

1 Department of Natural Resources

2

3 Adopted Permanent Rules Relating to Metallic Mineral Leasing

4

5 Rules as Adopted

6 PERMITS AND LEASES FOR METALLIC MINERALS,

7 EXCEPT IRON ORES AND TACONITE ORES

8 6125.0100 PURPOSE.

9 The purpose of parts 6125.0100 to 6125.0700 is to promote
10 and regulate prospecting for, mining, and removing ores that are
11 primarily valuable for their metallic minerals content, and the
12 rules hereunder shall be construed to carry out that purpose.

13 6125.0200 DEFINITIONS.

14 Subpart 1. Scope of terms. For purposes of parts
15 6125.0100 to 6125.0700, the following words have the meanings
16 given them.

17 Subp. 1a. Associated mineral products. "Associated
18 mineral products" means those intermingled or associated
19 materials and substances recovered from each ton of crude ore
20 mined from the mining unit that are excluded from the definition
21 of metallic minerals.

22 Subp. 2. Commissioner. "Commissioner" means the
23 commissioner of natural resources of the state of Minnesota, or
24 the commissioner's designated representative.

25 Subp. 2a. Metallic minerals. "Metallic minerals," whether
26 singular or plural, means any mineral substances of a
27 metalliferous nature, except iron ores and taconite ores.

28 Subp. 3. Mining unit. "Mining unit" means the land and
29 water area designated as such by the commissioner, wherein the
30 state owns an interest in the minerals and mineral rights.

31 Subp. 4. Ton. "Ton" means 2,000 pounds avoirdupois after
32 removal of all free moisture from the material weighed, by
33 drying at 212 degrees Fahrenheit.

34 Subp. 5. Troy ounce. "Troy ounce" means a unit of mass
35 equal to 480 grains or 31.1035 grams or 1.0971 avoirdupois



1 ounces.

2 6125.0300 PERMITS.

3 The first two years of any lease issued under parts
4 6125.0100 to 6125.0700 is considered the prospecting permit, and
5 no permit to prospect for metallic minerals shall be issued
6 separately or independently from the lease, provided that
7 nothing in this part shall restrict mining operations authorized
8 by the lease.

9 6125.0400 LEASES.

10 The commissioner, with the approval of the state executive
11 council, shall adopt rules for the issuance of leases to
12 prospect for, mine, and remove metallic minerals on lands where
13 an interest in the minerals is owned by the state, including
14 trust fund lands, land forfeited for nonpayment of taxes and
15 held in trust by the state, lands where severed mineral
16 interests have forfeited under Minnesota Statutes, section
17 93.55, lands where severed mineral interests have been otherwise
18 acquired, the beds of public waters, and lands otherwise
19 acquired that have been designated by the commissioner as mining
20 units. Each lease shall cover one mining unit. No lease shall
21 be issued for a term longer than 50 years.

22 6125.0500 PUBLIC SALE OF LEASES.

23 Subpart 1. Time, place, and notice. Except as otherwise
24 expressly provided by law, or as otherwise provided in part
25 6125.0600, leases to prospect for, mine, and remove metallic
26 minerals owned by the state shall be issued only upon public
27 sale authorized by the commissioner.

28 The public sale of leases shall be held at such times and
29 places as may be designated by the commissioner. The
30 commissioner shall give public notice of each sale by
31 publication for three successive weeks in a qualified newspaper
32 that has its known office of issue in the county seats of the
33 counties in which the mining units to be leased are located. If
34 no qualified newspaper has its known office of issue in the

1 county seat of a particular county, then notice must be
2 published in the qualified newspaper designated as the publisher
3 of the official proceedings of the county board of that county.
4 The first publication shall be at least 30 days before the date
5 of sale. Like notice may be published in not to exceed two
6 additional newspapers and two trade magazines as the
7 commissioner may direct. Each notice shall contain the
8 following information:

9 A. time and place of holding the sale;

10 B. the place or places where the list of mining units
11 to be offered for sale will be available for purchase or
12 inspection, and where application and bid forms may be obtained;
13 and

14 C. such other information as the commissioner may
15 direct.

16 Subp. 2. **Mining unit books.** Those interested in bidding
17 may obtain a mining unit book by making application to the
18 commissioner, accompanied by a check or money order, payable to
19 the state treasurer, in the sum of \$25 as a fee for a mining
20 unit book. Unit books will be available for inspection at the
21 Hibbing and Saint Paul offices of the Division of Minerals.

22 Subp. 3. **Lease application and bid.** Each application and
23 bid shall be submitted on a form obtained from the commissioner
24 and shall cover only one mining unit, as designated in the
25 mining unit book. The royalty rate offered in the bid shall be
26 designated by inserting a figure in the blank space in the
27 following clause of the bid form: "The royalty rates bid herein
28 to be paid to the state per ton of crude ore for the metallic
29 minerals and associated mineral products recovered from the ores
30 mined from the mining unit shall be the sum of the base rate, as
31 described in part 6125.0700, paragraph 8, and an additional bid
32 rate of ___ percent of the value of the metallic minerals and
33 associated mineral products recovered in the mill concentrate."

34 The application and bid, together with a certified check,
35 cashier's check, or bank money order, payable to the state
36 treasurer in the sum of \$100, shall be submitted in a bid

1 envelope obtained from the commissioner. Each sealed bid
2 envelope shall be enclosed in another envelope and shall be
3 delivered in person or by mail to the commissioner at Saint
4 Paul, Minnesota. Bids may be submitted at any time before 4:30
5 p.m., Saint Paul, Minnesota time, on the last business day
6 before the day specified for the opening of the bids, and no
7 bids submitted after that time shall be considered. Upon
8 receipt, the commissioner shall endorse upon each sealed bid
9 envelope the exact time of presentation and preserve the same,
10 unopened in the commissioner's office.

11 At the time specified, the commissioner, together with at
12 least one member of the state executive council as designated by
13 the council, shall then publicly open the bids and announce the
14 amount of each bid separately. Leases shall be awarded by the
15 commissioner, with the approval of the state executive council,
16 to the highest bidder for the respective mining units, but no
17 bids shall be accepted that do not equal or exceed the base
18 royalty rates in part 6125.0700. The right is reserved to the
19 state, through the executive council, to reject any or all
20 bids. Tie bids will be resolved by the commissioner, with the
21 approval of the state executive council, by the random drawing
22 of the name of one tied bidder from a pool comprised of the
23 names of all the tied bidders. Upon the award of a lease, the
24 certified check submitted with the bid shall be deposited with
25 the state treasurer as a fee for the lease. All bids not
26 accepted shall become void, and the checks accompanying the bids
27 shall be returned to the respective bidders.

