

1 Department of Natural Resources

2

3 Adopted Permanent Rules Relating to Leases for Selected

4 Industrial Minerals

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6 Rules as Adopted

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8 LEASES OF STATE LANDS FOR SELECTED INDUSTRIAL MINERALS

9 6125.8000 PURPOSE.

10 The purpose of parts 6125.8000 to 6125.8700 is to set forth
11 procedures and standards to be followed by the commissioner of
12 natural resources when leasing state-owned lands for the
13 exploring for, mining, and removal of selected industrial
14 minerals. Each lease issued under parts 6125.8000 to 6125.8700
15 will identify which of the industrial minerals are covered by
16 that particular lease.

17 Due to the variable nature of mining, selling, and
18 processing various industrial minerals, several of the
19 provisions of each lease will need to be developed within the
20 framework of the model lease form contained in part 6125.8700.
21 Parts 6125.8100 to 6125.8700 prescribe minimum standards as to
22 the term of the lease, rental rates, and royalty rates.

23 6125.8100 DEFINITIONS.

24 Subpart 1. **Scope.** For the purposes of parts 6125.8000 to
25 6125.8700, the following words have the meanings given them.

26 Subp. 2. **Commissioner.** "Commissioner" means the
27 commissioner of natural resources of Minnesota, or the
28 commissioner's designated representative.

29 Subp. 3. **Industrial minerals.** "Industrial minerals,"
30 whether singular or plural, includes any of the following:
31 apatite, diamonds, dimension stone, feldspar, gemstones,
32 graphite, kaolin, marl, quartz, silica sand, and other similar
33 minerals of a nonmetalliferous nature. The term industrial
34 minerals does not include, and parts 6125.8000 to 6125.8700 do
35 not cover, the following minerals:

1 A. iron ores and taconite ores, which are leased
2 under the provisions of Minnesota Statutes, chapter 93;

3 B. metallic minerals, which are leased under the
4 provisions of parts 6125.0100 to 6125.0700 and Minnesota
5 Statutes, chapter 93;

6 C. coal, oil, gas, and other liquid or gaseous
7 hydrocarbon substances, which the state is authorized to lease
8 under the provisions of Minnesota Statutes, chapter 93; and

9 D. peat and construction sand and gravel, which are
10 leased under the provisions of Minnesota Statutes, section 92.50.

11 Subp. 4. Leased minerals. "Leased minerals," whether
12 singular or plural, are the selected industrial minerals that
13 are defined in and covered by a lease issued under parts
14 6125.8000 to 6125.8700.

15 Subp. 5. Metallic minerals. "Metallic minerals," whether
16 singular or plural, means any mineral substances of a
17 metalliferous nature, except iron ores and taconite ores.

18 Subp. 6. Ton. "Ton" means 2,000 pounds avoirdupois after
19 removal of all free moisture from the material weighed, by
20 drying at 212 degrees Fahrenheit.

21 6125.8200 LANDS COVERED BY LEASES AND LEASE TERM.

22 The commissioner may issue leases to explore for, mine, and
23 remove industrial minerals on lands where an interest in the
24 minerals is owned by the state, including trust fund lands,
25 lands forfeited for nonpayment of taxes and held in trust by the
26 state, lands where severed mineral interests have forfeited
27 under Minnesota Statutes, section 93.55, lands where severed
28 mineral interests have been otherwise acquired, lands where
29 severed mineral interests may be leased by the commissioner
30 under Minnesota Statutes, section 93.55, subdivisions 1a and 3,
31 the beds of public waters, and lands otherwise acquired.

32 No lease may be issued for a term longer than 50 years.

33 6125.8300 QUALIFICATIONS TO HOLD LEASE.

34 The right to apply for, acquire, and hold a lease to
35 explore for, mine, and remove industrial minerals owned by the

1 state, and the right to apply for and hold an authorization to
2 conduct geological data gathering activities, are subject to the
3 following:

4 A. the applicant is qualified to do business in
5 Minnesota as shown by:

6 (1) if a corporation organized under the laws of
7 Minnesota, a Certificate of Incorporation from the Minnesota
8 Secretary of State's office;

9 (2) if a corporation organized under the laws of
10 any state other than Minnesota or another country, a Certificate
11 of Authority to Transact Business in Minnesota from the
12 Minnesota Secretary of State's office;

13 (3) if a limited partnership, a Certificate of
14 Limited Partnership from the Minnesota Secretary of State's
15 ~~office~~ office;

16 (4) if an individual, proof of United States
17 citizenship and of legal age; or

18 (5) if a general partnership or other business
19 entity, evidence that the general partners or individuals
20 controlling the business entity meet the requirements listed in
21 subitems (1) to (4); and

22 B. if applicable as to the industrial minerals the
23 applicant wants to lease, the applicant is qualified to conduct
24 exploratory borings in Minnesota by having fulfilled the
25 requirements of Minnesota Statutes, section 103I.601,
26 subdivision 3.

27 The commissioner may request additional evidence that the
28 applicant is technically and financially capable of performing
29 under the terms of a state industrial minerals lease or an
30 authorization to conduct geological data gathering activities
31 and that the applicant has shown the capability to comply with
32 environmental laws and permits. Examples of evidence the
33 commissioner may request are corporate reports, audited
34 financial statements, and evidence of the applicant's compliance
35 with environmental regulations of other jurisdictions. If such
36 evidence is requested, the applicant must submit the evidence

1 within 45 days of receipt of the request.

2 6125.8400 NEGOTIATED LEASES.

3 Subpart 1. **Scope.** Leases to prospect for, mine, and
4 remove industrial minerals will primarily be issued through
5 negotiations. The commissioner reserves the right to reject any
6 and all applications for negotiated leases. The commissioner
7 may offer industrial minerals for leasing through public sale as
8 provided in part 6125.8500.

9 Subp. 2. **Lease application.** Those parties interested in
10 obtaining an industrial minerals lease through negotiation may
11 submit an application to the commissioner. Application shall be
12 submitted on a form available from the commissioner and shall
13 require information as the commissioner may prescribe. The
14 application must include the:

15 A. identification of the applicant;

16 B. legal description of the lands requested for
17 leasing. The lands covered by an application are limited to a
18 contiguous tract of 640 acres, except an area not exceeding 800
19 acres consisting of one government section according to the
20 government survey thereof may be included in one lease; and

21 C. identification of the industrial minerals the
22 applicant wants to lease.

23 The applicant shall submit with the application evidence
24 that it is qualified to hold a mineral lease as specified in
25 part 6125.8300. Each application must be accompanied by a
26 certified check, cashier's check, or bank money order, payable
27 to the Department of Natural Resources, in the amount of \$100,
28 which is the application fee. The application fee will not be
29 refunded under any circumstances.

