

A meeting of the State Lands Commission was held in the office of the Department of Finance, State Capitol, Sacramento, at 10 o'clock A. M., September 25, 1940.

Present were:

George Killion, Chairman,
Harry B. Riley, Member,
Ellis E. Patterson, Member.

Absent was:

None.

The Executive Officer stated that minutes of the Commission of August 16, August 20 and August 21, 1940, had been submitted to the Commission for consideration.

Upon motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, resolution was adopted approving and confirming the minutes of the meetings of August 16, 20 and 21, 1940, as submitted.

The Chairman stated that the next matter on the calendar was further consideration by the Commission of application of Calaveras Cement Company, a corporation, for easement for gas pipe line crossings under certain navigable streams in the vicinity of Rio Vista, California.

Present were the following:

Judge A. L. Pierovich, Jackson;

H. C. Maginn, L. J. Brunel,
W. W. Mein and C. Todd, 315
Montgomery Street, San Francisco,
of the Calaveras Cement Company,
a corporation;

E. G. Lawson, J. H. Thacher and
E. G. Gaylord of 225 Bush Street,
San Francisco, of Standard Oil
Company of California, and J.
Howard Marshal, Esq., of Messrs.
Pillsbury, Madison & Sutro, 225
Bush Street, appearing upon behalf
of the Standard Oil Company of
California;

E. H. McCulloch and C. E. Boone,
Subway Terminal Building, Los Angeles,
California, of Amerada Petroleum
Corporation;

Robert Muckler, Superior Oil
Company, Los Angeles;

V. H. Wilhelm of the Texas Company,
Los Angeles, California;

Kenneth I. Fulton, Secretary to
the Governor, State Capitol,
Sacramento, California;

Franz R. Sachse, Deputy Director
of Public Works, Sacramento;

W. N. Goodman, Fairfield;

Joseph M. Raines, Fairfield;

Ralph H. Cowing, Esq., Deputy
Attorney General;

Robert Clifton, Administrative
Adviser, Department of Finance.

At the request of the Chairman, the Executive Officer reviewed proceedings to date in connection with applications of the Calaveras Cement Company.

Thereafter several of the persons present made statements both for and against the application of the Calaveras Cement Company following which W. M. Goodman, Esq., and Joseph M. Raines, Esq., Attorneys for certain landowners in the Rio Vista Gas Field stated that they wished more time to prepare statements upon behalf of their clients and present the same to the State Lands Commission. Thereupon motion was made by Mr. Riley, seconded by Mr. Patterson, and unanimously carried, that a subsequent date be set for further hearing upon the application of the Calaveras Cement Company, a corporation, and that the Executive Officer be instructed to request Dr. E. K. Soper, Consultant of the Commission, to prepare a further report upon questions propounded by Robert Clifton, Administrative Adviser in the Department of Finance, as follows:

1. Should the State Lands Commission issue unlimited easement to the Calaveras Cement Company, a corporation, what would the General Fund of the State receive in consideration of the Calaveras Cement Company already having agreed to pay to the Reclamation Board a royalty of $12\frac{1}{2}\%$ of all gas passed through the pipe line crossing on premises under the jurisdiction of the Reclamation Board.

2. Should the Commission refuse to issue an unlimited easement to the Calaveras Cement Company, what would be the revenue to the General Fund through the State Lands Commission and the revenue to the Reclamation Board; and further that Dr. E. K. Soper be requested to appear before the Commission at the next meeting and the Calaveras Cement Company and any landowners who might be affected be asked to submit reports from their engineers, all to be considered by the Commission at the next meeting.

Recess was thereupon taken by the State Lands Commission until 2:00 P. M., of the same day.

At 2:00 P.M., the Commission resumed its meeting of this date.
Present were:

George Killion, Chairman,
Harry B. Riley, Member,
Ellis E. Patterson, Member.

Absent was:

None.

After discussion a motion was made by Mr. Riley, seconded by Mr. Patterson, and unanimously carried, the next meeting of the State Lands Commission for the purpose of giving further consideration to application of the Calaveras Cement Company, a corporation, be held in the office of the Department of Finance, State Capitol, Sacramento, October 22, 1940, at 10 o'clock A. M. The Executive Officer was directed to notify all persons present at the morning session and to give appropriate notice through the press of this meeting, and in addition to request all interested parties to furnish reports of their engineers should they desire to do so.

