



Non-Energy Leasable Minerals – Preference Right Leases

Preference Right Lease Applications

The following is general information on preference right leases as covered by the Public Domain Mineral Leasing Act of 1920, as amended (30 U.S.C. 181 *et seq.*), the Acquired Lands Mineral Leasing Act of 1947, as amended (30 U.S.C. 351-359), and the Federal Land Policy and Management Act of 1976 (FLPMA), 43 U.S.C. 1701 *et seq*) which authorizes the management and use of the public lands. The regulations governing these minerals are found in the 43 CFR 3500 regulations.

Background:

The Bureau of Land Management (BLM) leases certain solid minerals, including phosphate, sodium, potassium, sulphur, gilsonite, or other hardrock minerals, on public domain and other Federal lands. These lands include areas managed by the BLM and the Forest Service. BLM can also lease these minerals on certain private lands, provided that the mineral rights are owned by the Federal government. BLM will issue prospecting permits in areas where we do not know a mineral deposit exists. A prospecting permit gives you the exclusive right to prospect on and explore for leasable mineral deposits. You may remove only material needed to demonstrate the existence of a valuable mineral. If the permittee, during the term of the permit, demonstrates the discovery of a valuable deposit of the leasable mineral for which BLM issued the permit, BLM may issue a preference right lease to that permittee without competition. There are other requirements for preference right leases.

How do I apply for a preference right lease?

1. You must have a prospecting permit for the area you want to lease and submit the following requirements.
2. No specific form is required. Submit three copies of your application within 60 days after your permit expires, or the date BLM denies your request for a permit extension, whichever is later.
3. The first year's rental must be paid at the time of filing.
4. Before performing any case processing, BLM requires a deposit of any payments intended to reimburse the United States for reasonable costs with respect to applications, by Section 304(b) of FLPMA. We have estimated the reasonable cost to process a preference right lease application is \$6,500.00. The fees are used for land status determination, a mineral report, review of exploration and reclamation plans, surface inspections, environmental decisional document as required by the National Environmental Policy Act (NEPA), the formal recommendation, processing bonds, and issuance of lease. If the costs are less than the deposit, a refund will be authorized. The processing costs may substantially exceed the amount of this initial deposit, particularly if it is determined that an Environmental Impact Statement is required, in which case the BLM will request additional funds. Until those funds are received, the processing of the application will cease.
 - a. *The applicant can comment on this proposed fee at any time during the application process;*
 - b. *The applicant can ask for BLM's approval to do all or part of any study or other activity according to the standards BLM specifies, thereby reducing BLM's cost for processing the application;*
 - c. *BLM will then give the applicant a final estimate of the processing fee amount after considering the comments submitted and any BLM-approved work that the applicant will do.*
 - d. *If the surface of the lands are managed by the U.S. Forest Service, NEPA costs will be negotiated between the applicant and the Forest Service.*



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What information must my application include?

1. A statement of your qualifications and holdings as specified in 43 CFR 3502.
2. Three maps showing:
 - a. Utility systems;
 - b. The location of any proposed development or mining operations and incidental facilities;
 - c. The approximate locations and the extent of the areas you will use for pits, overburden and tailings; and
 - d. The location of water sources or other resources which you may use in the proposed operations or incidental facilities.
3. A narrative statement addressing:
 - a. The anticipated scope, method and schedule of development operations, including the type of equipment you will use;
 - b. The method of mining anticipated, including the best available estimate of the mining sequence and production rate; and
 - c. The relationship, if any, between the planned mining operations and existing or planned mining operations and facilities on adjacent Federal or non-Federal lands;
4. Financial information which will enable us to determine if you have found a valuable deposit. Include at least an estimate of projected mining and processing costs, salable products and markets, and projected selling prices;
5. If your application is for less than the lands covered by your prospecting permit, a complete and accurate description of the lands.

What do I need to submit to show that I have found a valuable deposit?

To show that you have found a valuable deposit, send us the information listed in 43 CFR 3593.1. You must have collected the data during the term of the prospecting permit, but you may refer to prior geologic work. BLM may request supplemental data from you to determine the following:

1. The extent and character of the deposit;
2. The anticipated mining and processing methods and costs;
3. Anticipated location, kind and extent of necessary surface disturbance;
4. The measures you will take to reclaim that disturbance;
5. An estimate of the profitability of mineral development; and
6. Whether there is a reasonable prospect of success in developing a profitable mine.

Please note that any fees submitted, in no way will insure favorable action on an application. This handout is intended to describe the initial application process only. There are other requirements for preference right leases and applications, which can be found at 43 CFR 3500.