Chapter 332-16 WAC

MINERAL PROSPECTING LEASES AND MINING CONTRACTS

WAC

332-16-035 Prospecting leases and mining contracts—Rental rates, advance minimum royalty, prospecting work requirement, development work requirement and production royalty. 332-16-090 Tide and shore land descriptions. [Order 3, § 332-16-009, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-045 Recreational prospecting permit fee. 332-16-100 Conversion of leases to contracts. [Order 3, § 332-16-100, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-055 Application for prospecting lease. 332-16-110 Conversion of leases to contracts—Failure to convert. [Order 3, § 332-16-110, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-065 Conversion of a prospecting lease to a mining contract. 332-16-120 Area and term of leases and contracts. [Order 3, § 332-16-070, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-075 Prospecting lease not renewable. 332-16-130 Use of leased premises. [Order 3, § 332-16-130, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-085 Failure to execute prospecting leases and mining contracts. 332-16-140 Timber. [Order 3, § 332-16-140, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-095 Renewal of mining contract. 332-16-150 Cash or surety bond may be required. [Order 3, § 332-16-150, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-105 Performance security. 332-16-160, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-115 Timber. 332-16-170 Right of entry. [Order 3, § 332-16-170, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-125 Surface rights. 332-16-180 Damages to encumbered lands. [Order 3, § 332-16-180, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-135 Use of leased premises. 332-16-190 Notice of intent to conduct prospecting or operations. [Order 3, § 332-16-190, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-145 Prospecting and development work. 332-16-200, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-150 Production royalty. 332-16-210, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-160 Technical data. 332-16-220, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-170 Consolidation of mining contracts. 332-16-230, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-180 Use of leased premises. [Order 3, § 332-16-180, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-190 Development work and improvements—Reports. [Order 3, § 332-16-190, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-200 Development work and improvements. [Order 3, § 332-16-200, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-210 Development work and improvements—Examples, unacceptable. [Order 3, § 332-16-210, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-220 Development work and improvements—Examples, acceptable. [Order 3, § 332-16-220, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-230 Development work and improvements—Examples, unacceptable. [Order 3, § 332-16-230, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-240 Development work and improvements—Additional time. [Order 3, § 332-16-240, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.

332-16-250 Advance payment of minimum annual royalty. [Order 3, § 332-16-250, filed 2/6/68; Resolution No. 72 (part), filed 1/19/67.] Repealed by WSR 87-21-007 (Order 528), filed 10/9/87. Statutory Authority: RCW 79.01.618.
WAC 332-16-035 Prospecting leases and mining contracts—Rental rates, advance minimum royalty, prospecting work requirement, development work requirement and production royalty. The annual rental for years one through three of a mineral prospecting lease shall be $2.00 per acre, or $100.00, whichever is greater. The annual rental for years four through seven of the lease shall be $3.00 per acre, or $120.00, whichever is greater. The annual rental for years eight through ten of a mining contract shall be $5.00 per acre, or $250.00, whichever is greater. The annual rental for years eleven through twenty of a mining contract shall be $7.50 per acre, or $375.00, whichever is greater.

The production royalty rate for mining contracts shall be 5% of the gross receipts. The rate to be incorporated into a mining contract issued upon conversion from a prospecting lease shall be the rate in effect on the date the prospecting lease was issued.

The annual development work requirement for a mining contract shall be $5.00 per acre.

All annual rental payments and annual advance minimum royalty payments must be made in advance, and lack of notice of payment due does not relieve the lessee of the obligation to make payments when due.

WAC 332-16-045 Recreational prospecting permit fee. The fee for an annual permit for prospecting and collecting in designated recreational prospecting areas shall be $10.00.

WAC 332-16-055 Application for prospecting lease. Applications for prospecting leases will be received during business hours in the office of the Department of Natural Resources, Olympia, Washington. Applications must be submitted on forms prescribed by the department and accompanied by the application fee.

