to the purchasers of permits.
3. General terms and conditions of permits and mining leases.
4. Place where list of lands, classes and arrangement of mining units upon which applications for permits to prospect for iron ore may be obtained.

**Sec. 4. Applications—Bids.**—Applications for permits to prospect for iron ore shall be presented to the State Auditor in *writing in such form as he may prescribe at any time prior to the time of opening the bids as hereinafter provided.* The application shall be accompanied by a certified check payable to the State Treasurer in the sum of Fifty Dollars (\$50), for each mining unit as set out above. Each application shall be accompanied also by a sealed bid setting forth the amount of royalty per gross ton of crude ore based upon the iron content of such ore when dried at 212 degrees Fahrenheit, as set out in detail hereafter, that the applicant proposes to pay to the State of Minnesota in case the permit shall be awarded to him. A separate sealed bid shall be required for each mining unit as established by the State Auditor, covered by the application and be accompanied by a certified check made payable to the State Treasurer in the sum of Two Hundred Dollars (\$200) as a guarantee that the applicant will carry out and perform in good faith all the covenants set out in such permit. The envelope containing each bid shall be plainly marked on the outside showing the date of application, date received by the State Auditor, the class of mining

land, and the name of the applicant. The State Auditor shall endorse upon each application and sealed bid the exact time of presentation, and shall preserve the same unopened in his office. On the second Monday of each January and August of each year beginning with January, 1922, at ten o'clock in the forenoon, in his office in the State Capitol, in St. Paul, the State Auditor shall publicly announce the number of applications and bids received. The Auditor, together with the State Treasurer and the Attorney General, shall then publicly open said bids and announce the amount of each bid separately, and shall award the permits to the highest bidder but no bids shall be accepted that shall not equal or exceed the amounts provided for in Section 7 of this act, nor shall any bid be accepted that shall not comply with the law and be accompanied by a certified check for the faithful performance of the terms of each permit as hereinbefore set out. The right is herein reserved to the State to reject any and all bids. All applications for permits and bids not accepted at such sale shall become void at the close of such sale, and the checks accompanying such applications and bids shall be returned to the applicants entitled to them.

**Sec. 5. Permits—Conditions.**—The holder of any such permit shall have the right to prospect for iron ore on the land described therein for one year from the date thereof, and no longer; but no ore shall be removed therefrom until a lease has been executed. The work of prospecting under such permit shall begin in a substantial manner within ninety days from the date thereof and shall be continued until the permit expires, is surrendered or a lease asked for. The holder of such permit shall report in writing to the Auditor on the first business day of each month, the progress of the work of prospecting and accompany such reports with blue prints showing the character and extent of the work done, the nature of materials encountered in such work and the analysis for iron, silica, phosphorus, alumina and manganese of all iron bearing formation encountered. The permit holder shall split all samples taken and furnish the Auditor or his representative from time to time as the Auditor or his representative shall direct, with a portion of such samples, properly marked for identification. The work done by the permit holder shall be subject to inspection at all reasonable times by the Auditor or his representatives. The permit to prospect for ore is granted upon the express condition that if the permit holder shall fail to perform any of the terms, covenants or conditions in such permit to be performed by him, then it shall be the duty of the State Auditor to cancel such permit, first having given said permit holder at least twenty days' notice in writing thereof. Provided that for the purpose of encouraging the search for iron ore in localities five miles or more from known tonnages of iron ore or ore-bearing materials of the classes above set out not being operated on a commercial scale, the permit above provided for shall be for a period of

two years and the holder thereof shall be required to begin the work of drilling, trenching, sinking testpits or shafts within six months from date thereof; and shall be required to do not less than thirty days' work of eight hours each during the first year of said permit and not less than ninety days of eight hours each during the second year, provided however, that all work herein provided for may be completed earlier, and provided further that drilling with diamond or other core drill shall count as one day for each foot of solid formation and drilling with a so-called churn drill shall count as one half day for each foot thus drilled.

