

Agreement for Easement 275.5 was issued March 1, 1934, for a term of twenty years and provides that the grantee has the preferential right to renewal for successive periods of ten years upon such reasonable terms and conditions as may be prescribed by the State, unless otherwise provided by law at the time of the expiration of such periods. Section 6827, Public Resources Code, now provides that oil and gas leases may be for a term of twenty years and for so long thereafter as gas or oil is produced in paying quantities. Additionally, if the lease term is for twenty years, the lease may at any time prior to its expiration be extended upon such terms and conditions and for such period of time as the Commission deems for the best interest of the State. It is proposed that an extension of Agreement for Easement 275.5 be issued in general conformance with the form approved heretofore by the Commission for extension of oil and gas leases issued pursuant to Chapter 303/1921, and incorporating all specific operating requirements and royalty provisions of the original easement agreement. The proposed composite form has been reviewed by the Office of the Attorney General with the report that "...we regard the draft in its present form...as meeting all of the conditions governing leases of the presently existing provisions of the Public Resources Code, as well as protecting the State with regard to the reservation of powers in the United States contained in Public Law 31, 83d Congress, Chapter 65, 1st Session. ...the foregoing statement is premised upon the assumption that subject 'Agreement for Easement' was valid when and as entered into on March 1, 1934." Agreement for Easement 275.5 was authorized for issuance by the Director of Finance, Chief of the Division of State Lands, and approved as to form by the Attorney General on March 12, 1934. The joint lessees, Monterey Oil Company and Suniland Oil Corporation, have agreed to the acceptability of the proposed form of lease extension and renewal.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

The Executive Officer is authorized to execute and issue to Monterey Oil Company and Suniland Oil Corporation a renewal and extension of Agreement for Easement 275.5, Huntington Beach, in the form approved by the Office of the Attorney General. The term of the extension is to be for ten years from March 1, 1954, and for so long thereafter as oil or gas is produced in paying quantities from the demised premises. The annual lease rental is to be \$50, and oil royalties will be payable in accordance with the formula specified in the original agreement for easement, subject to a minimum oil royalty rate of 16-2/3 per cent.

5. (MODIFICATION OF PROSPECTING PERMIT, KERN COUNTY, CLIFFORD GILLESPIE - P.R.C. 1251.2, P.R.C. 1321.2.) Prospecting Permit P.R.C. 1251.2, covering the E $\frac{1}{2}$ of the NW $\frac{1}{4}$ of Section 36, T. 10 N., R. 13 W., S.B.B. & M., Kern County, containing 80 acres, was issued to Mr. Clifford Gillespie August 21, 1952. Additionally, Prospecting Permit P.R.C. 1321.2, covering the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 36, T. 10 N., R. 13 W., S.B.B. & M., Kern County, containing 40 acres, was issued to Mr. Gillespie October 1, 1953. Both permits provide in part that the permittee shall commence within six months from the date of the permit the work of prospecting for minerals and shall complete at least 40 shifts per month for not less than four months prior to the expiration of one year from the permit date. A shift is defined as not less than eight hours' work for one man. These operating requirements under Prospecting Permit P.R.C. 1251.2 were waived until February 21, 1954, in consideration of the exploratory operations conducted heretofore and the exploration and evaluation being conducted upon adjoining privately owned land in Section 25, T. 10 N., R. 13 W., S.B.B. & M. ✓

Under Section 6891, Public Resources Code, a prospecting permit may be issued to a qualified applicant with no limit as to the acreage contained in the permit. Under Section 6895, Public Resources Code, a permittee may select up to 160 acres of land under permit for preferential mineral lease in the event of a commercially valuable discovery on the permit area, and provided that there are at least 160 acres in the permit.

Mr. Gillespie has now made application requesting that a modified joint permit be issued in lieu of the two existing permits, in order that the total of 120 acres of adjoining permit areas may be explored as a unit, without duplicate performance requirements. Exploration operations have been conducted to date on both permit areas by the permittee. These operations have been augmented by exploration sponsored by the U. S. Defense Minerals Exploration Authority in exploratory drilling on adjoining privately owned lands and aerial surveys conducted under the sponsorship of the Atomic Energy Commission.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

The Executive Officer is authorized to issue a prospecting permit to Mr. Clifford Gillespie in the standard form in lieu of existing Prospecting Permits P.R.C. 1251.2 and P.R.C. 1321.2. The permit is to provide that it will be effective until August 20, 1954, as to the E $\frac{1}{2}$ of the NW $\frac{1}{4}$ of Section 36, T. 10 N., R. 13 W., S.B.B. & M., Kern County, and to September 30, 1955, as to the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 36, T. 10 N., R. 13 W., S.B.B. & M., Kern County.

6. (SALE OF VACANT SCHOOL LAND, APPLICATION NO. 4910, SACRAMENTO LAND DISTRICT, SAN BENITO COUNTY, WM. BUTTS AND HELEN BUTTS - S.W.O. 5548.) An offer has been received from Wm. Butts and Helen Butts of Hollister, California, to purchase the NE $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 6, T. 16 S., R. 3 E., M.D.M., containing 40 acres in San Benito County. Wm. Butts and Helen Butts made an offer of \$200, or \$5 per acre.

An inspection and appraisal by James K. Stonier, an independent appraiser, on November 28, 1953, sets the minimum value of the subject land at \$8 per acre.

Approximately 15 acres of the subject land is fairly good, open land with gentle slope, while the remainder is of medium to steep slope, mountainous and cut by canyons. The soil is of third quality, supporting sagebrush and pine. The land is fair for grazing purposes. The San Benito River, an intermittent stream, runs through one corner of the 40 acres. The land is not suitable for agriculture without artificial irrigation and has no possible reservoir site. It is accessible by an existing road. No merchantable timber exists.

Before the land was advertised for sale, Wm. Butts and Helen Butts were advised that the minimum appraised value was \$8 per acre. They posted the necessary amount to meet that value. The land was then advertised for sale with a stipulation that no offer of less than \$320 would be accepted. No other application was received pursuant to the advertising.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

The sale is authorized of the NE $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 6, T. 16 S., R. 3 E., M.D.M., containing 40 acres in San Benito County, to the single applicants, Wm. Butts and Helen Butts, at a cash price of \$320, subject to all statutory reservations including minerals.