

A meeting of the State Lands Commission was held in Room 302 State Building, Los Angeles, June 25, 1942, at 10 o'clock A. M.

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

Absent None

Minutes of the meetings of the Commission held in Sacramento on May 28, 1942, and in Los Angeles on June 4, 1942, were, upon motion of Mr. Riley, seconded by Mr. Patterson, unanimously approved and confirmed as submitted, with the exception of item "1" on page 376 which was corrected to read as follows:

"\$9,000.00 covering services of a mineralogist and assistant for period April 4, 1942, to June 30, 1943".

The Commission, after considering the criticism made in Recommendation 6 of the Audit Report of the Department of Finance relating to the collection of oil royalties under leases executed pursuant to Chapter 303 -1921, and finding it not feasible nor practical at this time to carry out the program suggested by the auditors, upon motion of Mr. Patterson, seconded by Mr. Riley, unanimously adopted a resolution to the effect that the method heretofore used in collecting royalties under such leases should be continued.

The Commission, upon motion duly made and carried, confirmed the procedure outlined in the letter of June 15, 1942, from Southwest Exploration Company in regard to the drilling of an offset well to the Standard Oil Company Bolsa Well No. 31.

After a discussion of the rentals charged by the State for rights-of-way over State owned lands, upon motion duly made and carried, it was unanimously resolved to compute such charges hereafter as follows:

A minimum annual rental of \$40.00 for each right-of-way plus two cents per lineal foot for rights-of-way over State lands where such rights-of-way do not exceed 100 feet in width.

Upon motion of Mr. Riley, seconded by Mr. Patterson, resolutions were adopted approving the issuance of ark site leases at Corte Madera to the following:

Walter G. and Ella Ross
Edward J. Murphy
John S. Hazen
Henry C. Will
Earl Young
Henry Kahrs
Alfred E. Koenig

The application of the War Department to lease until June 30, 1942, the property described as the W $\frac{1}{2}$ of Section 36, T. 6 N., R. 3 E., S. B. M., San Bernardino County, containing 320 acres, as a practice bombing range for the Victorville Army Flying School at a consideration of \$1.00 per annum with an option in the Government to renew such lease from year to year, was, upon motion duly made and carried, unanimously granted.

The Commission, having found that lands in the vicinity of those hereinafter described have been disposed of for \$1.00 per acre, and are classified as swamp and overflowed lands, unanimously resolved not to interpose any objection to the contemplated condemnation proceedings to be instituted by the Fish and Wild Life Service of the United States Department of the Interior for the purpose of acquiring the fractional SW $\frac{1}{4}$ lying east of the swamp and overflow line, Section 4, and the SW $\frac{1}{4}$ of NW $\frac{1}{4}$ lying east of the swamp and overflow line Section 9, T. 47 N., R. 3 E., M. D. B. & M.

The Commission, on motion duly made and carried, unanimously rejected the application of T. Mart Regan for a refund of the \$200.00 deposited by him in connection with his mineral lease bid. This action was based upon the failure of Mr. Regan to file the required surety bond within the specified time limit and the condition of the published notice of intention to lease the land involved which provided for a forfeiture of the deposit in the event the successful bidder did not fulfill the conditions of the bid.

The Commission, upon motion duly made and carried, authorized the issuance of the following grazing leases:

No. 1015 to Claire J. Erasmy, 450 Naples Street, San Francisco, for five years, covering the NE $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 36, T. 11 N., R. 5 W., M. D. M., containing 40 acres, for six cents per acre per year;

No. 1016 to Bert Ithurnburn, 1111 Arnold Street, San Francisco, for five years, covering all of Section 16, T. 31 N., R. 16 E., and all of Section 16, T. 31 N., R. 17 E., M. D. M., containing 1280 acres, for seven cents per acre per year; and

fixed the rental on Section 36, T. 9 S., R. 19 E., M. D. M., containing 640 acres at 40 cents per acre per year and approved granting a 5 year lease, effective May 20, 1942, to J. L. Sparks should he desire to exercise his prior application No. 1017 on this land in accordance with Regulation B, Rule 311 (d) and submit the first year's rental and signed lease within the fifteen day period allowed by Section 6504 P. R. C. Should Mr. J. L. Sparks not avail himself of his rights, it was decided to grant the same terms to Mr. George Tolladay and Mr. Cornelius C. Noble in the order of their application filing. In case either of the latter receive the lease, the date of the lease shall be the date he is sent the lease.

Upon motion duly made and carried, a resolution was unanimously adopted approving the assignments of Fish Canyon leases as follows:

1. From Anna F. McKinney to Carl Wilde of Lease No. 688;
2. From George T. Dorrance and A. Ewing Konold to Walter A. Smouse of Lease No. 626.

A letter was read from the State Controller in which he stated that the sum of \$80,000.00 should be transferred from the State Lands Act Fund to the General Fund and State Park Maintenance and Acquisition Fund in percents of 30 and 70, respectively.