28 6125.0600 NEGOTIATED LEASES.

29 When the commissioner finds that it is impractical to hold
30 a public sale on any mining unit because of its location or size
31 or the extent of the state's interest in the minerals and that
32 the best interests of the state will be served, the
33 commissioner, with the approval of the executive council, may,
34 without holding a public sale, issue a lease to any qualified
35 applicant to prospect for, mine, and remove metallic minerals.

1 Applications shall be in a form and shall contain information as
 2 the commissioner may prescribe. The applicant shall submit with
 3 the application a certified check, cashier's check, or bank
 4 money order, payable to the state treasurer in the sum of \$100.
 5 The leases so issued shall be in the form set forth in part
 6 6125.0700, with such additional terms and conditions consistent
 7 with the lease as may be agreed upon. The rental and royalty
 8 rates agreed upon shall be not less than those prescribed in
 9 part 6125.0700.

10 No lease shall be issued under this part for the removal of
 11 metallic minerals from any mining unit for which notice of
 12 public sale has been published, until the public sale has been
 13 held.

14 6125.0700 FORM OF LEASE.

15 The form of lease for prospecting for, mining, and removing
 16 metallic minerals belonging to the state shall consist of the
 17 following provisions, with insertions, changes, or additions as
 18 may be necessary to incorporate the royalty rates and other
 19 particulars applicable to each lease as may be authorized under
 20 parts 6125.0100 to 6125.0700:

21 This lease agreement is entered into on the _____ day of
 22 _____, 19___. The parties to this lease are the State of
 23 Minnesota, called the state, and _____,
 24 called the lessee.

25 1. Term; description of mining unit. The state, in
 26 consideration of the sum of _____ Dollars, paid by the lessee,
 27 being the rental provided in this lease for the unexpired
 28 portion of the current calendar year and for the next succeeding
 29 two (2) calendar years, the receipt whereof is hereby
 30 acknowledged, and in further consideration of the covenants and
 31 conditions of this lease to be performed by the lessee, agrees
 32 to lease to the lessee for a term of _____ ()
 33 years beginning the _____ day of _____, 19__, the
 34 following-described mining unit, situated in the county of
 35 _____, in the State of Minnesota:

1 2. Definitions. For the purposes of this lease, the
2 following words have the meanings given them:

3 a. "Associated mineral products" means those intermingled
4 or associated materials and substances recovered from each ton
5 of crude ore mined from the mining unit that are excluded from
6 the definition of metallic minerals.

7 b. "Commissioner" means the commissioner of natural
8 resources of the state of Minnesota, or the commissioner's
9 designated representative.

10 c. "Metallic minerals," whether singular or plural, means
11 any mineral substances of a metalliferous nature, except iron
12 ores and taconite ores.

13 d. "Ton" means 2,000 pounds avoirdupois after removal of
14 all free moisture from the material weighed, by drying at 212
15 degrees Fahrenheit.

16 e. "Troy ounce" means a unit of mass equal to 480 grains
17 or 31.1035 grams or 1.0971 avoirdupois ounces.

18 3. Purpose of lease. The mining unit is leased to the
19 lessee for the purpose of prospecting for, mining and removing
20 ores primarily valuable for their metallic minerals content that
21 are found on or in the mining unit.

22 The lessee has the right to construct or make buildings,
23 excavations, openings, ditches, drains, railroads, roads, and
24 other improvements on the mining unit as necessary or suitable
25 for those purposes. The lessee has the right to mill and
26 concentrate the ore so mined, either upon the mining unit or
27 elsewhere, but the right to mill and concentrate does not
28 include the right to reduce or smelt ore upon the mining unit
29 without an agreement between the lessee and the commissioner,
30 authorizing that use of the surface of the land and providing
31 for the necessary protection of life and property. The lessee
32 may contract with others for doing any work authorized or
33 required under this lease, or for the use of the mining unit or
34 any part of it for the purposes of the lease, but no contract of
35 this type relieves the lessee from any duty, obligation, or
36 liability under the lease. No such contract providing for

1 shipping, handling, or removal of ore-bearing material becomes
2 effective for any purpose until three executed duplicates of the
3 contract have been filed with the commissioner.

4 4. State's right to lease iron ores, taconite ores, coal,
5 oil, gas, and other liquid or gaseous hydrocarbon substances.
6 The state reserves the right to lease or grant to other persons
7 or corporations the right to explore for, mine, remove, and
8 beneficiate iron ores, taconite ores, coal, oil, gas, and other
9 liquid or gaseous hydrocarbon substances, that are located in
10 the mining unit. The state agrees that any permit or lease
11 granted by it to any person or corporation to explore for,
12 develop, mine, or dispose of the iron ores, taconite ores, coal,
13 oil, gas, and other liquid or gaseous hydrocarbon substances
14 shall contain a provision that the permittee or lessee shall
15 exercise those rights so as not to cause any unnecessary or
16 unreasonable injury or hindrance to the operations of the lessee
17 of this lease in the exploration for, or the development,
18 mining, or removal of metallic minerals other than iron ores,
19 taconite ores, coal, oil, gas, and other liquid or gaseous
20 hydrocarbon substances covered by that permit or lease. The
21 lessee of this lease agrees that it will exercise the rights
22 granted to it by this lease in such manner as not to cause any
23 unnecessary or unreasonable injury or hindrance to the
24 operations of any permittee or lessee of the state in the
25 exploration for, or the development, mining, or removal of iron
26 ores, taconite ores, coal, oil, gas, and other liquid or gaseous
27 hydrocarbon substances.

28 5. State's right to lease surface and sell timber. The
29 state reserves the right to sell and dispose of all the timber
30 upon the mining unit without hindrance from the lessee and
31 according to the law now or hereafter governing the sale of
32 timber on state lands, and reserves to the state and to the
33 purchaser of the timber, and their agents, the right at all
34 times to enter the mining unit, and to cut and remove timber
35 from it according to the terms of the purchaser's contract with
36 the state. The timber purchaser shall not unduly interfere with

1 the prospecting or mining operations. The state further
2 reserves the right to grant leases, permits, or licenses to any
3 portion of the surface of the mining unit to any person,
4 partnership, corporation, or other association under the
5 authority of Minnesota Statutes, section 92.50, or other
6 applicable laws, after consultation with lessee. The surface
7 leases, permits, or licenses shall not unduly interfere with the
8 prospecting or mining operations conducted on the mining unit.