30 Applications may be submitted in person or by mail to the
31 offices of the Division of Minerals, Department of Natural
32 Resources, 500 Lafayette Road, Saint Paul, Minnesota 55155-4045.
33 Applications will only be accepted during the hours of 8:30 a.m.
34 through 4:00 p.m. on regularly scheduled business days.
35 Applications received at any other time will not be officially

1 accepted until the next regularly scheduled business day, and
2 the commissioner assumes no responsibility for applications
3 submitted in person at any time other than the time specified
4 above. Applications will not be accepted by facsimile
5 transmission.

6 Subp. 3. Commissioner's review of application.

7 A. Within ten days after receipt of an application,
8 the commissioner will send written acknowledgment that the
9 application was received. The commissioner will review the
10 application to determine if:

- 11 (1) the application was completed and signed;
12 (2) the application fee was submitted; and
13 (3) evidence of qualification to hold a state
14 lease, as specified in part 6125.8300, was submitted.

15 The applicant will also be advised if additional evidence
16 is required by the commissioner to determine if the applicant is
17 qualified to hold a state lease as specified in part 6125.8300.

18 B. Within 45 days after receipt of application, the
19 commissioner will notify the applicant if the following
20 information is required:

21 (1) If the state's mineral ownership interest in
22 the lands requested is an undivided fractional interest totaling
23 less than 50 percent, evidence that the applicant holds under
24 control a majority of the remaining undivided fractional
25 interest in the mineral ownership interest of the lands
26 requested.

27 (2) If the commissioner's land records do not
28 show state mineral ownership of the lands requested, a chain of
29 title or other title search information showing state ownership.

30 Subp 4. Rejection of application.

31 A. Applications for negotiated leases will be
32 rejected by the commissioner under the following circumstances:

- 33 (1) the application was not completed or signed;
34 (2) the application fee was not submitted;
35 (3) the applicant failed to submit evidence of
36 qualification to hold a state lease as specified in part

1 6125.8300; or the applicant failed to submit additional
2 evidence, within 45 days of receipt of the commissioner's
3 request, as to qualification to hold a state lease as specified
4 in part 6125.8300;

5 (4) when the state's mineral ownership interest
6 in the lands requested is an undivided fractional interest less
7 than 50 percent, the applicant failed to submit additional
8 evidence, within 45 days of receipt of the commissioner's
9 request, as to holding a majority of the remaining undivided
10 fractional interest in the mineral ownership interest of the
11 lands requested;

12 (5) when the commissioner's land records do not
13 show state mineral ownership of the lands requested, the
14 applicant failed to submit additional evidence, within 45 days
15 of receipt of the commissioner's request, as to the chain of
16 title or other title search information showing state ownership;

17 (6) there were simultaneous filings of
18 applications for negotiated leases on the same lands or portion
19 thereof and more than one of the applicants meets the
20 requirements of part 6125.8300. For the purpose of this part,
21 simultaneous filings are those that arrive in the mail or in
22 person on the same day;

23 (7) an application for a negotiated lease was
24 filed on a prior day for the same lands or portions thereof
25 covering the same industrial minerals and the commissioner has
26 determined that the prior applicant meets the requirements of
27 part 6125.8300 and the prior application is not rejected
28 pursuant to this part;

29 (8) a state mineral lease covering the same
30 industrial minerals is currently in effect for the lands
31 requested;

32 (9) state laws or rules prohibit the state from
33 leasing the lands requested. For example, the lands are located
34 within the Boundary Waters Canoe Area Wilderness;

35 (10) leasing the lands would conflict with
36 identified environmental or land use concerns. For example, the

1 lands are located within the Boundary Waters Canoe Area
2 Wilderness Minerals Management Corridor or the lands are located
3 within an active airport;

4 (11) mining of the industrial minerals requested
5 would unreasonably interfere with the mining activities
6 authorized under an existing state mineral lease covering other
7 minerals; or negotiations or a public lease sale offering have
8 been previously commenced for a state mineral lease covering
9 other minerals and mining of the industrial minerals requested
10 would unreasonably interfere with mining activities authorized
11 under the other state mineral lease;

12 (12) the requested lands had been previously
13 offered at a public lease sale within two years of the
14 application being filed, the applicant was the high bidder at
15 that sale for the requested lands, and the applicant had
16 withdrawn its bid prior to the awarding of a lease; or

17 (13) information submitted in response to the
18 public notice, as required under subpart 6, determines that any
19 of the above circumstances exist.

20 Prior to filing an application for a negotiated lease, any
21 party may contact the commissioner for information as to whether
22 the circumstances described in this part exist as to the lands
23 the party is interested in for a negotiated lease. Prior to
24 filing an application for a negotiated lease, any party may
25 contact the commissioner for a review of the party's
26 qualification to hold a mineral lease as specified in part
27 6125.8300.

28 B. The right is reserved to the state, through the
29 commissioner of natural resources, to reject any or all
30 applications for negotiated industrial minerals leases.
31 However, if the commissioner rejects the application based on
32 item A, subitem (6), then no negotiated lease may be issued for
33 the property until after it has first been offered at public
34 lease sale.

35 Subp. 5. **Negotiations with applicant.** If the application
36 is not rejected pursuant to subpart 4, the applicant and the

1 commissioner will enter into negotiations as to the terms of the
2 lease. Due to the variable nature of mining, selling, and
3 processing different industrial minerals, several of the lease
4 terms will need to be negotiated on a case-by-case basis.

5 The model form for a negotiated lease for exploring for,
6 mining, and removing industrial minerals belonging to the state
7 is contained in part 6125.8700. The negotiated lease may
8 contain insertions, changes, or additions as may be necessary to
9 incorporate other particulars applicable to each industrial
10 mineral, subject to the following:

11 A. The primary term of the lease may not exceed ten
12 years plus the unexpired portion of the calendar year in which
13 the lease is issued.