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

Upon motion duly made and carried, a resolution was adopted approving the execution of Fish Canyon leases as follows:

<u>Lease Application Number</u>	<u>Lot No.</u>	<u>Applicant</u>	<u>Effective Date</u>	<u>Annual Rental</u>
1024	30	J. C. Thompson	1/1/42	\$30.00
1025	27	Pasadena Presbyterian Church	1/1/42	\$30.00
1026	13	J. A. Owen	1/1/42	30.00
1027	25	Nathan Kulick	6/14/42	30.00
1028	15	W. C. Roach & E. B. Scandell	1/1/42	30.00
1029	18	Roy Robertson, et al.	1/1/42	30.00
1030	14	Abraham Vreekin	6/30/42	30.00

The leases are to be for a period of ten years.

The Commission was informed that R. N. Ferguson had filed an application for an oil and gas lease on the $3\frac{1}{2}$ of NE $\frac{1}{4}$ of Section 36, T. 4 N., R. 19 W., S. B. E. & M., which is 80 acres of vacant State school land in Ventura County; that the land lies in the gravel wash of the Santa Clara River at the north base of the Oak Ridge and is valueless for agriculture without extensive reclamation; that

The tract is assessed in Ventura County at \$3.50 per acre based on an appraisal of the going market value at \$8.75 per acre; that

While the Eureka Canyon, Toney Canyon and a portion of the Shiells Canyon Fields lie within three miles of the tract in question, three unsuccessful wells have been drilled within one mile of the tract; that

The State owns only 80 acres in the region; that the productivity of the tract is doubtful and that any drilling thereon would be definitely wild-cat, which factors would all result in low bids on any lease; that it appears a more advantageous lease can be gained at a future time if possible productivity of the tract is established by the exploratory drilling on adjacent lands; and that

The State lands are not being drained nor have they been drained heretofore.

In view of the foregoing, upon motion duly made and carried, a resolution was unanimously adopted declining to lease the land applied for in that such leasing would not be for the best interests of the State as required by Section 6852 of Division 6 of the Public Resources Code.

Upon motion duly made and carried, a resolution was unanimously adopted authorizing the execution of a prospecting permit to Ed. D. Hodges and A. R. Contreras for the extraction of manganese on the NE $\frac{1}{4}$ of NW $\frac{1}{4}$ and W $\frac{1}{2}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 16, T. 11 S., R. 21 E., S. B. M., and the royalty rate in any preferential lease to be issued in connection therewith was fixed as follows:

- 15% of the gross value on ore testing (assaying) 40% or under
in Manganese (Mn)
- 20% of the gross value on ore testing (assaying) 40.1% to 44.0%
Manganese (Mn)
- 25% of the gross value on ore testing (assaying) over 44.0%
Manganese (Mn)

The Commission was informed that, as a result of the recent trip of the Executive Officer to Washington, D. C., written authorization had been received from the War Production Board to drill one well easterly of 23d Street in the Huntington Beach Field. The Commission was further informed that negotiations were now in progress to acquire an upland drill site and that as soon as such was secured the necessary steps to obtain competitive bids would be taken.

The applications of the California & Hawaiian Sugar Refining Corporation (P. R. C. Nos. 13 and 14) covering tideland areas of 1.9 and 10 acres, respectively, along the Carquinez Straits, were considered, and on the basis of valuation figures obtained from the Los Angeles Harbor Commission and the San Francisco Harbor Commission, the Commission tentatively fixed the rental on the property involved at \$871.20 per acre per year (2 cents per square foot) and issued instructions that the applicant be so notified and invited to appear before the Commission at its next meeting in order to present any evidence it may have as to the reasonable rental value of the lands involved.

The application of E. F. Dunn to suspend work on State Mineral Lease No. 339 until April 7, 1943, due to his inability to obtain a priority for powder and tools, was, upon motion duly made and carried, granted.

Upon being informed that approximately 200,000 tons of sand and gravel had been removed by Bressi and Bevanda, Constructors, Inc., and A. Teichert & Son Inc., from the property described as the NW $\frac{1}{4}$ of Section 27, T. 26 N., R. 16 E., M. D. B. & M., without authorization, the Commission, upon motion of Mr. Patterson, seconded by Mr. Riley, unanimously adopted the following resolution :

RESOLVED That in accordance with the request of the War Department, no action shall be taken by the Commission to impede the construction of the Sierra Ordnance Depot but that the Contractor shall be held liable for all sand and gravel removed from State lands prior to the consummation of the exchange of such with the Federal Government. It is further resolved that the matter shall be referred to the Attorney General for such legal action as may be necessary to protect the interests of the State.