9 6. Annual rental. The lessee agrees to pay to the state
10 rental for the mining unit at the rate of one dollar per acre of
11 land and water area included in the mining unit, per calendar
12 year, payable in advance, for the unexpired portion of the
13 current calendar year from the effective date of this lease and
14 for the next succeeding two calendar years; and after that time
15 at the rate of three dollars per acre per calendar year, payable
16 quarterly for the three succeeding calendar years; and after
17 that time at the rate of eight dollars per acre per calendar
18 year, payable quarterly for the five succeeding calendar years;
19 and after that time at the rate of \$25 per acre per calendar
20 year, payable quarterly for the remainder of the term of this
21 lease.

22 The mining unit may include state-owned minerals under
23 water, in trust fund lands, in acquired lands, in lands
24 forfeited for taxes, and in lands in which severed mineral
25 interests have forfeited for failure to comply with registration
26 laws, or have been otherwise acquired. Any amount paid for
27 rental, at the time of payment, shall be allocated to the proper
28 fund as determined by the mineral ownership.

29 Any amount paid for rental accrued for any calendar year
30 must be credited on any royalty that may become due for ore
31 removed under this lease during the same calendar year but no
32 further, and only to the extent that the rental was paid or
33 deposited into the particular fund to which the royalty for the
34 ore is due. Any amount paid for royalty in excess of the credit
35 during that year must be credited on rental, if any,
36 subsequently accruing for that year but no further, and only to

1 the extent that the royalty was paid or deposited into the
2 particular fund to which the rental is due. However, any amount
3 paid for rental in excess of eight dollars per acre for any
4 previous calendar year may be credited on any royalty that may
5 become due for ore removed under this lease during the current
6 calendar year in excess of any credits for current rental, but
7 only to the extent that the rental was paid or deposited into
8 the particular fund for which the royalty is due.

9 Rental payments must be made on May 20, August 20, November
10 20, and February 20 for the previous calendar quarters. The
11 first calendar quarter is the first three calendar months of the
12 year, and so on.

13 Upon surrender of any part or parts of the mining unit by
14 lessee under this lease, the annual rental payment may be
15 discontinued as to those parts for all subsequent calendar
16 years; however, the rentals paid on the parts surrendered must
17 not be credited on any royalties due for ore removed from that
18 part of the mining unit which remains under lease.

19 Where the state owns only a fractional undivided interest
20 in the minerals in any portion of the mining unit, only that
21 fractional part of the rentals and royalties established in this
22 lease shall be paid for that portion.

23 If at any time during the term of this lease it is
24 determined in a proper proceeding that the state does not own
25 the minerals in a part of the area included in the mining unit,
26 the commissioner shall delete from the description of the mining
27 unit the part not owned by the state, and only if that
28 determination is made prior to the fifth anniversary date of
29 this lease is the lessee entitled to a refund, or in the case of
30 tax forfeited minerals to receive credit on future payments due
31 the same fund, for payments made to the state on that part prior
32 to the determination. If the commissioner deems it necessary,
33 additional time to make the determination may be granted.

34 7. Tonnage for royalty purposes. Royalty must be computed
35 on the dry weight of the crude ore. The dry weight of the crude
36 ore shall be calculated from natural crude ore weights and

1 moisture percentages from samples taken at the time the crude
2 ore is weighed.

3 8. Royalty.

4 a. The royalty to be paid to the state by the lessee for
5 the metallic minerals and associated mineral products recovered
6 from each ton of ore mined from the mining unit is the sum of
7 the base rate described in this paragraph and an additional bid
8 rate of ___ percent multiplied by the value of the metallic
9 minerals and associated mineral products recovered in the mill
10 concentrate from each ton of dried crude ore.

11 b. The base rate must not be less than 3-1/2 percent nor
12 more than 20 percent and varies with the value of the metallic
13 minerals and associated mineral products recovered from each ton
14 of ore mined from the mining unit. The base rate must be
15 calculated as provided in clauses (1) to (4):

16 (1) If the value of the metallic minerals and associated
17 mineral products recovered in the mill concentrate is equal to
18 or less than \$75, the base rate is 3-1/2 percent.

19 (2) If the value of the metallic minerals and associated
20 mineral products recovered in the mill concentrate is greater
21 than \$75 but less than or equal to \$150, the base rate is 3-1/2
22 percent plus an additional 0.015 percent for each dollar
23 increase in value above \$75.

24 (3) If the value of the metallic minerals and associated
25 mineral products recovered in the mill concentrate is greater
26 than \$150 but less than or equal to \$225, the base rate is 3-1/2
27 percent, plus an additional 0.015 percent for each dollar
28 increase in value above \$75, plus a further additional 0.02
29 percent for each dollar increase in value above \$150.

30 (4) If the value of the metallic minerals and associated
31 mineral products recovered in the mill concentrate is greater
32 than \$225, the base rate is 3-1/2 percent, plus an additional
33 0.015 percent for each dollar increase in value above \$75, plus
34 a further additional 0.02 percent for each dollar increase in
35 value above \$150, plus a further additional 0.025 percent for
36 each dollar increase in value above \$225.

1 In computing the base rate, there must be no rounding
 2 before calculating the total royalty due. The values of \$75,
 3 \$150, and \$225, as used above, must be escalated each calendar
 4 quarter in accordance with the formula set forth in paragraph c.

