

Current negotiations of the Division of State Lands will be much simplified and the possibility will be remote of the State becoming involved in endless litigation with the ultimate eventuality of assuming the obligations of ownership and management of a wide variety of structures if current policies are amended so as to bring pre-estates under lease with a minimum of effort.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing Item 4 of the policy adopted by the Commission on June 21, 1946, to be amended to read as follows:

4. In the event that tidelands and submerged lands with structures in place are to be leased, the annual rental shall be fixed at 9% per year of the appraised value of the land with an increase of 10% of the initial appraised value of the land every 5 years for the term of the lease.

42. (Contract, Department of Finance - Administration - Survey, Index and Reorganize Files, Los Angeles Office, Division of State Lands \$4,000.00 - W.O. 523) The Commission was informed that the 1949-50 fiscal year Support Budget of the Division of State Lands included an item of \$4,000.00 for the purpose of surveying, indexing, and reorganizing the files of the Los Angeles office of the Division.

At the time of the hearing of the Division's budget proposal for the 1949-50 fiscal year, an agreement was reached with Department of Finance - Administration that a preliminary survey and report as to the best and most economical means of carrying out this project would be made. This survey has been made and a report rendered with a recommendation that the work be carried out under the direction of Department of Finance - Administration, including the furnishing of all necessary services.

Inasmuch as the project had the approval of the Chairman of the State Lands Commission as Director of Finance, by virtue of the approval of the appropriation of monies for this purpose, and since it was desirable to get the project under way at the earliest possible date, the Executive Officer of the Division executed a contract with the Department of Finance - Administration for the work as of August 4, 1949.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the letting of a contract to the Department of Finance, Division of Administration, for the furnishing of necessary services to survey, reorganize, and index the files of the Los Angeles Office of the Division of State Lands at a cost not to exceed \$4,000.00, by ratifying the action of the Executive Officer of the Division of State Lands in executing a contract for said services dated August 4, 1949, and known as Agreement No. L.C. 56.

43. (State vs. City of Los Angeles - Owens Lake Damage Action - Santa Barbara Superior Court No. 36863 - N-5043) The Commission was informed that on August 31, 1949, Honorable Atwell Westwick, Judge in this case, found for the State. However, the award to the State has been set at \$6,843.75, which figure covers loss in royalties for 5/6ths of the year 1937, with simple interest at 7%. The State claimed in excess of \$1,000,000 damage. The court denied any permanent damage to the salt body or the brines of Owens Lake either from the 1937 flood, or the 1938 or the 1939 flooding, or any two or all of them combined. The Court further denied that there was negligence on the part of the City of Los Angeles in taking care of the waters of Owens Valley. The Court further stated that the State is

bound by the Claims Provisions of the Charter of the City of Los Angeles. The Court has requested the State to submit findings and conclusions.

In discussion with Assistant Attorney General Walter Bowers and Special Counsel Burdette Daniels, it was the consensus that an appeal may be warranted. However, at this time, no conclusions have been reached.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Attorney General to use his discretion in filing an appeal.

44. (U.S. vs. 595 acres of land in Siskiyou County - State of California, Charles G. Murray, et al., Civil No. 4573) The Commission was informed that on December 7, 1942, the United States filed a condemnation action against certain lands in Siskiyou County for enlargement of the lower Klamath National Wild Life Refuge. The State of California was the owner of approximately 10 acres of swamp and overflowed lands within the 595 acres being condemned in this action.

Throughout the proceeding, the Attorney General has resisted the taking of this land by the Federal Government for this purpose, but finally judgment was rendered in favor of the United States for approximately 10 acres of State land involved whereunder the State received \$50.00 in settlement. In the settlement and judgment, the State has reserved any minerals that may be in the land.

45. (U.S. vs. 520 acres of land in Siskiyou County - State of California, et al., Civil No. 4574 - Lower Klamath National Wild Life Refuge) The Commission was informed that in 1943, the United States filed a condemnation action for school lands consisting of the NE $\frac{1}{4}$ , SE $\frac{1}{4}$  of NW $\frac{1}{4}$ , and S $\frac{1}{2}$  of Section 16, T. 47 N., R. 3 E., M.D.M., containing 520 acres in Siskiyou County, for the purpose of enlarging the lower Klamath National Wild Life Refuge.

The Attorney General on behalf of the Commission has resisted this condemnation throughout, but finally the Federal Court in this case in July, 1949, awarded to the State, the amount of \$2,080.00 for the 520 acres of State land involved in the action. The State was successful in reserving all minerals that may be contained in the land taken.

46. (Marina Exploration Company - Application for Extension of Term of Lease No. P.R.C. 186) The Commission was informed that on June 29, 1949, an opinion was given by Assistant Attorney General E. G. Bernard in which it was stated that the State Lands Commission had authority under Section 6027 of the Public Resources Code to amend Lease No. P.R.C. 186 to Marine Exploration Company, of Long Beach, California, dated September 24, 1945, so as to extend the term of the lease for such period of time as the Commission deems to be in the best interests of the State. The lease in question was issued for an initial period of 20 years. The lease covered operations in certain offshore lands which involve drilling of wells from filled-in islands, a project of considerable magnitude and cost. These offshore operations have not been started on account of the uncertainties attending the settlement of the "tidelands" litigation between the United States and California.

On September 13, 1949, there was presented to the Executive Officer an application by the lessee for an extension of the term of Lease P.R.C. 186 to include "so long thereafter as oil, gas or other hydrocarbon substances are produced in paying quantities from the leased lands". The purpose of the request, as stated in the application, was to compensate for the time lost as a result of the "tidelands" litigation and to afford an adequate time for the amortization of the large