All applications received by any means other than United States mail will be stamped with the date and time of receipt in the Olympia office. Applications received by United States mail will be considered received as of the close of business on that day. Applications will be accepted in the order received and priority of leasing will be established on this basis. The priority among applications filed simultaneously will be by drawing of lots.

If an application is rejected by the department, the application fee will be refunded and the applicant informed of the reason for rejection.

WAC 332-16-065 Conversion of a prospecting lease to a mining contract. An application to convert a prospecting lease to a mining contract must be submitted to the department at least one hundred eighty days prior to the expiration of the prospecting lease, together with the application fee.

The application shall include a plan of development which describes the development, operation and reclamation of the property, an environmental checklist and evidence that the prospecting work requirements of the lease have been met.

WAC 332-16-075 Prospecting lease not renewable. A prospecting lease not converted to a mining contract shall not be renewable. The holder of an expired prospecting lease, or the holder's agents, shall not be entitled to a new lease on the premises covered by the prior lease for one year from the date of the expired prospecting lease.

WAC 332-16-085 Failure to execute prospecting leases and mining contracts. When an applicant fails to sign
a lease or contract and return the signed document with the rental or minimum royalty within thirty days, the application will be rejected and the application fee forfeited. Additional time for compliance with this section may be granted by the department if the applicant submits a written request for additional time to the department within the thirty day period.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-085, filed 10/9/87.]

**WAC 332-16-095 Renewal of mining contract.** The lessee may apply for renewal of a mining contract, except placer gold mining contracts issued pursuant to RCW 79.01.617, by submitting an application, and the application fee, within the ninety days prior to the expiration of the contract.

The terms of the renewal contract shall be the same as those contained in the previous contract unless valuable minerals or specified materials are not being produced. The terms of a renewal contract on a nonproducing lease shall be governed by the rules and rates in effect at the time the renewal contract is issued.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-095, filed 10/9/87.]

**WAC 332-16-105 Performance security.** The department may, at its option, require the lessee to file a cash bond, savings account assignment, approved corporate surety bond or other form of security satisfactory to the department in an amount sufficient to guarantee performance of the terms and conditions of the lease or contract. Such security, if required, shall be submitted prior to the commencement of prospecting or mining operations. The department may reduce or increase the amount of the security as a result of operational changes requiring different levels of performance. The department may allow a lessee to file a single security device, acceptable to the state, in an amount set by the department covering all of the lessee’s state leases.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-105, filed 10/9/87.]

**WAC 332-16-115 Timber.** No forest products owned by the department shall be cut, removed or destroyed unless approved in advance by the department. The lessee shall appropriately mark all forest products proposed to be cut. Unless the department elects to directly dispose of the forest products, the department will appraise the forest products and the lessee shall pay the appraised value of such forest products within thirty days of billing unless there is a written extension of time by the department, and in any event, prior to their cutting.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-115, filed 10/9/87.]

**WAC 332-16-125 Surface rights.** Where the surface rights for the lands described in the prospecting lease or mining contract are held by a third party, the holder of the prospecting lease or mining contract shall make arrangements with the holder of the surface rights to protect the surface interests and submit to the department evidence of such arrangements, prior to the commencement of prospecting or mining activities, in one of the following forms:

(1) Waiver of damages executed by the holder(s) of the surface rights;

(2) Agreement in the form of a letter, contract or memorandum of understanding executed by both the mineral lessee and the holder(s) of the surface rights which provides for the settlement of all disputes and damages;

(3) A court order resolving the issues of access, damage claims and any other disputes.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-125, filed 10/9/87.]

**WAC 332-16-135 Use of leased premises.** The holder of a prospecting lease may use the leased premises as provided in the lease and the approved plan of operations, subject to existing rights and payments as otherwise provided. Such uses shall be those reasonably necessary for the exploration of the premises.

The holder of a prospecting lease may remove valuable minerals or specified materials of a value not exceeding $100 for the purpose of testing and assaying. The removal of valuable minerals or specified materials in excess of this amount requires prior written approval of the department, and may be subject to the payment of royalties.