14 B. The rental rates may not be less than \$1.50 per
15 acre per year for the unexpired portion of the calendar year in
16 which the lease is issued and the next succeeding two calendar
17 years; \$5 per acre per year for the next succeeding three years;
18 and \$25 per acre per year thereafter during the term of the
19 lease.

20 C. The royalty rates for the following commodities
21 may not be less than:

22 (1) three percent of the gross market value for
23 dimension stone and 1-1/2 percent of the gross market value for
24 any stone produced from waste stone and sold as a by-product;

25 (2) five percent of the gross market value for
26 kaolin clay, silica sand, and diamonds and other gemstones; and

27 (3) three percent of the gross market value for
28 all other industrial mineral commodities.

29 If the applicant and the commissioner cannot reach
30 agreement on the negotiated terms within 180 days, the
31 commissioner has the right to reject the negotiated lease
32 application. The 180 day period shall commence upon the
33 commissioner sending written notification to the applicant that
34 it has met the requirements of subpart 3 and the request is not
35 rejected pursuant to subpart 4.

36 Subp. 6. Public notice of plans to issue negotiated

1 lease. The commissioner shall give public notice of plans to
2 issue a negotiated lease by publication in the State Register,
3 the EQB Monitor, and a qualified newspaper that has its known
4 office of issue in the county seat in which the proposed lands
5 to be leased are located. If no qualified newspaper has its
6 known office of issue in the county seat of a particular county,
7 then notice must be published in the qualified newspaper
8 designated as the publisher of the official proceedings of the
9 county board of that county. The party applying for the
10 negotiated lease shall reimburse the commissioner for the costs
11 of publication of these notices.

12 The notice shall be published at least once in the above
13 publications. The publication shall be at least 30 days before
14 the issuance of the lease and no more than 180 days before the
15 issuance of the lease. Each notice shall contain the legal
16 description of the proposed lands to be leased and such other
17 information as the commissioner may direct.

18 Subp. 7. Approval by state executive council. All
19 negotiated leases approved for issuance by the commissioner of
20 natural resources that cover 160 or more acres of land must also
21 be approved by the state executive council.

22 6125.8500 PUBLIC SALE OF LEASES.

23 Subpart 1. Time, place, and notice. The public sale of
24 leases shall be held at such times and places as may be
25 designated by the commissioner. The commissioner shall give
26 public notice of each sale by publication in the State Register,
27 the EQB Monitor, and a qualified newspaper that has its known
28 office of issue in the county seat of the county in which the
29 lease units to be leased are located. If no qualified newspaper
30 has its known office of issue in the county seat of a particular
31 county, then notice must be published in the qualified newspaper
32 designated as the publisher of the official proceedings of the
33 county board of that county.

34 The notice shall be published at least once in the above
35 publications. The publication shall be at least 30 days but not

1 more than 60 days before the date of the sale. Like notice may
2 be published in additional newspapers and trade magazines as the
3 commissioner may direct. Each notice shall contain the
4 following information:

5 A. time and place of holding the sale;

6 B. the place or places where the list of lands to be
7 offered for leasing and a copy of the lease form will be
8 available for purchase or inspection, and where bid forms may be
9 obtained; and

10 C. such other information as the commissioner may
11 direct.

12 Subp. 2. Copy of list of lands offered and lease form.

13 Those interested in obtaining a list of the lands offered for
14 leasing and the proposed lease form may obtain one by submitting
15 a request to the commissioner. Each request must be accompanied
16 by a check or money order, payable to the Department of Natural
17 Resources, in the amount specified by the commissioner, based on
18 copying and mailing costs, as a fee for a copy of the list and
19 the lease form. Copies of the list and the lease form will be
20 available for inspection at the Hibbing and Saint Paul offices
21 of the Division of Minerals.

22 Subp. 3. Lease form. At least 30 days before the date of

23 the sale, the commissioner shall prepare the lease form that
24 will cover the lands being offered. The lease shall be based on
25 the model form contained in part 6125.8700. The lease may
26 contain insertions, changes, or additions as may be necessary to
27 incorporate other particulars applicable to the industrial
28 minerals being offered for lease at public sale, subject to the
29 following:

30 A. The primary term of the lease may not exceed ten
31 years plus the unexpired portion of the calendar year in which
32 the lease is issued.

33 B. The rental rates may not be less than \$1.50 per
34 acre per year for the unexpired portion of the calendar year in
35 which the lease is issued and the next succeeding two calendar
36 years, \$5 per acre per year for the next succeeding three years,

1 and \$25 per acre per year thereafter during the term of the
2 lease.

3 C. The base royalty rates for the following
4 commodities may not be less than:

5 (1) three percent of the gross market value for
6 dimension stone and 1-1/2 percent of the gross market value for
7 any stone produced from waste stone and sold as a by-product;

8 (2) five percent of the gross market value for
9 kaolin clay, silica sand, and diamonds and other gemstones; and

10 (3) three percent of the gross market value for
11 all other industrial mineral commodities.

12 Subp. 4. Bids. Each bid shall be submitted on a form
13 obtained from the commissioner. The bid royalty rate shall be
14 an additional percentage of the gross market value above the
15 base royalty rate.

16 Each bid form must be accompanied by a certified check,
17 cashier's check, or bank money order, payable to the Department
18 of Natural Resources, in the sum of the following amounts:

19 A. an application fee of \$100; and

20 B. rental for one full calendar year. For the
21 purposes of the bid, the rental is calculated at \$1.50 per acre
22 times the gross acreage of the lands offered for lease. The
23 remaining rentals, due at the time the lease is issued, shall be
24 due upon the effective date of the lease.

25 The bid, together with the certified check, cashier's
26 check, or bank money order, shall be enclosed in a sealed
27 envelope marked CONFIDENTIAL - BIDS FOR STATE MINERAL LEASES.
28 Each sealed bid envelope shall be delivered in person or by mail
29 to the commissioner at Division of Minerals, 500 Lafayette Road,
30 Saint Paul, Minnesota 55155-4045. Bids may be submitted any
31 time before 4:30 p.m., Saint Paul, Minnesota time on the last
32 business day before the day specified for the opening of the
33 bids, and no bids submitted after that time shall be
34 considered. Upon receipt, the commissioner shall endorse upon
35 each sealed bid envelope the exact time of presentation and
36 preserve the same, unopened in the commissioner's office. At

1 the time specified, the commissioner shall publicly open the
2 bids and announce the amount of each bid separately.