The Commission was informed that a review of the area desired by the Division of Highways for right-of-way purposes as approved previously by the Commission now shows that the right-of-way will not penetrate the NE $\frac{1}{4}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 35, T. 26 N., R. 16 E., M. D. M., which tract was included in the list of lands to be conveyed to the Department of Public Works. Upon motion made by Mr. Riley, seconded by Mr. Patterson, a resolution was unanimously adopted approving the requested deletion of the NE $\frac{1}{4}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 35, T. 26 N., R. 16 E., M. D. M., from the list of lands to be conveyed which will reduce the total acreage from 520 to 510 and the total consideration from \$3120.00 to \$3060.00.

To facilitate the recovery of scrap steel by the War Production Board, the Commission, upon motion duly made and carried, adopted a resolution approving (subject to compliance with the Commission's rules and regulations) the removal by the Bel Air Bay Club of two groins located in the Santa Monica Bay District.

After having been informed of the controversy which had arisen between Mr. Tiscernia and the Commission in regard to the title to certain lands along Corte Madera Creek, the Commission, upon motion duly made and carried, adopted a resolution to the effect that all data in connection with the matter should be referred to the Attorney General with instructions that he proceed with such action as may be necessary to protect the interests of the State.

Inasmuch as the records of the Division of State Lands indicate that the property between Swamp and Overflowed Land Survey No. 150 and Tideland Survey No. 8 referred to in the minutes of May 28, 1942, had heretofore been conveyed by the State the Commission issued instructions that Mr. DeLap be informed that the State was not in a position to sell the property in accordance with his request.

Upon motion duly made and carried, a resolution was unanimously adopted, confirming an extension of time to August 4, 1942, to the Standard Oil Company in order that additional data might be supplied for the determination of the basic acreage figures for Rio Vista.

Upon motion duly made and carried, a resolution was adopted recommending that the Board of Control approve the claim of the Lido Petroleum Company in the sum of \$228.36 based upon a royalty payment on gas and gasoline under Easement No. 340 made under the May 1, 1941, rule which was rescinded.

Action on the application of John W. Hamilton, 839 Oak Street, San Francisco, for a lease to mine for gold and platinum by dragline on the tidelands off shore from Section 34, T. 16 N., R. 1 W., and Section 2, T. 15 N., R. 1 W., in Del Norte County, was deferred and, upon motion duly made and carried, it was resolved that, pursuant to the provisions of Rule 635 of Regulation D, the applicant be required to deposit the sum of \$300.00 to cover the costs of an investigation to determine whether mining of the lands involved would be in the public interest.

Upon motion duly made and carried, it was resolved that, due to the failure of the lessees to pay rental within the statutory 15 day period, the following grazing leases should be cancelled:

<u>Lease No.</u>	<u>Lessee</u>	<u>Due</u>	<u>Annual Rental</u>	<u>Amount Unpaid</u>
735	Herman Akers	2/9/42	3d	\$16.00
742	Chas. F. Hammond	6/4/42	3d	15.00
772	W.I. Patterson	5/18/42	2d	64.00
773	Duque Bros.	5/14/42	2d	70.40
774	" "	5/14/42	2d	70.40

and that, as the rental on the grazing leases hereinafter set forth were paid subsequent to the statutory 15 day period, they should likewise be cancelled and the rental as paid applied under the month to month provisions of the leases, in accordance with the Attorney General's opinion No. NS 4164:

<u>Lease No.</u>	<u>Lessee</u>	<u>Due</u>	<u>Date Paid</u>	<u>Annual Rental</u>	<u>Amount Unpaid</u>
732	Duque Bros.	10/2/41	11/17/42	3d	96.00
734	F. L. Morgan	11/6/41	1/15/42	3d	32.00
737	J. F. Lane	2/8/42	3/7/42	3d	20.80
748	Archie C. Leach	7/16/41	8/5/41	2d	4.00
752	M. R. Laird	8/15/41	10/15/41	2d	26.40
756	Harry A. Gant	1/7/42	4/15/42	2d	16.00
763	Duque Bros	3/3/42	4/2/42	2d	64.00
770	L.E. Williams	3/11/42	4/1/42	2d	32.00

Upon motion duly made and carried, a resolution was unanimously adopted approving the issuance, to the County of Sonoma, of a permit to fill 18.83 acres of tidelands located on the west side of Bodega Bay. Action on the application of the County of Sonoma for a lease was deferred until a field inspection and appraisal of the lands involved were made.

Mr. C. E. Malm of the Division of Budgets and Accounts and Mr. J. Stuart Watson of the Division of State lands, appeared before the Commission in regard to the resolution heretofore adopted concerning the centralization of the State lands Commission's accounting work in Los Angeles. After some discussion of the problem, the Commission issued instructions that Mr. Malm and Mr. Watson submit their views in writing prior to the next meeting of the Commission.

Upon motion of Mr. Patterson, seconded by Mr. Riley, and unanimously approved, the following resolution was adopted:

RESOLVED That the State Lands Commission should enter into a contract with Remington Rand, Inc., covering the installation of a lands index system, the funds to cover such installation having been allocated by the Commission at its meeting on May 28, 1942.

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