5 For example, assume the value (v) of metallic minerals and
 6 associated mineral products recovered in the mill concentrate
 7 from a ton of dried crude ore was \$100. The base rate would be
 8 calculated as follows:

$$\begin{aligned}
 9 \quad \text{Base rate} &= .035 + (.00015 \times [v - 75]) \\
 10 &= .035 + (.00015 \times [100 - 75]) \\
 11 &= .035 + (.00015 \times 25) \\
 12 &= .035 + .00375 \\
 13 &= .03875 \\
 14 &= 3.875 \text{ percent}
 \end{aligned}$$

15 If the value (v) of the metallic minerals and associated mineral
 16 products recovered in the mill concentrate from a ton of dried
 17 crude ore was \$250, then the base rate would be calculated as
 18 follows:

$$\begin{aligned}
 19 \quad \text{Base rate} &= .035 + (.00015 \times [v - 75]) + (.0002 \times [v - 150]) + \\
 20 &\quad (.00025 \times [v - 225]) \\
 21 &= .035 + (.00015 \times [250 - 75]) + (.0002 \times [250 - 150]) + \\
 22 &\quad (.00025 \times [250 - 225]) \\
 23 &= .035 + (.00015 \times 175) + (.0002 \times 100) + (.00025 \times 25) \\
 24 &= .035 + .02625 + .02 + .00625 \\
 25 &= .0875 \\
 26 &= 8.75 \text{ percent}
 \end{aligned}$$

27 c. The values of \$75, \$150, and \$225 as used in the base
 28 rate must be increased each calendar quarter as follows:

29 If the unadjusted Producer Price Index for All Commodities
 30 (1967 equals 100), as originally published (unrevised) by the
 31 Bureau of Labor Statistics of the United States Department of
 32 Labor, or any succeeding federal government agency publishing
 33 the Index, in the monthly publication titled Producer Price
 34 Indexes, for the first month in the calendar quarter for which
 35 royalty payment is to be made, exceeds 310.5, which was the
 36 level of the index for August 1987 (hereinafter called the "Base

1 Index"), an additional amount, computed in the manner
2 hereinafter provided, must be added to the values of \$75, \$150,
3 and \$225 to be used in the base rate for the calculation of the
4 royalty to be paid by the lessee on the ore removed from the
5 mining unit during any quarter.

6 The increase in the values of \$75, \$150, and \$225 must be
7 computed by multiplying each value by a fraction, the
8 denominator of which is the Base Index and the numerator of
9 which is equal to the amount by which the Producer Price Index
10 for All Commodities for the first month of the calendar quarter
11 in question exceeds the Base Index. The resulting products must
12 be carried to two decimal places and then rounded to the nearest
13 whole dollar.

14 For example, the Base Index under this lease is 310.5 and
15 if the Producer Price Index for All Commodities for January 1990
16 was 325.5, the increase in the values of \$75, \$150, and \$225
17 would be computed as follows:

18 $\$ 75 \times (325.5 - 310.5) = \$3.62, \text{ rounded to } \4.00
19
20 $\frac{\quad\quad\quad}{310.5}$

21 $\$150 \times (325.5 - 310.5) = \$7.24, \text{ rounded to } \7.00
22
23 $\frac{\quad\quad\quad}{310.5}$

24 $\$225 \times (325.5 - 310.5) = \$10.86, \text{ rounded to } \11.00
25
26 $\frac{\quad\quad\quad}{310.5}$

27 The indexed values to be used in the calculation of the base
28 rate that would be used in the calculation of royalty payable on
29 the metallic minerals and associated mineral products recovered
30 during the first calendar quarter of 1990 would be:

31 $\$ 75 + \$ 4 = \$ 79$
32 $\$150 + \$ 7 = \157
33 $\$225 + \$11 = \$236$

34 If some period other than 1967 is used as a base of 100 in
35 determining the Producer Price Index for All Commodities, for
36 the purposes of this lease provision the index must be adjusted
37 so as to be in correct relationship to the 1967 base. In the
38 event the index is not published by any federal agency, the
39 index to be used as previously provided must be the index

1 independently published, which, after necessary adjustments, if
2 any, provides the most reasonable substitute for the Producer
3 Price Index for All Commodities during any period after August
4 1987, it being intended to substitute an index that most
5 accurately reflects fluctuations in the prices of commodities in
6 the all commodities index in the manner presently reported by
7 the Producer Price Index for All Commodities (1967 equals 100),
8 published by the Bureau of Labor Statistics of the United States
9 Department of Labor.

10 The values of \$75, \$150, and \$225 as used in the base rate
11 must never be less than the minimum values prescribed in
12 paragraph 8b of this lease.

13 d. The lessee may apply to the commissioner and the
14 commissioner may grant the lessee a partial deferral of the
15 lessee's obligation to pay royalties under this lease. Up to 50
16 percent of royalties due and payable less any credits against
17 royalties as provided in paragraph 6, may be deferred by the
18 commissioner. Any deferral granted applies only to the
19 royalties due and payable during the first consecutive years, up
20 to a maximum of the first five consecutive years, beginning with
21 the first year that any royalties are due and payable under this
22 lease, or to royalties due and payable during the first one-half
23 of the expected operational life of the first mine established
24 under this lease in the mining unit, whichever is less.

25 The amount of royalties deferred for each calendar quarter
26 as provided above, plus interest at the rate of eight percent
27 per year, becomes finally due and payable on the future date
28 that is determined by adding the total number of years of
29 deferral granted under this section to the date on which
30 royalties would have been due and payable had there been no
31 deferral.

32 The commissioner in considering the lessee's application
33 for deferral of royalties may consider factors including, but
34 not limited to, the expected operational life of the mine
35 producing the royalties, the express purposes for which the
36 money deferred is proposed to be used by the lessee, the cash

1 flow analysis of the mine, the amount of either the capital
2 invested or to be invested, or both, by the lessee in
3 exploration and mining operations under this lease, and the
4 technical and financial capabilities of the lessee.

5 9. Value of metallic minerals and associated mineral
6 products.

7 a. The value of metallic minerals and associated mineral
8 products recovered in the mill concentrate from each ton of
9 dried crude ore must be determined monthly as follows: Multiply
10 the total pounds respectively of each ~~metallic-mineral~~ metal and
11 associated mineral product recovered during the month in the
12 mill concentrate from the mining unit, by the average market
13 price per pound respectively for that month of each fully
14 refined ~~metallic-mineral~~ metal and of each associated mineral
15 product. Subtract from that total, the smelter charges, as later
16 defined in this lease, to obtain the value of each metallic
17 mineral and each associated mineral product. Add the values
18 thus obtained for each metallic mineral and each associated
19 mineral product for the month, and divide the sum by the total
20 number of tons of dried crude ore from the mining unit
21 concentrated in the mill during the month, to obtain the value
22 of the metallic minerals and associated mineral products
23 recovered from each ton of dried crude ore. The value must be
24 carried to four decimal places and rounded to the nearest
25 one-hundreth of a dollar.