3 The commissioner will request each high bidder to provide
4 evidence ~~they are~~ it is qualified to hold state mineral leases
5 pursuant to part 6125.8300. The evidence must be provided
6 within 45 days of the request from the commissioner or the bids
7 from that high bidder will be rejected.

8 Upon the award of a lease, the application fee submitted
9 with the bid shall be deposited with the state treasurer as a
10 fee for the lease. All bids not accepted shall become void and
11 the application fee and rental payment accompanying the bids
12 shall be returned to the respective bidders; provided, however,
13 the application fee and rental payment accompanying a bid shall
14 not be returned if the bidder was the high bidder and
15 subsequently withdraws its bid prior to the awarding of a lease.

16 Subp. 5. Issuance of lease. Leases are awarded by the
17 commissioner to the highest bidder for the lands offered for
18 lease, provided that the bidder has shown evidence that the
19 bidder is qualified to hold state mineral leases pursuant to
20 part 6125.8300. Any public sale lease approved for issuance by
21 the commissioner that covers 160 or more acres of land must also
22 be approved by the state executive council.

23 Tie bids will be resolved by the commissioner by the random
24 drawing of the name of one tied bidder from a pool comprised of
25 the names of all the tied bidders.

26 The right is reserved to the state to reject any or all
27 bids for leases offered at public lease sale.

28 6125.8600 AUTHORIZATION TO CONDUCT GEOLOGICAL DATA GATHERING
29 ACTIVITIES.

30 As an alternative to applying for a state mineral lease,
31 any party may apply to the commissioner for authorization to
32 conduct geological data gathering activities on state-owned
33 land. The applicant must meet the qualifications to hold an
34 authorization to conduct geological data gathering activities as
35 specified in part 6125.8300.

1 For the purposes of this authorization, geological data
 2 gathering activities include geophysical and geochemical
 3 activities, sampling of glacial overburden, and the sampling and
 4 drilling of bedrock, provided that any drilling and sampling of
 5 bedrock is limited to a maximum penetration of 20 feet into
 6 bedrock. Each authorization granted by the commissioner is
 7 limited to the size of one township, or portion thereof. The
 8 fee for each authorization is \$100. The authorization will not
 9 grant any rights to a mineral lease and will be nonexclusive.

10 6125.8700 MODEL FORM OF LEASE.

11 The form of lease for exploring for, mining, and removing
 12 industrial minerals belonging to the state shall consist of the
 13 following provisions, with insertions, changes, or additions as
 14 may be necessary to incorporate the royalty rates and other
 15 particulars applicable to each lease as may be authorized under
 16 parts 6125.8000 to 6125.8700:

17 This lease agreement is entered into on the day of
 18, 19... The parties to this lease are the State of
 19 Minnesota, called the state, and, called the
 20 lessee.

21 1. **Term; description of leased premises.** This lease is
 22 issued in consideration of the covenants and conditions of this
 23 lease to be performed by the lessee and \$....., being paid by
 24 the lessee and the receipt of which is hereby acknowledged. The
 25 payment of \$..... also represents the rentals for the
 26 unexpired portion of the current calendar year and for the next
 27 succeeding two calendar years at the annual rate of \$1.50 per
 28 acre of land and water area included in the leased premises.

29 This lease is issued for a primary term of ten years plus
 30 the unexpired portion of the calendar year in which the lease is
 31 issued. The primary term of this lease is from through
 32 The state leases to the lessee the following described
 33 leased premises, situated in the the county of, in the
 34 State of Minnesota:

35 2. **Extension of term.** The lease shall remain in effect

1 for a primary term of ten years plus the time of the unexpired
2 portion of the calendar year of the year in which the lease was
3 issued.

4 The lessee may apply for and the state may grant an
5 extension of the lease for an additional ten years, so long as
6 the following has occurred:

7 A. During the primary term of the lease,
8 acres have been prepared for mining operations and commercial
9 production of leased minerals has taken place on ... contiguous
10 acres covered by the lease; or

11 B. The lessee has in good faith applied for all
12 permits necessary to conduct mining operations and has been
13 diligent in obtaining financing needed to conduct mining
14 operations.

15 At any time, the lessee may request a determination from
16 the commissioner as to whether the state will grant an extension
17 for an additional ten years beyond the primary term. If the
18 state decides in response to the lessee's request that an
19 extension will be granted, the decision may require the lessee
20 to meet additional conditions other than the conditions
21 specified in this part.

22 The term of the lease will be extended for additional ten
23 year periods by the state upon application by the lessee, so
24 long as there has been commercial production from the leased
25 premises within any of the last three years of the current ten
26 year term; except that the final term extension shall only be
27 for a period that will extend the lease not beyond a total lease
28 term of 50 years.

29 The sum of the primary term and all extensions of the term
30 of this lease shall not exceed 50 years.

31 3. **Definitions.** For the purposes of this lease, the
32 following words have the meanings given them:

33 A. "Commercial production" means that in a calendar
34 year the royalties due for the leased minerals removed from the
35 leased premises exceed the minimum rentals paid for that year
36 and that the leased minerals are being mined, removed, and

1 shipped from the leased premises and sold by the lessee on a
2 reasonably regular basis.

3 B. "Commissioner" means the commissioner of natural
4 resources of the state of Minnesota, or the commissioner's
5 designated representative.

6 C. "Leased minerals," whether singular or plural, are
7 the following selected industrial minerals:

8

9 D. "Ton" means 2,000 pounds avoirdupois after removal
10 of all free moisture from the material weighed, by drying at 212
11 degrees Fahrenheit.

12 4. Use of surface of lands. The leased premises are
13 leased to the lessee for the purpose of exploring for, mining,
14 and removing the leased minerals. The lessee has the right to
15 construct or make buildings, excavations, openings, ditches,
16 drains, railroads, roads, and other improvements on the leased
17 premises as necessary or suitable for those purposes. All
18 buildings and ditches must be constructed in accordance with
19 applicable local ordinances. The location of railroads, roads,
20 and other improvements are subject to review by the commissioner.

21 The lessee may contract with others for doing any work
22 authorized or required under this lease, or for the use of the
23 leased premises or any parts of it for the purposes of the
24 lease, but no contract of this type relieves the lessee from any
25 duty, obligation, or liability under the lease. No such
26 contract providing for shipping, handling, or removal of leased
27 minerals becomes effective for any purpose until an executed
28 duplicate of the contract has been filed with the commissioner.

