

on any bonds so issued, and no part thereof shall be used for any purpose other than the payment of maturing bonds or certificates of indebtedness, unless there is a surplus after the payment of all bonds or certificates of indebtedness, in which case such surplus shall be paid into the general sinking fund of such city and county.

The city and county are each authorized to sell or lease to the other for a nominal or other consideration, all its interest in the aforesaid land or any part thereof; provided that, in the event of such sale, the purchasing city or county, as the case may be, shall resell such land to a purchaser other than the city or county as soon as practicable, the proceeds of such resale to be equally divided between the city and county; provided further that if said land or any part thereof is leased by either the city or county, as provided above, said lease shall be only for such term and under such conditions as will permit the sale thereof to a purchaser other than the city or county as soon as practicable.

In the event that either the city or county shall acquire full title to said property, said city or said county is authorized in the sale of such property to consider their combined economic, financial and industrial interests, as well as the price offered, with relation to a proposed project thereon, and may include such factors in the specifications or proposals for such sale.

This section shall be liberally construed to effectuate its purpose, and in the event any portion of such section or clause thereof shall be held ineffectual, the validity of the balance shall not be affected.

Sec. 2. All acts or parts of acts inconsistent herewith are hereby repealed.

Approved April 20, 1951.

CHAPTER 546—H. F. No. 1668

An act relating to state lands and minerals and to prospecting permits and mining leases thereon; amending Minnesota Statutes 1949, Sections 93.18, 93.19, 93.191, and 93.24.

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

Section 1. Minnesota Statutes 1949, Section 93.18, is amended to read:

93.18 Permit holders; rights, duties. Subdivision 1. Prospect for iron ore. The holder of any permit to *prospect for iron ore issued upon public sale under section 93.17* shall have the right to prospect for *such* ore on the land described in the permit for one year from the date thereof and no longer; but no ore shall be removed therefrom until a lease has been executed. No permit for the same land shall be issued to the same person for two years in succession. The work of prospecting under a permit shall begin in a substantial manner within 90 days from the date thereof and *shall be continued until the permit expires or is surrendered, or a lease is requested by the holder of the permit.* The holder of a permit shall report in writing to the commissioner *the time of beginning such prospecting, and thereafter* on the first business day of each April, July, October, and January *shall report the progress of the work of prospecting, and shall accompany these reports with maps showing the character and extent of the work done, the nature of materials encountered in the work, and the analysis for iron, silica, phosphorus, alumina, and manganese of all iron-bearing formation encountered; provided, that if any hard rock or any taconite as defined in section 93.20 is encountered, the commissioner may require only such analytical information as he deems essential.* The permit holder shall split all samples taken and furnish the commissioner or his representative, from time to time as the commissioner or his representative shall direct, with a portion of the samples properly marked for identification. *Subject to the approval of the commissioner and under such conditions as he may prescribe, a geophysical survey of the area may be accepted in lieu of drilling. If the permittee elects to make a geophysical survey, upon completion thereof, he shall make such further exploration of the property as the commissioner may direct, and shall continue such exploration until the permit expires or is surrendered, or an application is made for lease.* The work done by the permit holder shall be subject to inspection at all reasonable times by the commissioner or his representatives.

Subd. 2. Cancellation of permit. Every 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 specified in the permit to be per-

formed by him, then it shall be the duty of the commissioner to cancel the permit, first having *mailed* to the permit holder at least 20 days' notice in writing thereof.

Sec. 2. Minnesota Statutes 1949, Section 93.19, is amended to read:

93.19 Permit holders; leases, royalties. *Subdivision 1. Conditions requisite prior to lease.* At any time prior to the expiration of an iron ore prospecting permit issued upon public sale under section 93.17, if the commissioner shall determine that all the terms and conditions of the permit and applicable provisions of law have been complied with, the holder of the permit shall have the right to receive from the commissioner of conservation a mining lease as prescribed in section 93.20, which shall bind the state and the lessee 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 *verified* report of all work of exploration done under the permit, in accordance with the terms and conditions thereof and applicable provisions of law, or, in case no work was done, an affidavit so stating, and shall pay to the state treasurer as rental to the end of the first quarter under the lease an amount commensurate with the unexpired portion of that quarter at the rate specified in section 93.20.

Subd. 2. Rental. If the holder of any such permit shall indicate in an application for a lease that he considers the lands covered by his permit to be principally valuable for the taconite thereon and that he desires a taconite mining lease thereon, the commissioner of conservation, on the basis of all available information in his possession, including information acquired as the result of exploratory work under the permit, if any, shall determine whether the lands covered by the permit are principally valuable for the taconite thereon and have no substantial value because of merchantable deposits of iron ores of other kinds defined in section 93.20. If the commissioner shall so determine, the applicant shall be entitled to a lease for mining taconite ore as prescribed in section 93.20, upon compliance with the provisions of subdivision 1, so far as applicable, and upon payment to the state treasurer of rental to the end of the first quarter at the rate specified in said section for such leases. In such cases the commissioner shall designate the lease as Taconite Iron Ore Mining Lease and

shall insert the reduced rental rates for such leases as specified in section 93.20.

