

MINUTE ITEM

This Calendar Item No. 26
was approved by the Board of
Public Lands Commission by a vote of 3
to 0 at its 5-31-78
meeting.

CALENDAR ITEM

26.

5/78
PRC 3842.1
Waggoner

RENEWAL AND MODIFICATION OF LEASE PRC 3842.1

LEASE: Mineral Extraction Lease PRC 3842.1.

LESSEE: Thomsen/Tidewater Company
4501 Tidewater Avenue
Oakland, California 94601

LOCATION: San Francisco Bay, southeasterly from West
Island, Contra Costa County.

INITIAL TERMS: October 26, 1967 - October 25, 1972.

FIRST RENEWAL: October 26 1972 - October 25, 1977.

TERMS OF THIS RENEWAL:
October 26, 1977 - October 25, 1982.

PERTINENT INFORMATION:

1. Under the terms of Paragraph 16 of the subject lease, the lessee has the right to renew said lease for 2 successive periods not exceeding 5 years each, upon such reasonable terms and conditions as the State or successor thereto might impose. The lessee seeks to exercise his second renewal option.

2. Presently royalty paid on all sand extracted is calculated as follows:

$$R = A + A (0.04)$$

Where R = royalty in dollars and cents per cubic yard of sand extracted.

A = fixed minimum royalty of \$0.08 per cubic yard. The royalty rate based on this schedule was increased, pursuant to the terms of the lease annually at the rate of 5%. The present royalty rate is \$0.1293 per cubic yard.

3. As a condition of renewal, the following modification of terms in the lease are recommended:

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- a. Royalty on all sand extracted shall be 10% of the weighted average sales price less 10% of the unit transportation costs. The last month of the lease year (October), or such other period as may be determined by the State to be representative, will be used to determine the weighted average sales price to be applicable for the ensuing lease year. For October 1977 the weighted average sales price and the unit transportation cost was \$2.86 and \$0.975 per cubic yard, respectively. The transportation costs include only those costs involved in delivering material from the lease area to the sales yard in Oakland (approximately 50 miles). The State royalty for lease year commencing November 1, 1977 will be \$0.1885 per cubic yard.
- b. A rental of \$1 per acre shall be due on each anniversary of the effective date of the lease.
- c. Royalties shall be due and payable by the 25th of the month following the lease quarter of production.
- d. The lessee shall pay interest at the rate of 1% per month until the date of payment on any royalty or rental not paid when due. The lessee shall also pay a 5% penalty on the amount of any such royalty or rental not paid when due.
- e. Royalty and rental payable under this lease extension shall be effective as of November 1, 1977.
- f. An annual minimum extraction of 30,000 cubic yards shall be required with payment for any deficiency if such volume is not extracted.

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- g. The lessee shall conduct annual tests for determination of a reliable conversion factor for converting tons to cubic yards. Such tests shall be witnessed and approved by the Commission's staff.
- h. Lessee shall provide the State with all relevant sales data including volume and prices as are required under the lease renewal and modification on file in the office of the Commission.
- i. Lessee shall acquire and maintain all required permits for operations under the lease and shall file copies of such permits with the State.

EXHIBIT:

A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE RENEWAL AND MODIFICATION OF MINERAL EXTRACTION LEASE FRC 3842.1 FOR A 5-YEAR TERM COMMENCING ON OCTOBER 26, 1977 USING THE FORM OF RENEWAL AND MODIFICATION DATED MAY 30, 1978, ON FILE IN THE OFFICE OF THE COMMISSION, AND WHICH INCLUDES THE CHANGES IN TERMS DELINEATED HERETOFORE UNDER "PERTINENT INFORMATION."

Attachment: Exhibit "A"

EXHIBIT "A"