29 5. State's right to lease other minerals. The state
30 reserves the right to lease or grant to other persons or
31 corporations the right to explore for, mine, and remove any
32 minerals other than the leased minerals that are located in the
33 leased premises. The lessee shall be entitled to reasonably and
34 prudently use the leased premises as is necessary to prospect
35 for, mine, and remove the leased minerals without unreasonable
36 interference by any subsequent mineral lessee of the state.

1 Written notice shall be provided by the commissioner to the
2 lessee whenever the commissioner is planning to issue a mineral
3 lease in accordance with the rights reserved under this
4 paragraph. The commissioner will meet with the lessee to obtain
5 information for terms and conditions under which multiple
6 mineral development could occur.

7 The state agrees that any permit or lease granted by it to
8 any person or corporation to explore for, develop, mine, remove,
9 or beneficiate any minerals other than the leased minerals shall
10 contain a provision that the permittee or lessee shall exercise
11 those rights so as not to cause any unnecessary or unreasonable
12 injury or hindrance to the operations of the lessee of this
13 lease in the exploration for or the development, mining, or
14 removal of leased minerals from the leased premises. The lessee
15 of this lease agrees that it will exercise the rights granted to
16 it by this lease in such manner as not to cause any unnecessary
17 or unreasonable injury or hindrance to the operations of any
18 permittee or lessee of the state in the exploration for, or the
19 development, mining, or removal of any minerals other than the
20 leased minerals.

21 6. State's right to lease surface and sell timber. The
22 state reserves the right to sell and dispose of all the timber
23 upon the leased premises without hindrance from the lessee and
24 according to the law now or hereafter governing the sale of
25 timber on state lands, and reserves to the state and to the
26 purchaser of the timber, and purchaser's agents, the right at
27 all times to enter the leased premises, and to cut and remove
28 timber from it according to the terms of the purchaser's permit
29 from the state. The timber purchaser shall not unduly interfere
30 with the exploration or mining operations. The state further
31 reserves the right to grant leases, permits, or licenses to any
32 portion of the surface of the leased premises to any person,
33 partnership, corporation, or other association under the
34 authority of Minnesota Statutes, section 92.50, or other
35 applicable laws, after consultation with lessee. The surface
36 leases, permits, or licenses shall not unduly interfere with the

1 exploration or mining operations conducted on the leased
2 premises.

3 7. **Annual Rental.** The payment required under paragraph 1
4 of this lease also represents the rental for the unexpired
5 portion of the calendar year from the effective date hereof and
6 for the next succeeding two calendar years. The lessee agrees
7 to pay to the state rental for the leased premises at the rate
8 of \$5 per acre per calendar year for the next three succeeding
9 calendar years of the lease; and after that time at the rate of
10 \$25 per acre per calendar year for the remainder of the term of
11 this lease and any extension thereof pursuant to paragraph 2.

12 Rental for the entire calendar year, other than the advance
13 payment required under paragraph 1 of this lease, shall be
14 payable as of the first day of January of each year during the
15 term of this lease, with payment due on or before the 20th day
16 of January of each year. Any rental payments not received by
17 the date due are subject to interest at the rate of six percent
18 per year from and after the 20th day of January of the year for
19 which rental is due.

20 The leased premises may include lands where an interest in
21 the minerals is owned by the state, including trust fund lands,
22 lands forfeited for nonpayment of taxes and held in trust by the
23 state, lands where severed mineral interests have forfeited
24 under Minnesota Statutes, section 93.55, lands where severed
25 mineral interests have been otherwise acquired, lands where
26 severed mineral interests may be leased by the commissioner
27 under Minnesota Statutes, section 93.55, subdivisions 1a and 3,
28 the beds of public waters, and lands otherwise acquired. Any
29 amount paid for rental, at the time of payment, shall be
30 allocated by the commissioner to the proper fund as determined
31 by the mineral ownership.

32 Any amount paid and accrued for rental in excess of \$5 per
33 acre per year shall be credited on any royalty that may become
34 due for the same year in which rental was due but no further,
35 and only to the extent that such rental was paid or deposited
36 into the particular fund to which the royalty for such was due.

1 If this lease is canceled, terminated, or expires during a year
2 for which rental has been paid, there shall be no reimbursement
3 of the rental payment for that year.

4 When the lessee exercises its right under paragraph 31 of
5 this lease to surrender any part or parts of the leased premises
6 under this lease, the annual rental payment may be discontinued
7 as to those parts for all subsequent calendar years; however,
8 the rentals paid on the parts surrendered must not be credited
9 on any royalties due for minerals removed from that part of the
10 leased premises which remains under lease.

11 Where the state owns only a fractional undivided interest
12 in the minerals in any portion of the leased premises, only that
13 fractional part of the rentals and royalties established in this
14 lease shall be paid for that portion.

15 If at any time during the term of this lease it is
16 determined in a proper proceeding that the state does not own
17 the minerals in a part of the area included in the leased
18 premises, the commissioner shall delete from the description of
19 the leased premises the part not owned by the state, and only if
20 that determination is made prior to the fifth anniversary date
21 of this lease is the lessee entitled to receive credit on future
22 payments due the same fund, for payments made to the state on
23 that part prior to the determination. If the commissioner deems
24 it necessary, additional time to make the determination may be
25 granted.

26 **8. Royalty.** The royalty to be paid to the state for the
27 industrial minerals recovered from the leased premises is a base
28 rate of ... percent of the gross market value after extraction
29 and at the mine plus an additional bid rate of ... percent of
30 the gross market value after extraction and at the mine.

31 **9. Gross Market Value at the Mine.** Gross market value
32 after extraction and at the mine means the market price,
33 including all bonuses and allowances received by the lessee, at
34 the point of shipment from the leased premises of the first
35 marketable product or products produced from the leased minerals
36 and sold under a bona fide contract of sale~~7--whether-or-not-such~~

1 ~~product-or-products-are-produced-through-chemical-or-mechanical~~
2 ~~treating-processing-of-the-leased-minerals.~~

3 It is expressly understood and agreed that none of the
4 lessee's mining or product costs, including but not limited to,
5 material costs, labor costs, overhead costs, transportation
6 costs or general and administrative costs may be deducted from
7 the market price in computing the royalty due. The receipts
8 from all sales are subject to validation and verification by all
9 parties to the sale and subject to review by the commissioner.