The holder of a mining contract may use the leased premises as provided in the contract and the approved plan of operations, subject to existing rights and payments as otherwise provided. Such uses shall be those reasonably necessary for the exploration, development, operation and production of valuable minerals or specified materials.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-135, filed 10/9/87.]

**WAC 332-16-145 Prospecting and development work.** Prospecting leases shall require that the lessee perform the required annual prospecting work that contributes to the mineral evaluation of the premises. The lessee may make payment to the department in lieu of prospecting work for not more than three years during the term of the lease.

Mining contracts, except those issued for placer gold mining pursuant to RCW 79.01.617, shall require that the lessee perform the required annual development work that contributes to the mineral development of, and production from, the property. The lessee may make payment to the department in lieu of the performance of development work.

Prospecting work or development work actually accomplished during any one lease or contract year in excess of the lease or contract requirements may be applied toward the next succeeding year only, provided that the work is reported to the department at the end of the year in which it was performed, accompanied by a written request that the excess be applied to the next succeeding year.

All prospecting and development work reported is subject to evaluation and confirmation by the department. Work that does not directly contribute to the mineral evaluation or development of the property will not be accepted. The department shall have the right to inspect the work done and to examine all books and records pertaining to prospecting and development work reported. Prospecting and development work reports shall contain sufficient information, including adequate maps, plans, diagrams, locations, and costs to indicate the location, amount and type of work accomplished on
or adjacent to the property and an explanation of how this work contributed to the mineral evaluation or development of the property.

Upon the written request of the lessee at the time the prospecting or development work report is submitted to the department, the report shall be considered confidential until a written release is obtained from the lessee or the termination, cancellation, surrender or expiration of the lease or contract.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-145, filed 10/9/87.]

WAC 332-16-155 Production royalty. Production royalties shall be payable as provided in the mining contract upon all valuable minerals, specified materials or any products whatever which are mined, saved, sold or removed from the leased premises.

The production royalty shall be calculated on the gross receipts, including all bonuses and allowances paid, earned, or received, at the point of sale of the first marketable valuable mineral(s) produced from the leased premises, whether or not such valuable mineral(s) are produced through chemical or mechanical processes; subject only to the deduction of transportation costs which transportation costs are part of the development plan approved by the department.

The department may set or calculate the production royalty in the case of specified materials and other products produced from the leased premises based on the volume of material removed from the leased premises.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-155, filed 10/9/87.]

WAC 332-16-165 Field inspections and audits. Any person designated by the department shall have the right at any time to inspect and examine the lease premises and the facilities thereon, and shall have the right during lessee's business hours to examine such books, records, tax returns, and accounts of the lessee as are directly connected with the determination of royalties.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-165, filed 10/9/87.]

WAC 332-16-175 Technical data. In the interest of further developing the mineral resources of the state of Washington, lessees shall submit to the department copies of all geological, geophysical, geochemical, engineering and metallurgical data relating to the property held under lease or contract within ninety days of the termination, cancellation, surrender or expiration of the lease or contract. All of the following data, collected or prepared, are to be submitted:

1. Geologic maps;
2. Geochemical surveys, including sample location maps and results of tests for each sample;
3. Geophysical surveys, including accurate station maps, measurements for each station and the results of data reduction, but not proprietary interpretations;
4. Lithologic logs and geochemical analyses for exploratory drill holes;
5. Map showing the location and orientation of exploratory drill holes;
6. Results of metallurgical tests performed on samples from the premises;
7. Results of engineering studies relating to the competence and stability;
8. Surveyed level maps for underground workings.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-175, filed 10/9/87.]

WAC 332-16-185 Assignments. The assignment of any lease or contract may be made, subject to written approval by the department, upon submitting the request on the prescribed form to the department, together with the required assignment fee. The assignee shall be subject to and governed by the terms and conditions of the lease or contract. The approval of an assignment by the department shall not waive compliance with any terms and conditions of the lease or contract. No assignment of a lease or contract will be approved if any delinquencies exist with respect to any of the terms or provisions of the lease or contract.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-185, filed 10/9/87.]

