

6125.8700 MODEL FORM OF LEASE.

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

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

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

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

2. Extension of term. The lease shall remain in effect for a primary term of ten years plus the time of the unexpired portion of the calendar year of the year in which the lease was issued.

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

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

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

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

The term of the lease will be extended for additional ten year periods by the state upon application by the lessee, so long as there has been commercial production from the leased premises within any of the last three years of the current ten year term; except that the final

term extension shall only be for a period that will extend the lease not beyond a total lease term of 50 years.

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

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

A. "Commercial production" means that in a calendar year the royalties due for the leased minerals removed from the leased premises exceed the minimum rentals paid for that year and that the leased minerals are being mined, removed, and shipped from the leased premises and sold by the lessee on a reasonably regular basis.

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

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

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

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

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

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

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

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

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

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

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

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

Any amount paid and accrued for rental in excess of \$5 per acre per year shall be credited on any royalty that may become due for the same year in which rental was due but no further, and only to the extent that such rental was paid or deposited into the particular fund to which the royalty for such was due. If this lease is canceled, terminated, or expires during a year for which rental has been paid, there shall be no reimbursement of the rental payment for that year.

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

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

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

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

9. **Gross market value at the mine.** Gross market value after extraction and at the mine means the market price, including all bonuses and allowances received by the lessee, at the point of shipment from the leased premises of the first marketable product or products produced from the leased minerals and sold under a bona fide contract of sale.

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

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

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

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

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

11. Method of computing royalty rates. In computing rental and royalty rates hereunder, any fraction of a cent less than five-thousandths shall be disregarded and any

fraction amounting to five-thousandths or more shall be counted as one-hundredth of a cent.

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

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

13. Lessee to transmit statement of minerals removed and royalty due. The lessee shall transmit to the commissioner with each royalty payment an exact and truthful statement of the weight and royalty value of the minerals mined and removed from the leased premises during each of the three months for which the payment is made, and the amount of royalty due on the minerals, separated as to the various state fund ownerships. The lessee shall provide for all the operations required for these determinations except as otherwise specified.

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

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

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

16. Monthly reports. Except as otherwise permitted by the commissioner, the lessee shall transmit within 20 days after the end of each calendar month, statements for that calendar month in the form the commissioner may require, covering the weights and analyses of the following: all minerals mined from the leased premises, all minerals stockpiled from the leased premises, all minerals mined from any source and commingled with minerals from the leased premises, all commingled minerals stockpiled, and such

other information as may reasonably be required by the commissioner for the purpose of verifying the amount of royalty due.

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

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

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

b. A representative portion of all exploration samples and, when requested by the commissioner in writing, a representative portion of mine samples. In the event that the lessee requires certain exploration samples in their entirety, the commissioner may waive the requirement for a quarter-portion of such exploration samples, provided that the lessee grants the state an opportunity to examine and classify such samples before they are crushed or processed.

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

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

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

18. How remittances and reports are to be transmitted. All remittances by the lessee under this lease must be made payable to the commissioner of management and budget. All such remittances and all reports, notices, and documents required under this lease must be transmitted to the commissioner through the director of the Division of Minerals at 500 Lafayette Road, Saint Paul, Minnesota 55155-4045.

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

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

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

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

22. Reversion of title on land conveyed to the state for stockpiling purposes. When the commissioner determines that it is necessary and that the interests of the state will be fully protected, the lessee may convey land to the state upon the condition that it be used for the storage of minerals or other materials having present or potential value belonging to the state. The commissioner may accept a conveyance that provides for the state's interest in the land to terminate and title to revert to the lessee when the land is no longer needed

or used for storage of minerals or other materials. No consideration shall be paid for the conveyance unless authorized by law.

23. Cross-mining rights. The lessee is hereby granted the right to mine and remove any leased minerals from the leased premises through any shafts, openings, or pits that may be made upon adjoining and nearby premises controlled by the lessee. The lessee may, if it so desires, use the leased premises and any shafts, openings, or pits made on it for the mining or removal of any minerals of the same nature and type as the leased minerals from adjoining or nearby premises. The lessee's use of the leased premises for these purposes may not, however, prevent or interfere with the mining or removal of minerals from said leased premises. The minerals taken from the leased premises must at all times be kept entirely separate and distinct from any other minerals until measured and sampled as provided in this lease so that the rights of the state are at all times preserved and protected. The state recognizes the rights and liens of the owners of any nearby or adjoining premises in any minerals mined from them and transported through the leased premises.