10 If the leased minerals are only sold or transferred by the
11 lessee to an affiliate, or the leased minerals are to be
12 stockpiled off the leased premises for future sales, the method
13 to determine the gross market value of the minerals, for royalty
14 calculation purposes, is subject to prior agreement between the
15 commissioner and the lessee. The commissioner may require that
16 the minerals or products be ranked or graded and inventoried
17 prior to removal from the leased premises. Any adjustments due
18 to differences between the method agreed to between the
19 commissioner and the lessee and actual sales are limited to a
20 period of six months after the leased minerals are removed from
21 the leased premises.

22 For the purpose of this lease, "affiliate" means the
23 lessee, or any business entity that is effectively owned or
24 controlled directly or indirectly by the lessee or that directly
25 or indirectly effectively owns or controls the lessee, or any
26 business entity operated by or that operates the lessee.

27 [Note: For certain industrial minerals, there are limited
28 or no established market prices. A lease covering these
29 minerals should include a method to determine the gross market
30 value for royalty calculation purposes. Umpire assays or
31 evaluations is an option for some minerals, such as
32 diamonds. Under certain circumstances, for certain industrial
33 minerals, there may be extensive chemical treatment of the
34 leased minerals on the leased premises prior to shipment. A
35 lease covering this situation should include a method to
36 determine the point at which the first marketable product is

1 arrived at for royalty calculation purposes.]

2 10. **Quarterly payment on minerals removed.** The lessee
3 agrees to pay the state, on or before January 20, April 20, July
4 20, and October 20 in each year during the period this lease
5 continues in force, royalty at the rates specified in paragraph
6 8 for all of the minerals removed from the leased premises
7 during the previous calendar quarter. Any amount paid for
8 royalty must be allocated by the commissioner to the proper fund
9 as determined by the mineral ownership. The lessee is liable
10 for payment of royalty when due on all minerals removed from the
11 leased premises from the actual time of removal; and if the
12 royalty due on the minerals is not determined and accounted for
13 as provided by the next royalty payment date, the commissioner
14 may determine the royalty by any method that the commissioner
15 deems appropriate and consistent with the royalty rates set
16 forth in this lease. Any royalty payments not received by the
17 date due are subject to interest at the rate of six percent per
18 year from the quarterly due date.

19 11. **Method of computing royalty rates.** In computing
20 rental and royalty rates hereunder, any fraction of a cent less
21 than five-thousandths shall be disregarded and any fraction
22 amounting to five-thousandths or more shall be counted as
23 one-hundredth of a cent.

24 12. **Weighing for royalty purposes.** Royalty must be
25 computed on the dry weight of the minerals. The dry weight of
26 the minerals shall be calculated from natural weights and
27 moisture percentages from samples taken at the time the minerals
28 are weighed.

29 The methods of obtaining the weights used in the
30 calculation of royalty, or to determine other weights required
31 by the state, are subject to the approval of the commissioner.

32 13. **Lessee to transmit statement of minerals 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 weight and royalty value of the minerals mined and removed from
36 the leased premises during each of the three months for which

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

5 14. ~~Commingles~~ Commingled minerals. The lessee has the
6 right to commingle leased minerals from the leased premises with
7 other minerals of the same nature and type, either in the mine,
8 in stockpile, or in the shipment, but the leased minerals must
9 be kept entirely separate and distinct until their quantities
10 and rank, grade or mineral content have been separately measured
11 and the amount of royalties due are determined.

12 15. Sampling. The commissioner may require that samples
13 for royalty purposes be taken of the minerals and their products
14 at appropriate places and intervals. A portion of each sample
15 or composite sample must be delivered to the commissioner
16 unless, by mutual agreement, it has been decided that certain of
17 such portions are not needed by the state. Except as otherwise
18 permitted by the commissioner, all leased minerals mined from
19 the leased premises must be sampled, their weight determined,
20 and the amount of royalties due determined before being
21 commingled with any other minerals.

22 Each royalty sample must be analyzed at the expense of the
23 lessee by analytical and testing laboratories approved in
24 writing by the commissioner. The elements in the royalty sample
25 and the physical properties for which analytical determinations
26 will be made are subject to agreement between the commissioner
27 and the lessee.

28 16. Monthly reports. Except as otherwise permitted by the
29 commissioner, the lessee shall transmit within 20 days after the
30 end of each calendar month, statements for that calendar month
31 in the form the commissioner may require, covering the weights
32 and analyses of the following: all minerals mined from the
33 leased premises, all minerals stockpiled from the leased
34 premises, all minerals mined from any source and commingled with
35 minerals from the leased premises, all commingled minerals
36 stockpiled, and such other information as may reasonably be

1 required by the commissioner for the purpose of verifying the
2 amount of royalty due.

3 The weight of the minerals and products as set forth in the
4 monthly statements shall prima facie be binding as between the
5 parties. However, the state has the right to do the following:
6 sample the minerals; check the analyses of test results;
7 inspect, review and test the correctness of the methods, books,
8 records, and accounts of the lessee in sampling, analyzing,
9 recording, and reporting the weights; and to inspect, review,
10 and test the correctness of the weights and scales and other
11 equipment used in measuring the amount of minerals. It is
12 understood that any errors in these reports, when ascertained,
13 shall be corrected.

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

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

35 b. A representative portion of all exploration
36 samples and, when requested by the commissioner in writing, a

1 representative portion of mine samples. In the event that the
2 lessee requires certain exploration samples in their entirety,
3 the commissioner may waive the requirement for a quarter-portion
4 of such exploration samples, provided that the lessee grants the
5 state an opportunity to examine and classify such samples before
6 they are crushed or processed.

7 c. A monthly report showing the estimated
8 weights, grades, analyses, or other appropriate measure of all
9 minerals stockpiled and divided as to property of origin and
10 deposition.

11 d. Certified copies of settlement sheets or
12 receipts from sales involving minerals produced from the leased
13 premises showing the product sold and factors relevant to the
14 calculation of royalties.

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

22 18. 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
26 be transmitted to the commissioner through the director of the
27 Division of Minerals at 500 Lafayette Road, Saint Paul,
28 Minnesota 55155-4045.

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

1 Whenever royalties or rentals due the state are required to
2 be distributed to more than one fund, or when minerals from the
3 leased premises are commingled with other minerals, or when
4 minerals from the leased premises are concentrated at the same
5 plant as other minerals, the commissioner may appoint special
6 inspectors as the commissioner considers necessary to insure
7 proper accounting and protect the interests of the state. The
8 lessee shall reimburse the state monthly for the cost of this
9 inspection service upon notification by the commissioner.

