CHAPTER 93

MINERAL LANDS

93.16 PERMITS; SALE, NOTICE.

Except as otherwise expressly provided by law, prospecting permits for iron ore or other minerals belonging to the state shall be issued only upon public sale as herein provided. The sale of permits may be held at such times and places as designated by the commissioner. The commissioner shall give public notice of each sale by publication for three successive weeks in a daily newspaper printed and published in each of the cities of St. Paul, Minneapolis, Duluth, Hibbing, and Virginia. The last publication shall be not less than seven days nor more than 30 days before the date of sale. Like notice may be published in not to exceed two additional newspapers and two trade magazines, as the commissioner may direct.

Each notice shall contain the following information:

(1) Time and place of holding the sale;

(2) The general requirements of law affecting bidders and purchasers of permits;

(3) The place or places where the list of mining units, to be offered for sale will be available for inspection and where forms for bids and applications for prospecting permits may be obtained;

(4) Such other information as the commissioner may direct.

History: *1991 c 194 s 1*

93.17 APPLICATION FOR PERMITS; BIDS; AWARDS.

Subdivision 1. Applications for permits to prospect for iron ore shall be presented to the commissioner in writing in such form as the commissioner may prescribe at any time before 4:30 p.m., St. Paul, Minnesota time, on the last business day before the day specified for the opening of bids, and no bids submitted after that time shall be considered. The application shall be accompanied by a certified check payable to the state treasurer in the sum of $50 for each mining unit as set out above. Each application shall be accompanied also by a sealed bid setting forth the amount of royalty per gross ton of crude ore based upon the iron content of the ore when dried at 212 degrees Fahrenheit, in its natural condition or when concentrated, as set out in detail hereafter, that the applicant proposes to pay to the state of Minnesota in case the permit shall be awarded.

[For text of subd 2, see M.S.1990]

Subd. 3. At the time and place fixed for the sale, the commissioner shall publicly announce the number of applications and bids received. The commissioner, together with at least one member of the executive council as designated by the council, shall then publicly open the bids and announce the amount of each bid separately. Thereafter, the commissioner, together with the executive council, shall award the permits to the highest bidders for the respective mining units, but no bids shall be accepted that shall not equal or exceed the minimum amounts provided for in section 93.20, nor shall any bid be accepted that shall not comply with the law and be accompanied by a certified check for the faithful performance of the terms of each permit as hereinbefore set out. The right is reserved to the state to reject any and all bids. All applications for permits and bids not accepted at such sale shall become void at the close of the sale and the checks accompanying the applications and bids shall be returned to the applicants entitled to them. Upon the award of a permit, the certified check submitted with the application as provided by subdivision 1, shall be deposited with the state treasurer as a fee for the permit, to be credited to the same fund as the rental or royalty from the mining unit affected, and the certified check submitted with the bid as provided by subdivision 2, shall be deposited with the state treasurer and held for further disposition as provided by law.

History: *1991 c 194 s 2,3*

93.20 RENTALS, ROYALTIES, FORM OF LEASE.

[For text of subds 1 to 8, see M.S.1990]

Subd. 9. [Repealed, 1991 c 194 s 5]

Subd. 9a. (1) The royalties to be paid by the part.... of the second part to the party of the first part on ore removed in each calendar quarter that the lease remains in force as hereinbefore specified shall be subject to increase by fifty percent (50%) of the sum of the amounts determined in accordance with subparagraphs (a) and (b) below:

(a) Reference shall be made to the Producer Price Index for Iron Ores (December 1984=100) (Industry Code No. 1011), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor, or any succeeding federal agency publishing such index, for the first month in the calendar quarter for which royalty payment is to be made. If the Producer Price Index for Iron Ores exceeds ....., which was the level of such index for the month in which this lease was issued (hereafter called the "PPI - IO Base Index"), the excess shall be computed and this excess shall become the numerator of a fraction, the denominator of which shall be the PPI - IO Base Index, and the resulting fraction shall be multiplied by the royalty rate per ton payable on the ore mined and removed during any such quarter.

For example, if the PPI - IO Base Index under this lease was 119.2, and if the Producer Price Index for Iron Ores for January, 19.. was 125.3, the additional amount for the calendar quarter of January, February, and March 19.. would be computed as follows:

[(125.3-119.2)/119.2] x base royalty rate = additional amount

(b) Reference shall be made to the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group (1982=100) (Commodity Code No. 101), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor, or any succeeding federal agency publishing such index, for the first month in the calendar quarter for which royalty payment is to be made. If the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group exceeds ....., which was the level of such index for the month in which this lease was issued (hereafter called the "PPI - I&S Base Index"), the excess shall be computed and this excess shall become the numerator of a fraction, the denominator of which shall be the PPI - I&S Base Index, and the resulting fraction shall be multiplied by the royalty rate per ton payable on the ore mined and removed during any such quarter.

For example, if the PPI - I&S Base Index under this lease was 129.5, and if the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group for January, 19.. was 139.5, the additional amount for the calendar quarter of January, February, and March 19.. would be computed as follows:

[(139.5-129.5)/129.5] x base royalty rate = additional amount

(2) In the event some other period than December 1984 is used as a base of 100 in determining the Producer Price Index for Iron Ores or some other period than 1982 is used as a base of 100 in determining the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group, for the purposes of this lease these indexes shall be adjusted so as to be in correct relationship to the appropriate base. In the event either such index is not published by any federal agency, the index to be used as aforesaid shall be that index independently published, which, after necessary adjustments, if any, provides the most reasonable substitute for the appropriate index during any period subsequent to the month in which this lease is issued; it being intended to

substitute for the Producer Price Index for Iron Ores and index that most accurately reflects fluctuations in the prices of Great Lakes iron ores in the manner presently reported by the Producer Price Index for Iron Ores (December 1984=100), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor, and it being intended to substitute for the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group an index that most accurately reflects fluctuations in the prices of iron and steel in the manner presently reported by the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group (1982=100), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor.

If the parties to this lease cannot agree upon substitute indexes which accomplish these purposes, each shall choose an arbitrator and the two thus selected shall choose a third. The decision of the arbitrators or any two of them shall be final and binding on the parties in interest. The agreement or the decision of the arbitrators shall be attached as a supplement to the lease. Each party to the arbitration shall bear their representative share of the costs for the arbitration.

[For text of subds 10 to 39, see M.S.1990]

History: *1991 c 194 s 4*