**Sec. 6. Permit holder may be given lease.**—At any time prior to the expiration of any prospecting permit the original holder, or any assignee thereof shall have the right to receive from the State Auditor a mining lease, which shall bind the State and the person to whom it shall be issued to the mutual observance of the obligations and conditions thereof. As a condition precedent to the issuing of such mining lease, the holder of the permit shall file a full report, properly verified, of all work of exploration done under such permit in accordance with the provisions of Section 5, or an affidavit in case no work was done stating such facts, and shall pay to the State Treasurer a sum of money based on the quarterly royalty payment of \$312.50 for the first year, as set out in the lease, in the ratio that the unexpired portion of the quarter bears to the full quarter. The permit holder shall also file with the Auditor a statement, with blue prints showing the proposed method of opening and operating such property. Provided that the holder of any permit to prospect for iron ore on lands five miles or more from a known deposit of ore or ore bearing materials of the classes above set out not being operated on a commercial scale, as provided for in Section 5 hereof, shall be entitled to a lease in the form set out in Section 7, except that until five years after a railroad has been built within two miles of such demised premises the annual rental when no ore is shipped, shall be \$500.00 per year payable quarterly in advance, and at the close of such period of five years the annual rental shall be \$5000.00 as provided in said Section 7. If the permit holder shall fully comply with all terms and conditions therein contained, the State Auditor shall return to him or his assigns the certified check which accompanied his bid.

**Sec. 7. Form of lease—Price per ton.**—The lease provided for in Section 6 shall be as follows:

"This indenture, made this ..... day of ..... 19.... by and between the State of Minnesota, party of the first part, and ..... part ..... of the second part.

Witnesseth: that the party of the first part, for and in consideration of the sum of ..... Dollars to it in hand paid by the part .... of the second part, being the first quarterly payment hereinafter provided for, the receipt whereof is hereby acknowl-

edged, and in further consideration of the covenants and conditions hereof, to be kept and performed by the part . . . . of the second part, does hereby lease and demise unto the part . . . . of the second part for the term of fifty years from and after the . . . . . day of . . . . . 19. . . . , the following described land, situated in the County of . . . . . in the State of Minnesota, to-wit . . . . . which premises are leased to the part . . . . of the second part for the purpose of exploring for, mining, taking out and removing the iron ore found on or in said land, together with the right to construct or make such buildings, excavations, openings, ditches, drains, railroads, wagon roads, and other improvements upon said premises as may be necessary or suitable for such purposes. The party of the first part reserves the right to sell and dispose of under the provisions of law now or hereinafter governing the sale of timber on state lands, all the timber upon the land hereby leased, and reserves to the purchaser of such timber, his agents and servants, the right at all times to enter thereon, and to cut and remove any and all such timber therefrom, according to the terms of the purchaser's contract with the state, and without let or hindrance from the part . . . . of the second part; but such purchaser shall not unnecessarily or materially interfere with the mining operations carried on thereon. And the party of the first part further reserves the right to grant to any person or corporation the right-of-way necessary for the construction and operation of one or more railroads over or across the land thereby leased, without let or hindrance from the part . . . . of the second part; but such railroads shall not unnecessarily or materially interfere with the mining operations carried on thereon. The party of the first part further reserves the right to grant leases, permits or licenses to any portion of the surface of the demised premises, to any person or corporation under authority of Chapter 405 Laws of 1919, or as such law may be further amended or enlarged without let or hindrance from the part . . . . of the second part, but such leases, permits or licenses shall not unnecessarily or materially interfere with the mining operations carried on thereon. And the party of the first part agrees that the part . . . . of the second part shall have the right to contract with others for the working of such mines, or any part thereof, or for the use of such land, or any part thereof, for the purpose of mining iron ore, with the same rights and privileges as are hereby granted to the part . . . . of the second part.

The part . . . . of the second part covenants and agrees with the party of the first part that the part . . . . of the second part will on or before the 20th day of April, July, October and January during the first year beginning with the first full quarter after the date of this lease, pay to the treasurer of said state, a rental of \$312.50 for the quarter preceding the first day of the month in which such payment is made and a quarterly rental thereafter during the entire

term this lease remains in force, of \$1,250.00; provided, that the total amount of royalty due on iron ore removed and accounted for during said quarter as provided for hereafter does not equal or exceed the sum of Three Hundred Twelve Dollars and Fifty cents (\$312.50) per quarter during the first year as above provided, and the sum of One Thousand Two Hundred Fifty Dollars (\$1250.00) per quarter thereafter, it being the purpose of this covenant to secure a regular annual income from the demised premises of not less than \$1250.00 during the first year and \$5000.00 thereafter in rentals or royalty on iron ore or both, except only in case of leases for lands five miles or more from known tonnages of iron ore or ore bearing materials not being operated on a commercial scale in which case the annual payments for the first five years shall be \$500.00 payable quarterly.