26 b. When metallic minerals and associated mineral products
27 recovered during the month in the mill concentrate are sold
28 during the same month, only those metallic minerals and
29 associated mineral products recovered from that concentrate that
30 are actually paid for by the smelter, refiner, or other
31 purchaser must be valued as part of the metallic minerals and
32 associated mineral products recovered during the month. When
33 metallic minerals and associated mineral products recovered
34 during the month are not sold during the same month, the value
35 of the metallic minerals and associated mineral products
36 recovered during the month must be adjusted, if necessary, at

1 the time they are sold to reflect the market price at the time
2 of sale, and to reflect any metallic minerals and associated
3 mineral products recovered in a concentrate that are not
4 actually paid for by a smelter, refiner, or other purchaser.
5 Any prior payment of royalty that becomes an overpayment of
6 royalty as a result of the adjustment of value under this
7 paragraph is a credit against future royalty payments due under
8 this lease.

9 c. Metallic minerals and associated mineral products sold
10 by the lessee to a nonaffiliate shall be deemed sold at the time
11 the metallic minerals and associated mineral products are
12 delivered to the nonaffiliate. Metallic minerals and associated
13 mineral products sold or transferred by lessee to an affiliate
14 shall be deemed sold by lessee at the time of delivery to the
15 affiliate and value must be calculated on the basis of the
16 market prices at the time of the deemed sale of the ~~fully~~
17 ~~refined~~ metallic minerals and of the associated mineral products
18 sold or transferred to the affiliate. Metallic minerals and
19 associated mineral products retained by the lessee for its own
20 internal use and consumption shall be deemed sold when they are
21 removed from the mining unit and value must be calculated on the
22 basis of the market prices at the time of the removal of the
23 ~~fully-refined~~ metallic minerals and of the associated mineral
24 products retained for internal use and consumption. For the
25 purpose of this lease "affiliate" means the lessee, or any
26 business entity that is effectively owned or controlled directly
27 or indirectly by the lessee or that directly or indirectly
28 effectively owns or controls the lessee, or any business entity
29 operated by or that operates the lessee.

30 d. If material is recovered and sold on a basis other than
31 for the purpose of recovering the fully refined ~~metallic~~
32 ~~minerals~~ metals and the associated mineral products contained in
33 the material, such as the recovery and sale of titanium dioxide
34 for paint pigment uses, then the value of the material recovered
35 and sold, for royalty calculation purposes, is subject to
36 agreement between the commissioner and the lessee.

1 e. "Smelter charges" means the base smelter treatment
2 charge assessed by the smelter for treating each ton of the mill
3 concentrate plus the smelter losses that are deducted from the
4 assay or market values to arrive at the gross payment to the
5 lessee for each of the metallic minerals and associated mineral
6 products paid for by the smelter. Smelter charges do not
7 include the following: mining or milling, or similar
8 beneficiation costs or charges; refinery losses; refinery
9 charges; penalties for impurities; freight and transportation
10 charges either to or from the mill, concentrator, smelter, or
11 refinery; weighing and sampling charges; handling charges;
12 selling charges; taxes of any kind; processing charges; or any
13 other charges, other than the base smelter treatment charge and
14 smelter losses, assessed by the smelter or purchaser of the
15 metallic minerals or associated mineral products. If the mill
16 concentrate is treated at a smelter owned by, or directly or
17 indirectly effectively controlled by, the lessee or its
18 affiliate, or that the lessee or its affiliate operates or
19 manages, then the smelter charges allowed are equal to the
20 smelter charges that the smelter would assess or charge an
21 unaffiliated third party desiring to have a substantially
22 similar mill concentrate treated at the smelter. If the smelter
23 owned by, operated by, or effectively controlled by the lessee
24 or its affiliate does not provide smelter treatment services to
25 unaffiliated third parties, then the smelter charges allowed are
26 equal to the mean of the smelter charges assessed and charged
27 for substantially similar mill concentrates in smelter contracts
28 between unaffiliated parties. If any metallic minerals or
29 associated mineral products produced under this lease from the
30 mining unit are sold, or otherwise disposed of, without smelter
31 treatment, as, for example, in the production of gold dore,
32 then no deduction for smelter charges, nor any other charges, is
33 allowed in the computation of the value of the metallic minerals
34 and associated mineral products recovered in the mill
35 concentrate. If the state disagrees as to the smelter charges,
36 the lessee has the burden of proof of substantiating the smelter

1 charges.

2 f. The average market price of copper per pound for each
3 month is that quoted for MW US Producer Cathode (MW US PROD
4 CATH), as reported in Metals Week. The average market price of
5 nickel per pound for each month is that quoted for New York
6 Dealer Cathode (NY DEALER CATH), as reported in Metals Week.
7 The average market price of gold per troy ounce for each month
8 is that quoted for the London Final, as reported in Metals
9 Week. The average market price of silver per troy ounce for
10 each month is that quoted for Handy & Harman, as reported in
11 Metals Week. The average market price of zinc per pound for
12 each month is that quoted for MW US High Grade (MW US HG), as
13 reported in Metals Week. The average market price of lead per
14 pound for each month is that quoted for North American Producer
15 Low (NA PRODUCER L), as reported in Metals Week. The average
16 market price of other metallic minerals and of associated
17 mineral products per pound for each month shall be that quoted
18 for their usual and customary shipping quantities, f.o.b. the
19 usual and customary place of shipment, United States import duty
20 (if any) included, as reported in Metals Week. If Metals Week
21 does not or ceases to report an average monthly market price for
22 any metallic mineral or associated mineral product, then the
23 average monthly market price of that metallic mineral or
24 associated mineral product is the arithmetic average of the
25 daily market prices for the metallic mineral or associated
26 mineral product for that month as reported in Metals Week. If
27 Metals Week or its successors cease to furnish such quotations,
28 or its quotations cease to be recognized in the trade, or a
29 particular metallic mineral or associated mineral product is not
30 listed, then the quotations of such other source as the parties
31 may agree upon shall govern.

32 10. Commingled ores. The lessee has the right to
33 commingle ore from the mining unit with other ore, either in the
34 mine, in stockpile, in the mill, or in the smelter, but the ores
35 must be kept entirely separate and distinct until their
36 quantities and metal and mineral contents have been separately

1 measured and determined. Ratios of concentration, percent mill
2 recoveries, and any other factors necessary for determining the
3 beneficiating amenability of the commingled ores, the allocation
4 of values and the royalties, must be separately measured and
5 determined by methods approved by the commissioner and shall be
6 reported on a monthly basis. "Ratio of concentration" means the
7 dry weight of the crude ore divided by the dry weight of the
8 concentrate derived from the crude ore. "Percent mill recovery"
9 means the dry weight of the metal in the concentrate divided by
10 the dry weight of the metal in the crude ore, expressed as a
11 percent.