STATE LANDS COMMISSION

Request to Renew Mineral Extraction Lease

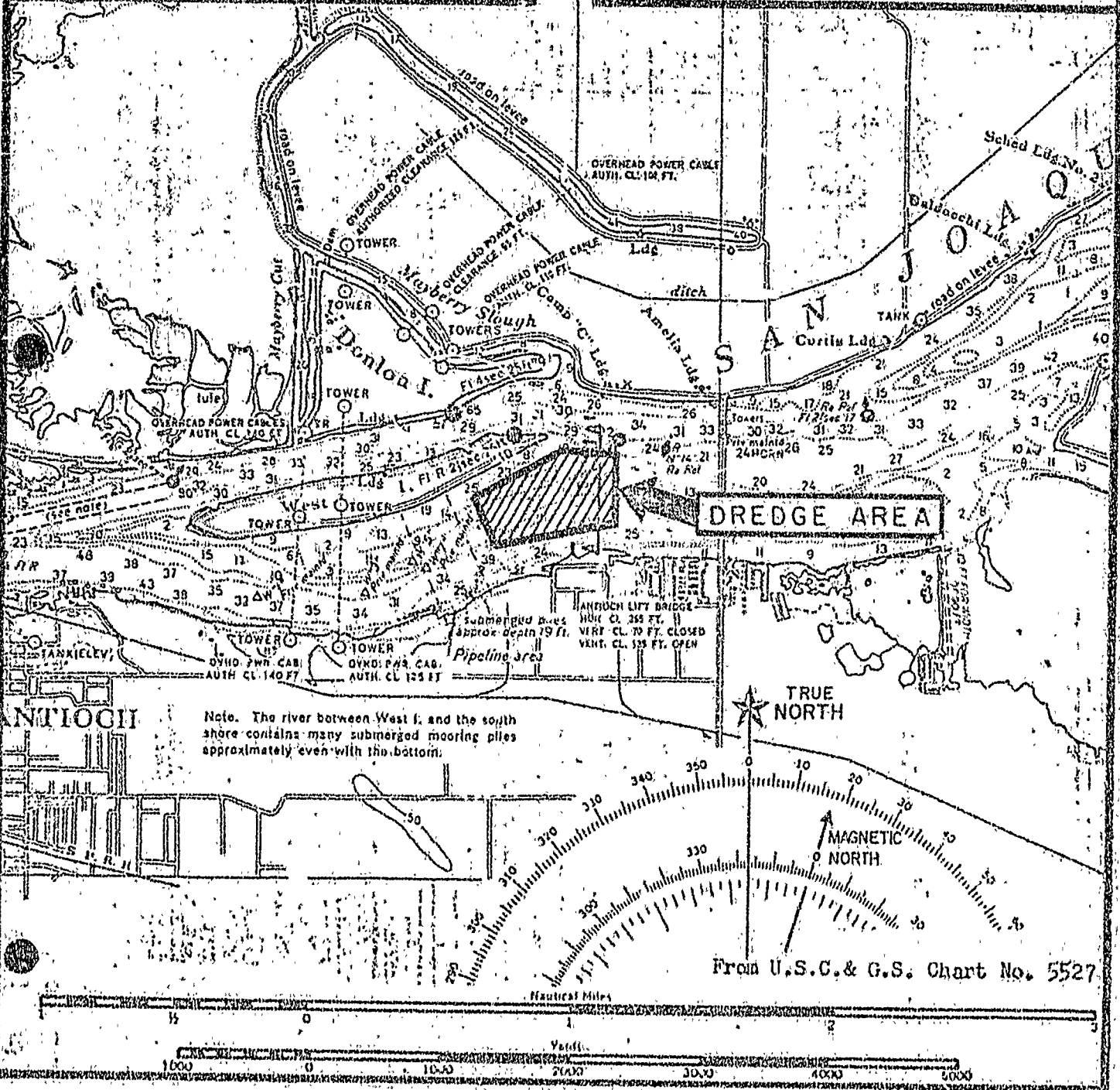
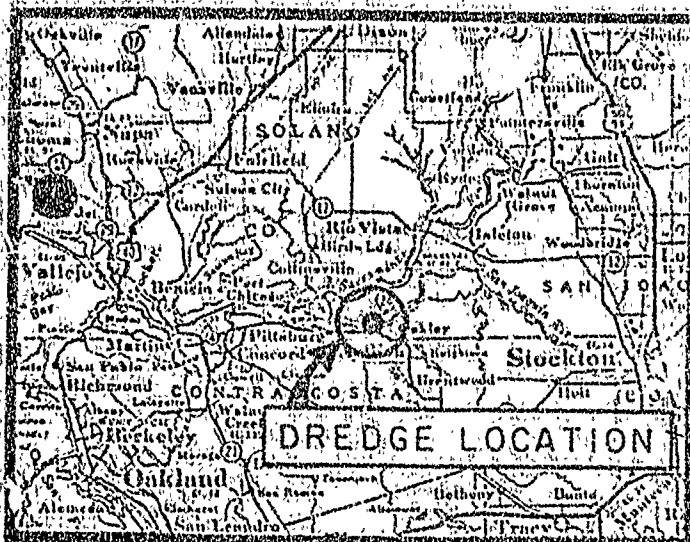
PRC 3842.1

By Thomsen/Tidewater

Contra-Costa County

May 1970

GWG



Note: The river between West I. and the south shore contains many submerged mooring piles approximately even with the bottom.

From U.S.C. & G.S. Chart No. 5527

116 1970
894