And it is further understood and agreed that the schedule of minimum royalties to be paid by the part . . . of the second part to the party of the first part shall be as follows:

On a gross ton of crude ore in its natural state before beneficiation of any kind averaging in iron when dried at 212 degrees Fahrenheit, twenty-five per cent (25%) or less, twelve cents. For a ton of ore averaging twenty-six per cent (26%) iron dried at 212 degrees Fahrenheit, twelve cents (12c), with a five per cent (5%) increase over twelve cents (12c) or a royalty of twelve and six-tenths cents (12.6c) per ton. For a ton of ore averaging twenty-seven per cent (27%) iron dried at 212 degrees Fahrenheit, twelve and six-tenths cents (12.6c), plus five per cent (5%) increase or a royalty of thirteen and twenty-three hundredths cents (13.23c); and so on, adding five per cent (5%) to the amount of royalty for a given grade for the next higher per cent, disregarding all thousandths of one cent that do not equal five and counting those that are five thousandths or above as one hundredths of a cent. The part . . . of the second part hereby covenant . . . and agree . . . with the party of the first part that the part . . . of the second part will, on or before the twentieth day of April, July, October and January in each year, during said term or during the period this lease continues in force, pay to the treasurer of said State, for all the iron ore mined and removed from said land during the three months preceding the first day of the month in which such payment is to be made a royalty as hereinbefore provided.

In case the mining lease covers lands in classes three and four, the per cent of magnetic iron in the crude ore shall be the basis of reckoning the rate of royalty unless the non-magnetic iron in such ore is recoverable by good milling practice in which case the full iron content of such crude ore shall determine the rate of royalty as in classes one and two.

Each ton shall be reckoned at twenty-two hundred and forty pounds. The part . . . of the second part at the time of such pay-

ment shall transmit to the Auditor of said State an exact, truthful and verified statement of the amount of iron ore removed during the three months for which such payment is made. Such statement shall show the tonnage of the several grades of ore in accordance with the following plan:

Direct shipping ore shall be understood to mean any ore that is forwarded in its natural state without beneficiation of any kind. Each railroad car loaded with such ore shall be sampled in such a manner as to show the true grade of the ore contained. Ten cars when thus sampled shall constitute a "sample" or shipment, except where a smaller number become imperative. The samples of ore taken from such "sample" or shipment shall be mingled and split into three portions, each of which shall be properly marked for identification. One portion shall be delivered to the State Auditor or his duly authorized agent, one reserved by the part...of the second part and the third shall be carefully preserved by the part...of the second part for reference in case of controversy. Each sample shall be analyzed by a competent chemist for iron, silica, phosphorus, alumina, and manganese at the sole cost and expense of the part...of the second part, and the results certified to the Auditor in the statement above referred to together with the weight of each carload and "sample."

The direct shipping iron ore so taken by the part...of the second part from said land shall be weighed by the railroad company transporting the same from said land, and the part...of the second part shall transmit monthly statements showing the aforesaid grades and weights. Such grades and weights shall prima facie determine the quantity as between the parties, but the party of the first part shall have the rights at any time, and in such manner as it may see fit, to sample the ore, check the analysis and inspect, review and test the correctness of the methods and books of the part...of the second part in sampling, analyzing, recording and reporting such grades and weights and to inspect, review and test the correctness of the railroad company's scales and of the aforesaid weights, it being understood that any errors in these respects, when ascertained shall be corrected.

For the purpose of determining the grade of ore and royalty on same, all grades and kinds of ore taken from the demised premises shall be sampled in their crude state before being treated or beneficiated in any way. Such samples when dried at 212 degrees Fahrenheit, shall be analyzed for iron, silica, phosphorus, alumina and manganese. The percentages of iron shall determine the amount of the royalty to be paid, provided that when the manganese content shall equal or exceed four (4) per cent, it shall be paid for separately under agreement as hereinafter provided for by law.