12 11. Quarterly payment on ore removed. The lessee agrees
13 to pay to the state, on or before May 20, August 20, November
14 20, and February 20 in each year during the period this lease
15 continues in force, royalty at the rates specified in paragraph
16 8 for all of the ore removed from the mining unit during the
17 previous calendar quarter. The lessee also agrees to pay to the
18 state on or before May 20 of each year all royalty due and
19 payable as a result of the adjustment to value of the metallic
20 minerals and associated mineral products sold during the
21 previous calendar year as provided for in paragraph 9b.

22 The lessee is liable for payment of royalty when due on all
23 ore removed from the mining unit for concentration elsewhere or
24 for any other purpose, from the actual time of removal; and if
25 the royalty due on the ore is not determined and accounted for
26 as provided by the next royalty payment date, the commissioner
27 may determine the royalty by any method as the commissioner
28 deems appropriate and consistent with the royalty rates set
29 forth in this lease. Any amount paid for royalty must be
30 allocated to the proper fund as determined by the mineral
31 ownership.

32 12. Lessee to transmit statement of ore removed and
33 royalty due. The lessee shall transmit to the commissioner with
34 each royalty payment an exact and truthful statement of the
35 tonnage and royalty value of the ore mined and removed from the
36 mining unit during each of the three months for which the

1 payment is made, and the amount of royalty due on the ore,
2 separated as to the various state fund ownerships. The lessee
3 shall provide for all the operations required for these
4 determinations except as otherwise specified.

5 13. Weighing. The methods of obtaining the weights used
6 to determine tonnage for the calculation of royalty, or to
7 determine other weights required by the state, are subject to
8 the approval of the commissioner.

9 14. Sampling. Samples for royalty purposes must be taken
10 of the ores and their products at places and intervals subject
11 to the approval of the commissioner. A portion of each sample
12 or composite sample must be delivered to the commissioner
13 unless, by mutual agreement, it has been decided that certain of
14 such portions are not needed by the state. Except as otherwise
15 permitted by the commissioner, all ore mined from this mining
16 unit must be sampled and its weight determined before being
17 commingled with any other ores.

18 Each royalty sample must be analyzed at the expense of the
19 lessee by competent chemists or assayers approved in writing by
20 the commissioner. The elements in the royalty sample for which
21 analytical determinations will be made are subject to agreement
22 between the commissioner and the lessee.

23 15. Monthly reports. Except as otherwise permitted by the
24 commissioner, the lessee shall transmit within 30 days after the
25 end of each calendar month, statements for that calendar month
26 in the form the commissioner may require, covering the tonnages
27 and analyses of the following: all material mined from the
28 mining unit, all material milled from the mining unit, all
29 material stockpiled from the mining unit, all concentrates
30 produced from the mining unit, all material mined from any
31 source and commingled with material from the mining unit, all
32 commingled material concentrated, all commingled material
33 stockpiled, all commingled concentrates produced during that
34 calendar month, and such other information as may reasonably be
35 required by the commissioner for the purpose of verifying the
36 amount of royalty due.

1 The weight of ore as set forth in the monthly statements
2 shall prima facie be binding as between the parties, but the
3 state has the right to sample the ore, check the analyses, and
4 inspect, review and test the correctness of the methods, books,
5 records and accounts of the lessee in sampling, analyzing,
6 recording, and reporting the weights, and to inspect, review,
7 and test the correctness of the weights and scales and other
8 equipment used in measuring the amount of ore, it being
9 understood that any errors in these reports, when ascertained,
10 shall be corrected.

11 16. Additional monthly and annual reports to be furnished
12 by lessee; exploration; mine samples required. Except as
13 otherwise permitted by the commissioner, in addition to other
14 reports or statements required in this lease, the lessee shall
15 furnish the following:

16 a. Copies of all exploration data, including, but not
17 limited to, all logs and drill hole records; all maps and
18 coordinates showing drill holes, geophysical grids, geochemical
19 and geologic sampling, trenching, and survey data; all chemical
20 and analytical data and information; all laboratory test data;
21 all geophysical, geochemical, and geologic records; all results
22 of mine and metallurgical testings; and all periodic mine maps,
23 analyses maps, cross-sections, and development plans. All
24 material required under this subparagraph must be available to
25 the commissioner, or the commissioner's representative, at all
26 reasonable times. Copies must be submitted annually to the
27 commissioner when the data is in the form customarily prepared
28 for permanent record of the operations on the mining unit.
29 Material available to and furnished to the commissioner under
30 this subparagraph and subparagraph b. shall be considered
31 confidential during the life of this lease or any extension of
32 it.

33 b. At least a quarter-portion of all exploration samples,
34 and when requested by the commissioner in writing, a
35 quarter-portion of mine or mill samples. In the event that the
36 lessee requires certain exploration samples in their entirety,

1 the commissioner or the commissioner's representative may waive
2 the requirement for a quarter-portion of such exploration
3 samples, provided that the lessee grants the state an
4 opportunity to examine and classify such samples before they are
5 crushed or processed.

6 c. A monthly report showing the estimated weights and
7 analyses of all materials stockpiled, including lean ore, waste
8 and tailings, and divided as to property of origin and
9 deposition.

10 d. Certified copies of smelter statements, schedules,
11 agreements, and settlement sheets or receipts from sales
12 involving materials produced from this mining unit showing the
13 product sold and factors relevant to the calculation of
14 royalties.

15 e. Not later than March 1 of each year during the term of
16 this lease, a summary statement of the tonnage of all ore mined
17 and all ore milled from the premises and all ore materials
18 placed in or removed from stockpile during the previous calendar
19 year, divided as to the property of origin and the disposition
20 of the ore materials and showing such analyses of them as the
21 commissioner may require.

22 17. How remittances and reports are to be transmitted.
23 All remittances by the lessee under this lease must be made
24 payable to the state treasurer. All such remittances and all
25 reports, notices and documents required under this lease must be
26 transmitted to the commissioner through the director of the
27 division of minerals at Saint Paul, Minnesota.

28 18. State inspection; inspectors at plants and mines. The
29 commissioner may at all reasonable times enter the mining unit
30 and any other premises used or operated by the lessee in
31 connection with the operation of the mining unit, inspect the
32 operations conducted under this lease, and conduct such
33 engineering and sampling procedures and other investigations as
34 the commissioner may require, not unreasonably hindering or
35 interrupting the operations of the lessee.

