

rate of 7.34% on ore valued at \$70 per ton, in comparison with the minimum royalty rate of 5% for ore valued at \$60 per ton as specified in the lease. Filing fee and expense deposit have been paid.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO EXECUTE AND ISSUE A MINERAL EXTRACTION LEASE FOR THE E $\frac{1}{2}$  OF SECTION 16, T. 25 N., R. 7 W., M.D.B. & M., TEHAMA COUNTY, CONTAINING 320 ACRES, TO THE CONCONULLY MINING & MILLING CO. AS HIGH BIDDER WITH A BID FACTOR OF 0.20 FOR AN INITIAL PERIOD OF 20 YEARS, SUBJECT TO THE DEPOSIT BY THE LESSEE OF THE PERFORMANCE BOND IN THE AMOUNT OF \$2000 AS REQUIRED BY SECTION 13 OF THE LEASE OFFER.

17. (TERMINATION AND RENEWAL OF LEASES, FISH CANYON, LOS ANGELES COUNTY - W.O. 1325.) Thirty-nine leases covering lots in Fish Canyon, Los Angeles County, are now in force. Of these eleven expire on December 31, 1952. During the past two years new leases have been issued for a period of one year, with the right of renewal for an additional period of ten years, in anticipation of the completion of an exchange with the United States for other lands of equal value for Section 16, T. 1 N., R. 10 W., S.B.M., in which Fish Canyon lies. This section is part of the proposed exchange of State Lands in National Forests for lands in the Mountain Home Tract. Due to objections in some instances and difficulties in others, the proposed exchange has not been completed in the time anticipated. It has been the intention to protect the State's lessees by a ten-year renewal immediately prior to the transfer of title and jurisdiction, but, due to the protracted negotiations, it is now considered inexpedient to continue the renewals as originally planned. In lieu of the procedure which has been followed, it is deemed advisable to put all of the outstanding leases on an equal basis, and, because of the possible time element, uncertainty of date of transfer of title and inability to renew all leases by an unknown date, to terminate all leases on December 31, 1952, and issue renewals for a period of ten years on January 1, 1953, this to be accomplished with the approval of the lessees.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO TERMINATE, WITH THE APPROVAL OF THE LESSEES, ALL LEASES OF CABIN SITES IN FISH CANYON, LOS ANGELES COUNTY, TERMINATION TO BE EFFECTIVE DECEMBER 31, 1952, AND TO ISSUE NEW LEASES, EFFECTIVE JANUARY 1, 1953, FOR A PERIOD OF TEN YEARS, EACH LEASE SO ISSUED TO CALL FOR A RENTAL OF \$30 PAYABLE ANNUALLY, AND TO BE SUBJECT TO THE PAYMENT OF THE STATUTORY FILING FEE.

18. (PROPOSED BUDGET, DIVISION OF STATE LANDS, 1953-54 - W.O. 1278.) Appropriations requested for 1953-54 for support are \$242,997, while other current expense items total \$80,000. A resume of expenditures for the current and budget years follows:

Description	Estimated		Increase or Decrease
	1952-53	1953-54	
Number of Positions	70.0	70.0	0
Expenditures for Support	\$213,151	\$242,997	+ \$29,846
Other Current Expenses	103,500	80,000	- 23,500
Total Expenditures	\$316,651	\$322,997	+ \$ 6,346
Contributions to Retirement Fund	16,037	16,681	+ 644
Grand Total Expenditures	\$332,688	\$339,678	+ \$ 6,990

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Analysis of the increases in proposed expenditures for Support, 1953-54, by object category, reveals the following:

<u>Object</u>	<u>Increase or Decrease from 1952-53</u>
Salaries and Wages	+ \$ 9,050
Operating Expenses	+ 11,200
Equipment	+ 186
Estimated Reimbursements (minus)	<u>+ 9,410</u>
 Total Increase	 <u>+ \$29,846</u>

A brief discussion of these items of expense follows:

Salaries and Wages: No new positions are requested for 1953-54. \$1,044 in additional allotments for Temporary Help, for vacation and sick leave relief of the Oil Gauger Staff, is being requested. The remainder of the increase may be attributed to "normal" salary adjustments.

Operating Expenses: \$10,000 of the increase indicated for this purpose is to provide funds for a new function, "Geophysical Exploration". This allotment will enable the Division to contract for geophysical research on lands it proposes to lease for oil and gas production, and make available to all prospective bidders basic technical data on which to formulate bids. Heretofore, with prospective bidders performing their own explorations, an inequity has existed in favor of those bidders equipped to do this work.

Equipment: Allotments requested are for the most part for replacement and additional office equipment. Replacement of one 1942 automobile is requested.

Reimbursements: The estimated decrease in this category, resulting in an increase in expenditures in the amount of \$9,410, is due primarily to a lack of reimbursable projects in sight for the budget year, similar to those to be performed currently, such as the boundary determinations of legislative grants.

Other Current Expense: Under this heading funds are being requested for one new function, "Arizona-California Colorado River Boundary" determination, \$10,000. As recently as its meeting held August 21, 1952, the Commission was advised of the existence of this problem and of its ramifications. The allotment request included in the proposed budget is for the purpose of defraying expenses for legal and technical assistance in defending the State's interests in its properties located along the river boundary common to Arizona and California.

The budget as proposed is predicated on activity during 1953-54, equal to, or in excess of, the current year's workload. It has been designed to meet the practical operating needs of the Division at a minimum cost. It is felt that it merits Commission approval.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED APPROVING THE PROPOSED BUDGET, DIVISION OF STATE LANDS, FOR THE FISCAL YEAR 1953-54, SUBJECT TO ANY CHANGES OR MODIFICATIONS MADE BY THE DEPARTMENT OF FINANCE IN ITS FINAL REVIEW OF THE AGENCY'S BUDGET.

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