10 20. Removal of minerals for experimental purposes.
11 Notwithstanding paragraph 10, upon written application of the
12 lessee, the commissioner may authorize the removal of industrial
13 minerals from the leased premises for experimental purposes
14 without payment of royalty. It is further understood that the
15 removal of samples obtained by drilling, trenching, or
16 testpitting, for the purposes of exploration, is not subject to
17 the payment of royalty.

18 21. Stockpiled minerals. All minerals mined and not
19 shipped from the leased premises remain the property of the
20 state and shall be stockpiled only in such manner and on such
21 sites as may be authorized by the commissioner in writing.

22 22. Reversion of title on land conveyed to the state for
23 stockpiling purposes. When the commissioner determines that it
24 is necessary and that the interests of the state will be fully
25 protected, the lessee may convey land to the state upon the
26 condition that it be used for the storage of minerals or other
27 materials having present or potential value belonging to the
28 state. The commissioner may accept a conveyance that provides
29 for the state's interest in the land to terminate and title to
30 revert to the lessee when the land is no longer needed or used
31 for storage of minerals or other materials. No consideration
32 shall be paid for the conveyance unless authorized by law.

33 23. Cross-mining rights. The lessee is hereby granted the
34 right to mine and remove any leased minerals from the leased
35 premises through any shafts, openings, or pits that may be made
36 upon adjoining and ~~nearly~~ nearly premises controlled by the

1 lessee. The lessee may, if it so desires, use the leased
2 premises and any shafts, openings, or pits made on it for the
3 mining or removal of any minerals of the same nature and type as
4 the leased minerals from adjoining or nearby premises. The
5 lessee's use of the leased premises for these purposes may not,
6 however, prevent or interfere with the mining or removal of
7 minerals from said leased premises. The minerals taken from the
8 leased premises must at all times be kept entirely separate and
9 distinct from any other minerals until measured and sampled as
10 provided in this lease so that the rights of the state are at
11 all times preserved and protected. The state recognizes the
12 rights and liens of the owners of any nearby or adjoining
13 premises in any minerals mined from them and transported through
14 the leased premises.

15 24. Lessee's obligations under state and federal laws and
16 regulations. The provisions of this lease are subject to all
17 applicable state and federal statutes, orders, rules, and
18 regulations, and all operations under this lease shall be
19 conducted in conformity with them. No interference, diversion,
20 use, or appropriation of any waters over which the commissioner
21 or any other state agency has jurisdiction, may be undertaken
22 unless authorized in writing by the commissioner or the state
23 agency.

24 25. Operations to be conducted in accordance with good
25 mining engineering. The lessee shall advise the commissioner
26 when any mining activities on the leased premises are about to
27 begin. The lessee shall open, use, and work the mine or mines
28 on the leased premises in such manner only as is usual and
29 customary in skillful and proper mining operations in accordance
30 with the requirements, methods, and practices of good
31 environmental and mining engineering, and in such manner as not
32 to cause any unnecessary loss of minerals, or unusual permanent
33 injury to the leased premises. Surface lands owned by the state
34 in the leased premises are not to be cleared or used for roads,
35 construction, or stockpiling purposes until such use has been
36 approved by the commissioner in writing. The surface use of the

1 leased premises must be conducted in such manner as to prevent
2 or reduce scarring and erosion of the land and pollution of air
3 and water.

4 26. **Notice to owner of surface estate.** When the leased
5 premises do not include the surface estate, the lessee shall
6 give notice, in writing, to the owner or administrator of the
7 surface estate at least 20 days in advance of any activities
8 which will require use of the surface estate on the leased
9 premises. The notice shall sufficiently describe the activities
10 to enable the owner or administrator of the surface estate to
11 evaluate the extent of the use of the surface estate.

12 27. **Review of exploration; exploration site closure and**
13 **stabilization.** Exploration means the act of searching for or
14 investigating a mineral deposit. Exploration includes
15 examination of an area to determine the quality and quantity of
16 minerals, including obtaining a bulk sample by drilling,
17 excavating, trenching, constructing shafts, ramps, tunnels,
18 pits, and producing refuse and associated activities.
19 Exploration does not include activities intended, by themselves,
20 for commercial exploitation of the ore body.

21 A. The lessee shall advise the commissioner, in
22 writing, at least 20 days in advance of any exploration
23 activities on the leased premises. The lessee shall specify:

24 (1) the location of proposed activities depicted
25 on a 1:24,000 scale United States Geological Survey 7-1/2
26 minutes quadrangle map or other map of the same scale;

27 (2) the exploration activities that will be
28 performed, including, but not limited to, the type of activity,
29 method of sampling, and types and sizes of vehicles and
30 equipment that will be used;

31 (3) the approximate beginning and ending dates of
32 the proposed activities;

33 (4) for exploration activities at sites with
34 special features or uses, methods of mitigation to be used in
35 the exploration to minimize, to the extent practicable, adverse
36 impacts on special features or uses;

1 (5) the location and method of access to the
2 exploration site, and if new roads or trails are to be
3 constructed, the location of the proposed roads or trails; and

4 (6) proposed plan for site closure and
5 stabilization, if needed.

6 The commissioner will identify special features or uses
7 within the leased premises. Conditions identified as special
8 features or uses include: wildlife management areas and sites;
9 peatland watershed areas of the peatland scientific and natural
10 areas; the Black Bay Management Area; natural heritage sites and
11 features; designated trout streams; state canoe and boating
12 routes; state trails; historic and archaeological sites;
13 rights-of-way; fire towers; campgrounds; public access sites;
14 state highway rest areas; and other existing easements, sites,
15 conditions, and encumbrances. The commissioner may require the
16 lessee to adjust its exploration plans or its plans for
17 construction of roads or trails due to special features or uses
18 within the leased premises or due to other natural resource
19 management concerns.

20 Upon completion of the exploration, the lessee must
21 promptly remove its supplies and equipment and the lessee must
22 restore the leased premises and roads to a condition
23 satisfactory to the commissioner. The lessee must, when needed,
24 implement and complete closure and stabilization of the
25 exploration site to the satisfaction of the commissioner. The
26 lessee shall be relieved of obligations imposed by the plan for
27 exploration site closure and stabilization only when the lessee
28 notifies the commissioner in writing that site closure and
29 stabilization has been completed and release has been granted by
30 the commissioner.