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

25. Operations to be conducted in accordance with good mining engineering. The lessee shall advise the commissioner when any mining activities on the leased premises are about to begin. The lessee shall open, use, and work the mine or mines on the leased premises in such manner only as is usual and customary in skillful and proper mining operations in accordance with the requirements, methods, and practices of good environmental and mining engineering, and in such manner as not to cause any unnecessary loss of minerals, or unusual permanent injury to the leased premises. Surface lands owned by the state in the leased premises are not to be cleared or used for roads, construction, or stockpiling purposes until such use has been approved by the commissioner in writing. The surface use of the leased premises must be conducted in such manner as to prevent or reduce scarring and erosion of the land and pollution of air and water.

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

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

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

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

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

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

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

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

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

The commissioner will identify special features or uses within the leased premises. Conditions identified as special features or uses include: wildlife management areas and sites; peatland watershed areas of the peatland scientific and natural areas; the Black Bay Management Area; natural heritage sites and features; designated trout streams; state water trails; state trails; historic and archaeological sites; rights-of-way; fire towers; campgrounds; public access sites; state highway rest areas; and other existing easements, sites, conditions, and encumbrances. The commissioner may require the lessee to adjust its exploration plans or its plans for construction of roads or trails due to special features or uses within the leased premises or due to other natural resource management concerns.

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

28. **Lessee's obligation for damages.** It is understood and agreed that in case any interest in the land or minerals covered by this lease is owned by anyone other than the state, this lease shall not be construed as authorizing any invasion of or trespass upon such other interest. The lessee hereby agrees and is obligated to indemnify and hold the state harmless from all damages or losses caused directly or indirectly by operations under this lease, whether to land, timber, minerals, growing crops, or buildings, or to any person or other property, including damages suffered by that other owner of the surface or mineral rights, and the state shall not be liable for them.

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

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

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

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

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

32. **Lessor's right to cancel lease upon default.** This lease is granted upon the express condition that, if any sum owed under it by the lessee for rental, royalty, or otherwise remains unpaid after the time when it became due, or if the lessee or its agent or servant knowingly or willfully makes any false statement in any report, account, or tabulation

submitted to the state or to the commissioner, or any of the commissioner's agents pertaining to any matter under this lease, or if the lessee fails to perform any of the conditions required by this lease, the commissioner may cancel this lease by mailing or delivering to the lessee 60 days' notice of the cancellation in writing, specifying such nonpayment or other default as the case may be. This lease shall terminate at the expiration of the 60 days, and the lessee and all persons claiming under the lessee shall be wholly excluded from the leased premises except as hereinafter provided in paragraph 33. Termination does not relieve the lessee from any liability for payment or other liability incurred under this lease. If the default consists of a nonperformance of an act required under this lease other than payment of royalty or rental, the lessee may perform within the period of 60 days and the lease continues in effect. If the correction of any such default requires more time than 60 days after the notice has been received by the lessee, the commissioner, upon written request of the lessee and for good cause shown, may, at the commissioner's discretion, grant an extension of the period of 60 days. If the default consists of a nonpayment of royalty or rental and the lessee performs within 15 days from the mailing or delivery of notice of cancellation, the lease continues in effect; and if the lessee performs at any time thereafter within the period of 60 days, the commissioner, at his or her discretion, may continue the lease in effect.

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

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

Subject to the foregoing, upon the termination of this lease or surrender of any parts or parts thereof, whether by expiration of the term hereof or otherwise, the lessee shall quietly

and peaceably surrender possession of the leased premises or the surrendered part or parts thereof to the state.

34. **Recovery of expenses.** If it is necessary for the state to incur expenses by court action or otherwise for the eviction of the lessee, or removal from the leased premises of the lessee's property, or recovery of rent or royalties, or for any other remedy of the state under this lease, and the state prevails in the court action or otherwise, then the lessee shall pay to the state all expenses, including attorney's fees, thus incurred by the state.

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

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

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

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

Statutory Authority: *MS s 93.25*

History: *19 SR 2433; L 1998 c 254 art 1 s 107; L 2003 c 112 art 2 s 50; L 2009 c 101 art 2 s 109; L 2010 c 361 art 4 s 82*

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