



# STATE NONFERROUS METALLIC MINERAL LEASES

Department of Natural Resources  
Division of Lands & Minerals  
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# STATE NONFERROUS METALLIC MINERAL LEASES

- State issues leases for non-ferrous metallic minerals mining units pursuant to *Minnesota Statutes, section 93.25; Minnesota Rules, parts 6125.0100 - .0700*
- DNR creates *mining units* to establish the state-owned lands and minerals that are available for lease. *Minnesota Statutes, section 93.15*
- A mining unit number is government section of land (e.g. A-1-48-22 is a mining unit number located in Aitkin County, Section 1, Township 48 North, Range 22 West)
- The DNR, on behalf of the state, typically offers for lease its entire surface and mineral ownership within a mining unit.
- The DNR does except from the proposed lease areas: Old Growth stands, lands within the Boundary Waters Canoe Area Wilderness and Voyageurs National Park, Meandered waters of the State, and Protected waters and wetlands designated by the Commissioner.

# EXECUTIVE COUNCIL

- All leases for nonferrous metallic minerals or petroleum must be approved by the Executive Council ([Minnesota Statutes, section 93.25, subdivision 2](#)).
- The Executive Council consists of the governor, lieutenant governor, secretary of state, state auditor, and attorney general. The governor is chair ([Minnesota Statutes, section 9.011, subdivision 1](#)).



# STATE NONFERROUS METALLIC MINERAL LEASES

## Leaseholder Qualifications (Minnesota Rules, part 6125.0410):

- Qualified to do business in Minnesota.
- Technically and financially capable of performing under the terms of a state minerals lease.
- The applicant has shown the capability to comply with environmental laws and permits.
- Qualified to conduct exploratory borings in Minnesota by fulfilling the requirements of Minnesota Statutes, section 103I.601, subdivision 3.



# STATE NONFERROUS METALLIC MINERAL LEASES

Three processes are used to issue non-ferrous metallic mineral leases in Minnesota:

- 1.) Public Lease Auction ([Minnesota Rules, part 6125.0500](#))
- 2.) Negotiated Lease ([Minnesota Rules, part 6125.0600](#))
- 3.) Preference Rights ([Minnesota Rules, part 6125.0610](#))



# PUBLIC LEASE AUCTION

- Identification of Areas of Interest
- Areas Under Consideration, notifications
- Final Sale Area / Mineral Research commences
- Notice of Intent to Hold Sale published (90 days)
- Mining Units established
- Notice of Sale published (30 days)
- Sealed Bid Opening, review and recommendation

Minnesota Rules, part 6125.0500



# NEGOTIATED LEASE

A lease may be issued through negotiations under any of the following circumstances:

- The state's mineral ownership interest in the lands to be leased is an undivided fractional interest and the applicant holds under control a majority of the remaining undivided fractional metallic mineral interests in the lands to be leased.
- The applicant holds a state metallic minerals lease covering other lands within the same government section of land.
- The applicant holds, within one-half mile of the requested lands to be leased, a state metallic minerals lease or a private metallic minerals lease and no other party holds a state metallic minerals lease covering land within the same government section of land where the requested lands to be leased are located.
- The lands to be leased contain an identified mineral resource, and the applicant holds under its control the majority of the same type of minerals in the remaining lands containing the identified mineral resource.

Minnesota Rules, part 6125.0600



# PREFERENCE RIGHTS LEASE

- ❑ When the commissioner determines the best interests of the state will be served, the commissioner may establish a list of mining units available for preference rights leasing through application. Mining units may only be included in the preference rights lease availability list if they do not contain an identified mineral resource and the area is not being explored by multiple parties.
- ❑ Mining units may be included in a preference rights lease availability list only if they meet all of the following criteria:
  - The mining unit has been offered at a public metallic minerals lease sale.
  - The mining unit has been offered at a public metallic minerals lease sale within the last four years.
  - The mining unit does not contain an identified mineral resource.
  - State metallic minerals leases are not in effect within three miles of the mining unit, unless the state metallic minerals leases are held by only one party.
  - A state metallic minerals lease is not in effect for other lands in the same government section of lands as covered by the mining unit under consideration.
  - The mining unit is not within an area being offered at a public metallic minerals lease sale, as identified through a published notice of intent to hold a public metallic minerals lease sale.



# STATE LEASE FORM REQUIREMENTS

## MINNESOTA RULES 6125.0700

### **Notable Lease Terms:**

- Conformity with State and Federal Laws and Regulations ([Minnesota Rules, part 6125.0700, at paragraph 23](#))
- Surface Owner Notice ([Minnesota Rules, part 6125.0700, at paragraph 25](#))
- Exploration Plan Review ([Minnesota Rules, part 6125.0700, at paragraph 26](#))
- Lessee's Obligation for Surface Damage ([Minnesota Rules, part 6125.0700, at paragraph 27](#))
- Exploration Data/Drill core ([Minnesota Rules, part 6125.0700, at paragraph 16](#))



# RENTAL RATES

## Rental Rate:

- \$1.50/acre/year – Remainder of the year of lease issuance and the first full 2 years
- \$5/acre/year – Years 3-5
- \$15/acre/year – Years 6-10
- \$30/acre/year – Remainder of the lease term

Minnesota Rules, part 6125.0700, at paragraph 6



# ROYALTY RATES

## Royalty Rates:

- The base royalty rate must not be less than 3.95% nor more than 20% and varies with the net return value of the metallic minerals and associated mineral products recovered from each ton of ore mined from the mining unit.
- On most leases the base royalty rate is greater than 3.95%.

Minnesota Rules, part 6125.0700, at paragraph 8

