

MINUTE ITEM

This Calendar Item No. 27
was approved as Minute Item
No. 27 by the State Lands
Commission by a vote of 3
0 at its 5-31-78
meeting.

CALENDAR ITEM

27.

5/78
PRC 2036.1
Waggoner

RESCISSON OF MINUTE ITEM
RENEWAL AND MODIFICATION OF LEASE PRC 2036.1

LEASE: Mineral Extraction Lease PRC 2036.1.

LESSEE: Moe Sand Company
4501 Tidewater Avenue
Oakland, California 94601

LOCATION: San Francisco Bay, Marin and San Francisco
Counties.

INITIAL TERM: November 12, 1957 - November 11, 1977.

TERMS OF THE RENEWAL:
November 12, 1977 - November 11, 1987.

PERTINENT INFORMATION:

1. On January 26, 1978, the State Lands Commission authorized the renewal of Mineral Extraction Lease PRC 2036.1 with modifications. Certain terms of the renewal were inadvertently omitted from the January 26 Calendar Item No. 46. The opinion of staff counsel is that these conditions must be considered and approved by the Commission. Therefore, that item is hereby resubmitted for further consideration by the Commission.
2. The following modification of terms in the lease are recommended:
 - a. Royalty on all sand extracted shall be in accordance with the following formula:

$$R = 0.03 + 0.10 (C - 0.30)$$

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

C = weighted average sales price of sand per cubic yard.

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CALENDAR ITEM NO. 27. (CONTD)

The last month of the lease year (October), or such other period as is determined by the State to be representative, shall be used to determine the weighted average sales price to be applicable for the next lease year. For October 1977 the weighted average sales price was \$2.86 and the State royalty for the lease year beginning November 1, 1977 is \$0.286 per cubic yard.

- b. 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 5% penalty on the amount of any such royalty or rental not paid when due.
- c. The lessee shall pay any royalty due no later than the 25th day of the month following the lease quarter of production.
- d. Royalty and rental payable under this lease extension shall be effective on November 1, 1977.
- e. A rental of \$1 per acre shall be due on each anniversary of the effective date of the lease.
- f. The annual minimum extraction shall be 50,000 cubic yards and payment shall be required for any deficiency if this volume is not extracted.
- g. The lessee shall provide the State with all relevant sales data including volumes and prices as are required under the lease renewal and modification on file.

CALENDAR ITEM NO. 27. (CONTD)

- h. The lessee shall acquire and maintain all required permits for operations under this lease and shall file copies of such permits with the State.
- i. The lessee shall conduct annual tests for the determination of a reliable conversion factor for converting tons to cubic yards. Said tests shall be witnessed and approved by the Commission's staff.

EXHIBIT:

A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION RESCIND ITS ACTION WITH REGARD TO CALENDAR ITEM NO. 46, JANUARY 26, 1978 AND AUTHORIZE THE RENEWAL AND MODIFICATION OF MINERAL EXTRACTION LEASE PRC 2036.1 FOR A 10-YEAR TERM BEGINNING ON NOVEMBER 12, 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 "g"

EXHIBIT "A"
W 40095
STATE LANDS COMMISSION
Request to Renew Mineral Extraction Lease
PRC 2036.1
by MOE SAND COMPANY
MARIN AND SAN FRANCISCO COUNTIES
May 1978 GWG