31 **28. Lessee's obligation for damages.** It is understood and
32 agreed that in case any interest in the land or minerals covered
33 by this lease is owned by anyone other than the state, this
34 lease shall not be construed as authorizing any invasion of or
35 trespass upon such other interest. The lessee hereby agrees and
36 is obligated to indemnify and hold the state harmless from all

1 damages or losses caused directly or indirectly by operations
2 under this lease, whether to land, timber, minerals, growing
3 crops, or buildings, or to any person or other property,
4 including damages suffered by that other owner of the surface or
5 mineral rights, and the state shall not be liable for them.

6 29. Lessee to pay all taxes. The lessee agrees to pay
7 when due all taxes, general and specific, personal and real,
8 that may be assessed against the leased premises and the
9 improvements made on it, and the leased minerals in it or mined
10 from it, and any personal property on the leased premises owned,
11 used, or controlled by the lessee. This covenant does not apply
12 to taxes assessed against any part of the leased premises as a
13 result of any other lease granted by the state to other
14 parties. The cancellation, termination, or expiration of this
15 lease does not relieve the lessee of the obligation to pay taxes
16 assessed during the continuance of the lease, even though such
17 taxes may be due or payable after the cancellation, termination,
18 or expiration date.

19 30. State lien for unpaid sums due. The state reserves
20 and shall at all times have a lien upon all minerals mined from
21 the leased premises and all improvement made under this lease
22 for any sums not paid when due.

23 31. Lessee's right to terminate lease. The lessee may at
24 any time deliver to the commissioner written notice of intention
25 to terminate this lease, and this lease shall terminate 60 days
26 after the delivery unless the notice is revoked by the lessee by
27 further written notice delivered to the commissioner before the
28 expiration of 60 days.

29 On December 31 following the third anniversary date of this
30 lease, and on any succeeding December 31, the lessee may
31 surrender its rights and privileges granted in this lease on any
32 part or parts of the leased premises, by giving the lessor
33 written notice of its intention so to do at least 60 days before
34 the date of such surrender. For the purposes of this paragraph,
35 "part of the leased premises" means a quarter section of a
36 quarter section or a government lot as described by the public

1 land survey, or a bed of public waters.

2 All sums due to the state under this lease up to the
3 effective date of termination must be paid by the lessee. Any
4 sums not received within 20 days after the effective date of
5 termination are subject to interest at the rate of six percent
6 per year from the effective date of termination.

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

1 at his or her discretion, may continue the lease in effect.

2 33. Rights of lessor and lessee during 180-day period
3 following termination. Upon termination of this lease or
4 surrender of any part or parts of the leased premises, whether
5 by expiration of its terms or by act of either party, except as
6 necessary to comply with any reclamation requirements, the
7 lessee has 180 days after termination or surrender in which to
8 remove all equipment, materials, railroad tracks, structures and
9 other property placed or erected by the lessee upon said leased
10 premises or the part surrendered thereof. Property not removed
11 within that time shall, at the discretion of the commissioner,
12 either be removed by the state at the lessee's expense or become
13 the property of the state.

14 The lessee shall not remove or impair any supports placed
15 in any mine or mines on the leased premises, or any timber or
16 framework necessary to the use or maintenance of shafts or other
17 approaches to such mine or mines or tramways within the leased
18 premises, all of which become the property of the state. The
19 lessee shall, at its own expense, properly and adequately fence
20 all pits, level banks, and refill all test pits and cave-ins
21 that may be deemed dangerous or are likely to cause damage to
22 persons or property, and the lessee shall do all other work
23 which the commissioner deems necessary to leave the premises in
24 a safe and orderly condition to protect against injury or damage
25 to persons or property, and shall restore and reclaim the
26 premises to a condition satisfactory to the commissioner. The
27 lessee shall complete these requirements within 180 days after
28 termination or surrender of the lease, unless a longer period is
29 needed in order to comply with reclamation requirements.

30 Subject to the foregoing, upon the termination of this
31 lease or surrender of any parts or parts thereof, whether by
32 expiration of the term hereof or otherwise, the lessee shall
33 quietly and peaceably surrender possession of the leased
34 premises or the surrendered part or parts thereof to the state.

35 34. Recovery of expenses. If it is necessary for the
36 state to incur expenses by court action or otherwise for the

1 eviction of the lessee, or removal from the leased premises of
2 the lessee's property, or recovery of rent or royalties, or for
3 any other remedy of the state under this lease, and the state
4 prevails in the court action or otherwise, then the lessee shall
5 pay to the state all expenses, including attorney's fees, thus
6 incurred by the state.

7 **35. Agreements, assignments, or contracts.** All
8 assignments, agreements, or contracts affecting this lease must
9 be made in writing and signed by all parties thereto, witnessed
10 by two witnesses, properly acknowledged and must contain the
11 post office addresses of all parties thereto, and when so
12 executed must be presented in triplicate to the commissioner for
13 record. No such instrument is valid until approved in writing
14 by the commissioner and approved as to form and execution by the
15 attorney general. No assignment or other agreement relieves the
16 lessee of any obligation of liability imposed by this lease, and
17 all assignees, sublessees, and subcontractors are also liable
18 for all obligations or liabilities imposed by this lease.

19 **36. Lease binding on assignees and successors.** The
20 covenants, terms, and conditions of this lease run with the land
21 and extend to and bind all assignees and other successors in
22 interest of the lessee.

23 **37. Notices.** For purposes of this lease, the addresses of
24 the parties, unless changed by written notice to all parties,
25 are: For the state; Commissioner of Natural Resources, State of
26 Minnesota, Division of Minerals, 500 Lafayette Road, Saint Paul,
27 Minnesota 55155-4045; and for the lessee;

28 **38.** This lease is issued under all applicable provisions
29 of Minnesota Statutes, chapter 93; and Minnesota Rules, parts
30 6125.8000 to 6125.8700.

31 **REPEALER.** Minnesota Rules, parts 6125.4500, 6125.4600,
32 6125.4700, 6125.4800, 6125.4900, 6125.5000, 6125.5100,
33 6125.5200, 6125.5300, 6125.5400, 6125.5500, 6125.5600, and
34 6125.5700 are repealed.