It is understood and agreed that should the part...of the second part desire to beneficiate any ores found on the demised premises, the parties shall agree upon a method of sampling and weighing such ore before concentration, and in case they are unable to agree, each shall choose a referee, and the two referees so chosen shall choose a third. The decision of such board of referees shall be binding on the parties in interest as to the methods to be employed in such sampling and weighing only. The royalty on all ore under this lease shall be payable on the weight of the crude ore before beneficiation and the grade of the same when dried at 212 degrees, Fahrenheit.

The party of the first part shall have the right to enter upon and into said premises at any time, and to inspect and survey the same, and to measure the quantity of ore which shall have been mined or removed therefrom, not unreasonably hindering or interrupting the operations of the part...of the second part and the part...of the second part covenants and agrees to furnish the State Auditor from time to time with copies of all exploration reports, mine maps, analysis maps and plans of development made and used in the operations on said leased premises. The part...of the second part further covenant...and agree...to provide a suitable room in the dry or wash house or in some other suitable place; with water, light and heat free, to the agents of the State Auditor for their use in the work of inspection on said premises. such room to be equal in size and equipment to that furnished for the use of the mining captain or superintendent at such mines. And the part...of the second part further covenant...and agree...as follows: That during said term the part...of the second part will pay all taxes, general and specific, which may be assessed against said land, and the improvements thereon made, used or controlled by said part...of the second part and the iron ore product thereof, and any personal property at said mines, in all respects as if said land were owned in fee by the part...of the second part; that the part...of the second part will open, use and work said mines in such manner only as is usual and customary in skillful and proper mining operations of similar character when conducted by the proprietors on their own land and in accordance with the requirements of good mining engineering, and in such manner as not to cause any unnecessary or unusual permanent injury to the same, or inconvenience or hindrance in the subsequent operation of the same, and will deposit all earth, rock and other useless materials or rubbish at such places and in such manner as will not embarrass such subsequent operations, and that upon the termination of this lease the part...of the second part will quietly and peaceably surrender the possession of said land to the party of the first part.

Provided, however, that the part...of the second part shall



have the right at any time to terminate this lease in so far as it requires the part...of the second part to mine ore on said land, or to pay royalty therefor, by delivering written notice of such termination to the State Auditor, who shall in writing acknowledge receipt of such notice, and this lease shall terminate sixty days thereafter, and all arrearages and sums which shall be due under this lease up to the time of such termination shall be paid upon settlement and adjustment thereof by the part...of the second part.

Provided, further, and this lease is granted upon the express condition, that if any quarterly payment, or any payment for royalties or any part of such payments or any tax or portion thereof, shall remain unpaid after the expiration of sixty days from the time when the same was payable as herein provided or in case the part...of the second part shall fail to perform any of the covenants or conditions herein expressed to be performed by said part...of the second part, then it shall be the duty of the State Auditor to cancel this lease, first having given to the part...of the second part at least twenty days' notice in writing thereof, whereupon the party of the first part shall re-enter and again possess said premises as fully as if no lease had been given to the part...of the second part, and the part...of the second part and all persons claiming under such part...shall be wholly excluded therefrom, but such re-entry shall not work a forfeiture of the rents, royalties or taxes or other sums to be paid at the time of such re-entry.

It is mutually agreed that upon the termination of this lease, whether by act of either party or by limitation, the part...of the second part shall have ninety days in which to remove all engines, tools, machinery, railroad tracks and structures placed or erected by the part...of the second part upon said land, but the part...of the second part shall not remove or impair any supports placed in said mines, or any timber or frame work necessary to the use or maintenance of shafts or other approaches to the mines, or tramways within the mines. The party of the first part reserves, and shall at all times have, a lien upon all ore mined, and upon all improvements made by the part...of the second part upon the premises, for any unpaid balances due under this lease.

The covenants, terms and conditions of this lease shall run with the land, and be in all respects binding upon all sublessees and grantees under the part...of the second part."

Sec. 8. Execution of lease.—The lease provided for in Section 7 shall be signed by the State Auditor for and in behalf of the state, with his official seal attached, and shall be signed by the part...of the second part in the presence of two witnesses

and such signatures and execution of the same by the part... of the second part shall be duly acknowledged.