The Executive Officer reported that Surf Associates, Inc., to which the Commission awarded Agreements for Easements Nos. 406, 407 and 408, Huntington Beach, had drilled the first well in the approximate area described in Easement No. 407 for the reason that the engineers of the Commission found subsequent to the awarding of the bids that another well in place was in conflict with the location described in Easement No. 406. He suggested that it be considered that Surf Associates, Inc., had already drilled the well described in Easement No. 407, and that it now be required to drill the well described in Easement No. 408, and that Easement No. 406 be terminated by mutual consent of the parties.

Upon motion of Mr. Riley, seconded by Mr. Patterson, a resolution was adopted authorizing and directing the Executive Officer to approve the program outlined by him and to proceed in accordance with his suggestions.

At Mr. Riley's suggestion, the request of R. E. Harrison to purchase the 40 acre tract in Section 16, T. 12 S., R. 4 E., S. B. M., be continued to allow time for further investigation and report to the Commission.

The Executive Officer reported to the Commission that negotiations had been completed with the Pacific Coast Borax Company for an extension of State Mineral Lease No. 15 for a period of ten years at a rental of \$100 per month and a royalty of 20% of the value of the mineral removed from the State premises and any royalty so paid to become an offset against any rental so paid; that the extension would not become effective until May 10, 1942, the termination date of State Mineral Lease No. 15 and that in the interim the Legislature could provide otherwise by law and thus prevent the inception of the extension agreement.

Upon motion of Mr. Riley, seconded by Mr. Patterson, a resolution was adopted authorizing and directing the Executive Officer upon behalf of the State Lands Commission of the State of California to execute said extension.

The Executive Officer reported receipt of four applications to prospect for manganese upon portions of the W $\frac{1}{2}$ of Section 36, T. 4 S., R. 5 E., M. D. M., and that the State Mineralogist had advised in writing that all or a portion of said W $\frac{1}{2}$ of Section 36 probably contains minerals in commercial quantities. He suggested to the Commission that, in accordance with rules and regulations of the State Lands Commission and the "State Lands Act of 1938, as amended", the W $\frac{1}{2}$ of said section be offered for lease to the highest bidders for extraction of manganese and based upon information received from the State Mineralogist advising that this area or a portion thereof is known to contain manganese in commercially valuable quantities.

Upon motion of Mr. Riley, seconded by Mr. Patterson, resolution was adopted in words and figures, as follows, to wit:

RECITAL:

The State Lands Commission is authorized by the "State Lands Act of 1938" to lease lands belonging to the State which have been classified by the Commission as lands containing commercially valuable mineral deposits to the highest responsible bidder by competitive bid in areas not exceeding 80 acres and tracts which will not exceed in length two and one-half times the width;

NOW THEREFORE BE IT RESOLVED That it appears to, and is hereby the determination of, the State Lands Commission, that manganese is known to be contained in the hereinafter described lands of the State of California and said lands are hereby classified as containing a commercially valuable mineral deposit;

That it is the determination of the Commission that such action be taken in the manner contemplated and authorized by the "State Lands Act of 1938" to lease the hereinafter described lands of the State of California;

That each bid submitted pursuant to this notice shall be accompanied by a certified or cashier's check of a responsible bank in California payable to the Treasurer of the State of California in the sum of \$200, as a deposit of evidence of good faith, and except in the case of the successful bidder or bidders will be returned to the respective bidders. Should the successful bidder fail or refuse to execute the lease within fifteen days of the award thereof by the Commission, the deposit shall be forfeited to the State of California; otherwise the amount of said deposit shall be applied upon the annual rental for the first year, and the balance, if any, be refunded to the lessee;

That bids received pursuant to this notice will be publicly opened at 10 o'clock A. M., October 22, 1940, at Room 306 State Capitol, Sacramento, California, or at such later time, date and place as the Commission shall determine;

That a form of lease prepared by the Commission entitled "State Mineral Lease No. _____" is hereby adopted by the Commission and shall constitute the form of bid for each of the parcels of the hereinafter described lands of the State of California;

That the Executive Officer of this Commission be, and he is hereby, authorized and directed to publish notice of intention to offer said parcels of the hereinafter described lands of the State of California for the purpose of extraction of manganese therefrom, in words and figures as follows, to wit:

NOTICE OF INTENTION OF THE STATE LANDS COMMISSION
TO RECEIVE OFFERS TO ENTER INTO LEASES FOR
THE EXTRACTION OF MANGANESE FROM CERTAIN LANDS OF THE
STATE SITUATE IN STANISLAUS COUNTY, CALIFORNIA.