WAC 332-16-195 Consolidation of mining contracts. The holder or holders of two or more mining contracts may apply to the department for the consolidation of their contracts under a common management to facilitate operation of larger-scale development.

If the department finds the consolidation to be in the best interests of the state, the consolidation will be approved.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-195, filed 10/9/87.]

WAC 332-16-205 Plan of operations. Prior to the commencement of prospecting activities which disturb the surface, the holder of a prospecting lease shall submit a plan of operations which shall include but is not limited to the following:

1. The type, location, and schedule of exploratory drilling and trenching activities;
2. Location of other significant activities, including type and depth of drilling, trenching, and underground development;
3. Proposed roads;
4. Proposed erosion control plans for roads, landings, drilling locations, and trenches; and
5. Reclamation, including the method of plugging and sealing drill holes and underground openings.

Prior to the commencement of exploration, development or mining activities, the holder of a mining contract shall submit a plan of operations which includes items (1) through (5), above, and the implementation of the plan of development and reclamation submitted as part of the application for the mining contract.

If the lessee desires changes to the approved plan of operations, department approval is required.

[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-16-205, filed 10/9/87.]

WAC 332-16-215 Notice of intent to conduct prospecting or operations. The department must be notified at
least fifteen days in advance of the commencement of work
that includes activities approved as part of the lessee's plan of
operations, which disturb the surface. If the surface rights on
all or a portion of the leased premises are held by a third
party, that party shall be provided a copy of the notification of
intent to conduct prospecting or operations at the same time
the department is notified.

Activities which are not part of the lessee's approved
plan of operations cannot be included in the notice of intent.
[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-
16-215, filed 10/9/87.]

**WAC 332-16-225 Plugging and abandonment proce-
dures for exploration drill holes.** All exploration drill holes
shall be properly plugged and abandoned by the lessee in
accordance with procedures approved by the department.
[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-
16-225, filed 10/9/87.]

**WAC 332-16-235 Public auction of known deposits
of valuable minerals or specified materials.** The depart-
ment may offer mining contracts at public auction on lands
for which the department has information for the existence of
commercially significant mineral deposits.
[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-
16-235, filed 10/9/87.]

**WAC 332-16-245 Public auction of placer gold min-
ing contracts.** The department may offer contracts for the
mining of placer gold at public auction. Mining contracts for
placer gold issued at public auction shall be for a term of five
years and be nonrenewable. Payment shall be by bonus bid, if
any, and an annual rental.
[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-
16-245, filed 10/9/87.]

**WAC 332-16-255 Recreational prospecting areas.**
The department may consider and evaluate written requests
to designate specific areas as recreational prospecting areas.
The criteria for the evaluation of such proposals shall include,
but not be limited to, use conflicts, the presence of minerals
in noncommercial quantities, public access and environmen-
tal sensitivity.

The department shall establish the amount of collecting,
type of equipment and method(s) of collecting and/or pros-
specting to be allowed in each designated recreational pros-
specting area. Such rules will be based on the character of each
area, the mineral or minerals sought, and regulations imposed
by other state agencies.

Following the determination by the department a site
may be suitable for designation as a recreational prospecting
area, the department shall hold a public hearing in the county
where the lands are located. At least fifteen days but not more
than thirty days before the hearing, the department shall pub-
lish a public notice setting forth the date, time, and place of
the hearing, at least once in one or more daily newspapers of
general circulation in the county and at least once in one or
more weekly newspapers circulated in the area.

After a recreational prospecting area has been designated
by the department, the boundaries of the area will be marked.

A recreational prospecting permit issued by the depart-
ment of natural resources is required by all persons sixteen
years of age and older for the use of designated recreational
prospecting areas for prospecting and mineral collecting. The
term of the permit shall be a calendar year.
[Statutory Authority: RCW 79.01.618. WSR 87-21-007 (Order 528), § 332-
16-255, filed 10/9/87.]