**Sec. 9. Disposition of funds.**—All payments under this act shall be made to the State Treasurer on the order of the State Auditor, and shall be credited to the permanent fund of the class of land to which the demised premises belong, and in case the land shall not belong to any class of land having a permanent fund, then all payments shall be credited to such fund as the legislature shall by law direct.

**Sec. 10. State auditor may take possession when.**—The State Auditor is hereby authorized and empowered in case the permit holder or lessee under any permit or lease hereinbefore provided for, fails or neglects to fully comply with all the conditions and covenants of such permit or lease, to enter at once upon the premises described in such permit or lease, and take possession of the same.

**Sec. 11. Other ores than iron.**—Should gold, copper, silver, cobalt, coal, graphite or manganese (4% or over, dried) or any other valuable mineral be discovered on lands leased as heretofore authorized, the terms and conditions on which the same may be mined, shall be agreed upon by the State Auditor, and the lessee, and in case they are unable to agree, each shall choose a referee. The two persons thus selected shall choose a third. The decision of said board shall be final and binding on the parties in interest.

**Sec. 12. Permits to prospect for other ores.**—The State Auditor may issue permits to prospect for gold, silver, copper, cobalt, coal, graphite, coal and petroleum and other minerals than iron ore, for such period not to exceed one year and under such regulations as the State Auditor may prescribe. At any time prior to the expiration of any such prospecting permit the holder thereof shall have the right to lease the land covered by the permit for the purpose of mining and removing therefrom any minerals which may be discovered therein, other than iron ore. The rents, royalties, terms, conditions and covenants of all such leases shall be fixed by the State Auditor pursuant to such regulations as he may prescribe, but no lease shall be for a longer term than twenty-five years, and all such rents, royalties, terms, conditions and covenants shall be fully set forth in each lease thus issued, and the rents and royalties therein provided for shall be credited to the funds as provided in Section 9 above.

**Sec. 13. Permits and leases to be recorded in office of state auditor.**—All permits and leases, with the names and postoffice addresses of all parties in interest, issued by the State Auditor under authority of this law, before delivery shall be duly recorded at length by him in his office in the record books to be provided and kept for that purpose, and a certificate of such record

showing the date of record, the book and page thereof, shall be endorsed on each such permit or lease.

**Sec. 14. Assignments—Record.**—All assignments, agreements or contracts affecting any such permit or lease shall be made in writing and signed by both parties thereto, witnessed by two witnesses and properly acknowledged and shall contain the post office addresses of all parties having an interest; and when so executed shall be presented to the State Auditor for record. The State Auditor shall then record such assignment, agreement or contract at length in his office in record books kept and provided for that purpose, and a certificate of such record showing the date thereof and the book and page shall be endorsed on the assignment, agreement or contract, which then shall be returned to the party entitled thereto.

**Sec. 15. Auditor to approve instruments—Fees.**—All instruments by virtue of which the title to any permit or lease herein provided for, is in any way affected shall receive, as to form and execution, the approval of the State Auditor, which approval shall be endorsed thereon and such instrument when so approved shall be duly recorded as provided in Section 14 hereof. For recording any assignment or other instrument affecting the title to any permit or lease, or for furnishing certified copies of the records, the State Auditor shall charge a fee of ten cents per folio. All such fees shall be turned into the State Treasury.

**Sec. 16. Inconsistent acts repealed.**—All acts and parts of acts inconsistent herewith are hereby repealed.

**Sec. 17.** This act shall take effect and be in force from and after its passage.

Approved April 20, 1921.

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#### CHAPTER 413—S. F. No. 72.

*An act to prohibit unlawful discrimination in the sale of certain commodities, and providing penalties for violations.*

Be it enacted by the Legislature of the State of Minnesota:

**Section 1. Unlawful discrimination prohibited.**—Any person, firm or corporation, foreign or domestic, doing business in the state of Minnesota, and engaged in the production, manufacture or distribution of any commodity in general use, that intentionally, for the purpose of destroying the competition of any regular, established dealer in such commodity, or to prevent the competition of any person, who, in good faith intends and attempts to become such dealer, shall discriminate between different sections, communities, or cities of this state, by selling such commodity at a lower rate in one section, community, or city, or any portion thereof than such person, firm, or corporation, foreign or domestic, charges for such