Notice is hereby given by the State Lands Commission, acting pursuant to the "State Lands Act of 1938" (Chapter 5, Statutes of California, 1938, extra session), of intention to enter into leases for the purpose of extraction of manganese upon those certain parcels of real property situate in the County of Stanislaus, State of California, and more particularly described as follows, to wit:

W $\frac{1}{2}$ of Section 36, T. 4 S., R. 5 E., M. D. M.

Each bid submitted pursuant to this notice shall be accompanied by certified or cashier's check of a responsible bank in California payable to the Treasurer of the State of California in the sum of \$200.00 as a deposit of good faith, and except in the case of the successful bidder or bidders will be returned to the respective bidder. Should the successful bidder or bidders fail or refuse to execute the lease within fifteen (15) days of the award thereof by the Commission, the deposit shall be forfeited to the State of California, otherwise the amount of said deposit shall be applied upon the annual rental for the first year and the balance, if any, refunded to the lessee.

All bids made pursuant to this notice shall be addressed to the State Lands Commission, sealed and delivered to the State Lands Commission, Room 554 Business & Professions Building, Sacramento, on or before 5 o'clock P. M., of the 21st day of October, 1940. Upon the sealed envelope containing such bid shall be written "Bid of (name of bidder) made pursuant to notice of intention of the State Lands Commission to enter into lease for extraction of manganese from State lands in the County of Stanislaus, State of California."

Leases may be issued to qualified applicants in areas not exceeding 80 acres and in tracts which shall not exceed in lengths two and one-half times the widths.

Bids received pursuant to this notice will be publicly opened at 10 o'clock A. M., October 22, 1940, in Room 306 State Capitol, Sacramento, California, or at such other place, time and date, as the Commission shall determine.

Form of bid entitled "State Mineral Lease No. _____" may be obtained at the office of the Commission, Room 302 California State Building, Los Angeles, California.

The Commission reserves the right to reject any and all bids received pursuant to this notice.

STATE LANDS COMMISSION
By WEBB SHADLE,
Executive Officer.

That those certain parcels of lands of the State of California situate in the County of Stanislaus, State of California, are more specifically described as follows, to wit:

W $\frac{1}{2}$ of Section 36, T. 4 S., R. 5 E., M. D. M.

That the Executive Officer be, and is hereby, authorized and directed to perform all acts and to do all things necessary and desirable to effectuate the purposes of this resolution.

The Executive Officer reported that temporary status of Miss Kathryn Hart at headquarters of the Commission at Los Angeles had been made permanent as Junior Clerk at the suggestion of the Department of Finance and that no change of duties had taken place on account of such change of position.

Upon motion of Mr. Patterson, seconded by Mr. Riley, a resolution was adopted approving and confirming the establishment of permanent position of Junior Clerk in the State Lands Commission and the appointment of Miss Kathryn Hart to such position.

Letter was read from the State Controller in which he advised that the sum of \$40,000.00 should be transferred from the State Lands Act Fund to the General Fund and the State Park Maintenance and Acquisition Fund in percents of 70 and 30, respectively.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and unanimously carried, a resolution was adopted directing the transfer from the State Lands Act Fund in accordance with suggestion of the State Controller.

A report was read of findings of H. K. Armstrong, Consulting Geologist to the Commission, with respect to tidelands and submerged lands fronting Santa Barbara Mesa, Santa Barbara, California.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and unanimously carried, a resolution was adopted directing that the report be filed with the State Lands Commission and that the Executive Officer be directed to furnish information from the report to any interested party.

Contracts were presented to the Commission by the Department of Finance and the State Lands Commission involving an expenditure of \$5,000 and \$400 for work performed or to be performed by accountants in the Department of Finance in connection with audit now being conducted in State Lands Commission.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and unanimously carried, resolution was adopted authorizing and directing the Executive Officer to execute said contracts on behalf of the State Lands Commission.

There being no further business to come before the Commission, the meeting was adjourned.