36 The lessee shall provide, upon written request of the

1 commissioner, a suitable room in the dry or wash house or in
2 some other suitable place on the mining unit or elsewhere when
3 necessary, with water, light, and heat, all without cost to the
4 state, for the use of state inspectors. The room must be at
5 least equal in size and equipment to that customarily furnished
6 for the use of the mine engineer.

7 Whenever royalties or rentals due the state are required to
8 be distributed to more than one fund, or when ore from the
9 mining unit is commingled with other ore, or when ore from the
10 mining unit is concentrated at the same plant as other ore, the
11 commissioner may appoint special inspectors as the commissioner
12 considers necessary to insure proper accounting and protect the
13 interests of the state. The lessee shall reimburse the state
14 monthly for the cost of this inspection service upon
15 notification by the commissioner.

16 19. Removal of ore for experimental purposes.
17 Notwithstanding paragraph 11, upon written application of the
18 lessee, the commissioner may authorize the removal of ore from
19 the mining unit for experimental purposes without payment of
20 royalty; and it is further understood that the removal of
21 samples obtained by drilling, trenching, or testpitting, for the
22 purposes of exploration, is not subject to the payment of
23 royalty.

24 20. Stockpiled materials. All materials mined and not
25 shipped from the mining unit remains the property of the state
26 and shall be stockpiled only in such manner and on such sites as
27 may be authorized by the commissioner in writing. When,
28 however, the commissioner agrees that substantially all minerals
29 of value have been extracted from the mill tailings, the
30 material may be used for stope filling on the mining unit or
31 elsewhere, and the tailings material used shall be considered
32 abandoned, and title to the material shall revert to the mineral
33 owners of the property in which it is deposited.

34 21. Reversion of title on land conveyed to the state for
35 stockpiling purposes. When the commissioner determines that it
36 is necessary and that the interests of the state will be fully

1 protected, the lessee may convey land to the state upon the
2 condition that it be used for the storage of ore or other
3 materials having present or potential value belonging to the
4 state, and that the state's interest in the land terminates and
5 title reverts to the lessee when the land is no longer needed or
6 used for that purpose. No consideration shall be paid for the
7 conveyance unless authorized by law.

8 22. Cross-mining rights. The lessee is hereby granted the
9 right to mine and remove any ores from the mining unit through
10 any shafts, openings, or pits that may be made upon adjoining
11 and nearby premises controlled by the lessee; and the lessee
12 may, if it so desires, use the mining unit and any shafts,
13 openings, pits, made on it for the mining or removal of any ores
14 from adjoining or nearby premises, not, however, preventing or
15 interfering with the mining or removal of ore from said mining
16 unit. The ores taken from the mining unit must at all times be
17 kept entirely separate and distinct from any other ores until
18 measured and sampled as provided in this lease so that the
19 rights of the lessor are at all times preserved and protected.
20 The lessor recognizes the rights and liens of the owners of any
21 nearby or adjoining premises in any ores mined from them and
22 transported through the mining unit.

23 23. Lessee's obligations under state and federal laws and
24 regulations. The provisions of this lease are subject to all
25 applicable state and federal statutes, orders, rules and
26 regulations, and all operations under this lease shall be
27 conducted in conformity with them. No interference, diversion,
28 use or appropriation of any waters over which the commissioner
29 or any other state agency has jurisdiction, may be undertaken
30 unless authorized in writing by the commissioner or the state
31 agency.

32 24. Operations to be conducted in accordance with good
33 mining and metallurgical engineering. The lessee shall advise
34 the commissioner when exploration drilling, trenching, or
35 testpitting on the mining unit is about to begin. The lessee
36 shall open, use, and work the mine or mines on the mining unit

1 and conduct metallurgical operations in such manner only as is
2 usual and customary in skillful and proper mining and milling
3 operations in accordance with the requirements, methods, and
4 practices of good mining and metallurgical engineering, and in
5 such manner as not to cause any unnecessary loss of minerals, or
6 unusual permanent injury to the mining unit. Surface lands
7 owned by the state in the mining unit are not to be cleared or
8 used for construction or stockpiling purposes until the plan for
9 such use has been approved by the commissioner. The surface use
10 of the mining unit must be conducted in such manner as to
11 prevent or reduce scarring and erosion of the land and pollution
12 of air and water.

13 25. Lessee's obligation for damages. It is understood and
14 agreed that in case any interest in the land or minerals covered
15 by this lease is owned by anyone other than the state, this
16 lease shall not be construed as authorizing any invasion of or
17 trespass upon such other interest. The lessee is obligated to
18 save the state harmless from all damages or losses caused
19 directly or indirectly by operations under this lease, whether
20 to land, timber, minerals, growing crops, or buildings, or to
21 any person or other property, including damages suffered by that
22 other owner of the surface or mineral rights, and the state
23 shall not be liable for them.

24 26. Lessee to pay all taxes. The lessee agrees to pay
25 when due all taxes, general and specific, personal and real that
26 may be assessed against the mining unit and the improvements
27 made on it, and the ore materials in it or mined from it, and
28 any personal property on the mining unit owned, used, or
29 controlled by the lessee. This covenant does not apply to taxes
30 assessed against any part of the mining unit as a result of any
31 other lease granted by the state to other parties. The
32 cancellation, termination, or expiration of this lease does not
33 relieve the lessee of the obligation to pay taxes assessed
34 during the continuance of the lease, even though such taxes may
35 be due or payable after the cancellation, termination, or
36 expiration date.

1 27. State lien for unpaid sums due. The state reserves
2 and shall at all times have a lien upon all ore mined from the
3 mining unit, all ore concentrated from it, smelter returns due
4 the lessee for the ore, and all improvements made under this
5 lease for any sums not paid when due.

6 28. Lessee's right to terminate lease. The lessee may at
7 any time deliver to the commissioner written notice of intention
8 to terminate this lease, and this lease shall terminate 60 days
9 after the delivery unless the notice is revoked by the lessee by
10 further written notice delivered to the commissioner before the
11 expiration of 60 days. On December 31 following the tenth
12 anniversary date of this lease, and on any succeeding December
13 31, the lessee may surrender its rights and privileges granted
14 in this lease on any governmental descriptions or on beds of
15 public waters included in the mining unit, by giving the lessor
16 written notice of its intention so to do at least 60 days before
17 the date of such surrender. All sums due to the state under
18 this lease up to the effective date of termination must be paid
19 by the lessee.