Subd. 3. Surrender or cancelation of permit. *Upon the surrender or expiration of a prospecting permit or upon the issuance of a mining lease pursuant thereto, if the commissioner shall determine that the terms and conditions of the permit and applicable provisions of law have been fully complied with, the certified check deposited as security for performance of the covenants of the permit, as provided by section 93.17, subdivision 2, shall be returned to the holder of the permit or his assigns. Otherwise, upon the surrender, cancellation, or expiration of such a permit, such check shall be deemed forfeited to the state for failure of performance of the covenants of the permit, and the proceeds shall be credited to the same fund as the rental or royalty from the mining unit affected.*

Sec. 3. Minnesota Statutes 1949, Section 93.191, is amended to read:

93.191 Iron ore mining lease, modification. Subdivision

1. Conversion to taconite schedule; approval. *The holder of any iron ore mining lease from the state not containing a schedule of royalties covering taconite ore as defined in section 93.20 may apply to the commissioner of conservation for the modification thereof to provide such a schedule. Upon such application the commissioner, with the approval of the executive council, may enter into a modification of the lease by the insertion of such a schedule of royalties, which modification shall prescribe rental at not less than the highest rate specified in said section for taconite mining leases, and shall prescribe royalties for taconite ore not less than the minimum royalty specified for such ore in said section, and by the insertion of provisions in the form prescribed by said section with respect to the beneficiation, measuring, sampling, analysis and stockpiling of said taconite ore and concentrates and the deposit of tailings or waste therefrom.*

Subd. 2. Modification. *The holder of any iron ore mining lease issued pursuant to section 93.20, or of any mining lease which has been modified pursuant to subdivision 1 hereof, may apply to the commissioner to designate such lease as a taconite iron ore mining lease subject to the annual rentals for such taconite leases prescribed in section 93.20. He shall sub-*

mit such information with respect to exploration or mining operations upon the lands covered by said leases as the commissioner may require. The commissioner shall investigate such application, and if he shall determine that the lands covered by such lease are principally valuable for the taconite thereon, and have no substantial value because of merchantable deposits of iron ores of other kinds defined in section 93.20, and if such determination be approved by the executive council, he shall *modify the lease by designating it as a taconite iron ore mining lease and by adjusting the annual rental required thereunder to conform with the annual rental prescribed for taconite iron ore mining leases in said section, provided that the highest rental rate specified in said section for taconite mining leases shall apply in the case of any mining lease which has been modified under subdivision 1 hereof.*

Subd. 3. Increase of rental. *If following the issuance of a taconite iron ore mining lease pursuant to section 93.20, or the designation of a lease as a taconite iron ore mining lease under subdivision 2 hereof, additional information acquired by the commissioner of conservation shall disclose that the lands covered by the lease have merchantable deposits of iron ore of the classes defined in schedules 1 to 6, inclusive, of section 93.20, which deposits, without reference to the taconite upon such lands, would give substantial value thereto, the commissioner shall report the facts to the executive council. If the executive council, after a hearing upon reasonable notice to the holder of the lease, shall determine that the lands covered thereby contain such merchantable deposits, it may order the rental stipulated in the lease to be increased to the same rates as prescribed by section 93.20 for a lease for mining iron ores other than taconite, payable from and after the date of the order until the commissioner shall determine that the merchantable deposits of such ores other than taconite ores so found on such lands have been exhausted, after which the lower rates of rental provided by the taconite iron ore mining lease shall be reinstated.*

Sec. 4. Minnesota Statutes 1949, Section 93.24, is amended to read:

93.24 Mining of other than iron ores. Subdivision 1. Permit, agreement. Should gold, copper, silver, cobalt, coal, graphite, manganese (four per cent or over, dried), iron sulphides or other sulphur ores, titaniferous magnetites, or any

other valuable mineral *be* believed to exist on lands included within a prospecting permit or lease *not covering such mineral, upon written application of the permit holder or lessee the terms and conditions on which such mineral may be mined or products recovered therefrom shall be agreed upon by the commissioner and the permit holder or lessee and embodied in a supplement to the permit or lease. In case they are unable to agree each shall choose a referee. The two persons thus selected shall choose a third. The decision of this board shall be final and binding on the parties in interest. Any iron or iron ore extracted from iron sulphides, sulphur ores or titaniferous magnetites mined under such a supplemental agreement shall be paid for in accordance with the minimum schedule for taconite concentrates provided in schedule 7 of section 93.20, and any iron or iron ore extracted from any other kind of ore hereinbefore specified mined under such a supplemental agreement shall be paid for at rates fixed by agreement or arbitration as hereinbefore provided.*

Subd. 2. Rental, payments. *If, upon the application of the permit holder or lessee the commissioner shall determine that the lands covered by any mining permit or lease are principally valuable for the iron sulphides or other sulphur ores or titaniferous magnetites contained therein, and have no substantial value because of ores of the kind defined in section 93.20, schedules 1 to 6, inclusive, the rental required in any lease issued pursuant to such permit, or any lease modified as above provided, shall be payable at the same rates, and in the same manner provided in section 93.20 in cases of leases for the mining of taconite ore. Thereupon such lease shall be designated as an iron sulphide or sulphur ore mining lease or a titaniferous magnetite lease, as the case may be.*

Subd. 3. Increase of rental. *If, following the issuance or designation of a lease as an iron sulphide or sulphur ore or titaniferous magnetite mining lease, additional information acquired by the commissioner of conservation shall disclose that the lands covered by the lease have merchantable deposits of iron ore of the classes defined in schedules 1 to 6, inclusive, of section 93.20, which deposits, without reference to the iron sulphide or sulphur ore or titaniferous magnetites in such lands, would give substantial value thereto, the commissioner shall report the facts to the executive council, and thereupon further action shall be taken as provided by section 93.191, subdivision 3, in the case of taconite iron ore mining leases.*

Approved April 20, 1951.