20 29. Lessor's right to cancel lease upon lessee's failure
21 to meet production requirements. The state may cancel this
22 lease as provided in paragraph 30 if the lessee has not met both
23 of the following conditions by the end of the 20th full calendar
24 year of this lease:

25 (a) The lessee must be actively engaged in mining ore
26 under this lease from:

27 i. the mining unit;
28 ii. a metallic mineral mine within the
29 government township in which the mining unit is located; or
30 iii. a metallic mineral mine within a government
31 township that has at least one point in common along its
32 boundary line with the government township in which the mining
33 unit is located.

34 (b) The lessee must have paid to the state at least
35 \$100,000 in earned royalty under a metallic minerals lease.
36 This amount must be paid during a single calendar year.

1 The state may exercise its option to cancel the lease
2 during the 21st calendar year of the lease. If it does not do
3 so, and if the conditions have not been met by the end of the
4 35th full calendar year of this lease, it may exercise its
5 option to cancel during the 36th calendar year of the lease.
6 The commissioner shall take the lessee's financing needs and the
7 state's proportional ownership interest into consideration in
8 determining whether the requirements of this paragraph have been
9 met.

10 30. Lessor's right to cancel lease upon default. This
11 lease is granted upon the express condition that, if any sum
12 owed under it by the lessee for rental, royalty, or otherwise
13 remains unpaid after the time when it became due, or if the
14 lessee or its agent or servant knowingly or willfully makes any
15 false statement in any report, account, or tabulation submitted
16 to the state or to the commissioner, or any of the
17 commissioner's agents pertaining to any matter under this lease,
18 or if the lessee fails to perform any of the conditions required
19 by this lease, the commissioner may cancel this lease by mailing
20 or delivering to the lessee 60 days' notice of the cancellation
21 in writing, specifying such nonpayment or other default as the
22 case may be. This lease shall terminate at the expiration of
23 the 60 days, and the lessee and all persons claiming under the
24 lessee shall be wholly excluded from the mining unit except as
25 hereinafter provided in paragraph 31. Termination does not
26 relieve the lessee from any liability for payment or other
27 liability incurred under this lease. If the default consists of
28 a nonperformance of an act required under this lease other than
29 payment of royalty or rental, the lessee may perform within the
30 period of 60 days and the lease continues in effect. If the
31 correction of any such default requires more time than 60 days
32 after the notice has been received by the lessee, the
33 commissioner, upon written request of the lessee and for good
34 cause shown, may, at his or her discretion, grant an extension
35 of the period of 60 days. If the default consists of a
36 nonpayment of royalty or rental and the lessee performs within

1 15 days from the mailing or delivery of notice of cancellation,
2 the lease continues in effect; and if the lessee performs at any
3 time thereafter within the period of 60 days, the commissioner,
4 at his or her discretion, may continue the lease in effect.

5 31. Rights of lessor and lessee during 180-day period
6 following termination. Upon termination of this lease, whether
7 by expiration of its term or by act of either party, except as
8 necessary to comply with applicable mineland reclamation
9 statutes and rules, the lessee has 180 days after termination in
10 which to remove all equipment, materials, railroad tracks,
11 structures and other property placed or erected by the lessee
12 upon said mining unit. Property not removed within that time
13 shall, at the discretion of the commissioner, either be removed
14 by the state at the lessee's expense or become the property of
15 the state. The lessee shall not remove or impair any supports
16 placed in any mine or mines on the mining unit, or any timber or
17 framework necessary to the use or maintenance of shafts or other
18 approaches to such mine or mines or tramways within the mining
19 unit, all of which become the property of the state. During the
20 period of 180 days, the lessee shall, at its own expense,
21 properly and adequately fence all pits, level banks, and refill
22 all test pits and cave-ins that may be deemed dangerous or are
23 likely to cause damage to persons or property, and the lessee
24 shall do all other work which the commissioner deems necessary
25 to leave the premises in a safe and orderly condition to protect
26 against injury or damage to persons or property, and shall
27 restore the premises as nearly as the commissioner deems
28 practicable to the natural conditions of the surrounding area
29 and shall reclaim the premises in accordance with the applicable
30 mineland reclamation statutes and rules. Subject to the
31 foregoing, upon the termination of this lease, whether by
32 expiration of the term hereof or otherwise, the lessee shall
33 quietly and peaceably surrender possession of the mining unit to
34 the state. During the period of 180 days, the lessee shall not
35 be relieved of any obligation or liability resulting from the
36 occupancy of the mining unit unless the lessee has wholly

1 vacated the mining unit prior to the expiration of that period
2 and has notified the commissioner thereof in writing.

3 32. Recovery of expenses. If it is necessary for the
4 state to incur expenses by court action or otherwise for the
5 ejectment of the lessee, or removal from the leased premises of
6 the lessee's property, or recovery of rent or royalties, or for
7 any other remedy of the state under this lease, and the state
8 prevails in the court action or otherwise, then the lessee shall
9 pay to the state all expenses, including attorney's fees, thus
10 incurred by the state.

11 33. Mining of minerals other than metallic minerals. If
12 any ore found on or in the mining unit is primarily valuable for
13 other than its metallic minerals content, the terms and
14 conditions upon which the ore may be mined or products recovered
15 from it shall be as may be agreed upon by the lessee and the
16 commissioner and approved by the state executive council. This
17 provision does not apply to iron ores, taconite ores, coal, oil,
18 gas, and other liquid or gaseous hydrocarbon substances.

19 34. Agreements, assignments, or contracts. All
20 assignments, agreements, or contracts affecting this lease must
21 be made in writing and signed by all parties thereto, witnessed
22 by two witnesses, properly acknowledged and must contain the
23 post office addresses of all parties thereto, and when so
24 executed must be presented in quadruplicate to the commissioner
25 for record. No such instrument is valid until approved in
26 writing by the commissioner and approved as to form and
27 execution by the attorney general. No assignment or other
28 agreement relieves the lessee of any obligation or liability
29 imposed by this lease, and all assignees, sublessees, and
30 subcontractors are also liable for all obligations or
31 liabilities imposed by this lease.

32 35. Lease binding on assignees and successors. The
33 covenants, terms, and conditions of this lease run with the land
34 and extend to and bind all assignees and other successors in
35 interest of the lessee.

36 36. Notices. For the purposes of this lease, the

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1 addresses of the parties are as follows, unless changed by
2 written notice to all parties: For the state -- Commissioner of
3 Natural Resources, State of Minnesota, 500 Lafayette Road, Saint
4 Paul, Minnesota 55155-4037; for the lessee --
5 _____ .