"In the event the State should elect to take royalty in money instead of in kind, the lessee shall not sell or otherwise dispose of the products hereunder except in accordance with ***** sales contracts or other methods first approved in writing by the State".

The Honolulu Oil Corporation in accordance with this provision has submitted for approval, a copy of a letter agreement dated July 15, 1947, between Barnsdall Oil Corporation, Richfield Oil Corporation and Signal Oil and Gas Company, relative to the processing of wet gas delivered to the Signal Oil and Gas Company by the Honolulu Oil Corporation, a copy of a dry gas sales contract of August 12, 1940, between Barnsdall Oil Company and Richfield Oil Corporation as seller, and Southern Counties Gas Company of California as buyer, under the terms of which Barnsdall Oil Company disposes of residue gas belonging to the Honolulu Oil Corporation, and a copy of a letter agreement of January 16, 1941, between Barnsdall Oil Company as seller and Richfield Oil Corporation as buyer, whereunder Barnsdall Oil Company also disposes of casinghead gasoline extracted from the gas produced by Honolulu Oil Corporation from lease P.R.C. 422.

The general terms and conditions of the contracts relating to the manner of delivery, price, measurement of gas, and testing of gasoline, are in conformance with the lease terms and general practice in the Elwood Oil Field. However, the agreement between the Barnsdall Oil Corporation and the Honolulu Oil Corporation whereby Barnsdall disposes of the Honolulu Oil Corporation gas and casinghead gasoline and accounts to Honolulu for the proceeds, is verbal. Due to limited production under lease P.R.C. 422, the Honolulu Oil Corporation has not been constrained to secure independent contracts nor has an adequate basis for such independent contracts existed.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO INFORM THE HONOLULU OIL CORPORATION THAT THE SALES OF DRY GAS AND CASINGHEAD GASOLINE UNDER STATE OIL AND GAS LEASE P.R.C. 422, ELWOOD GAS FIELD, MAY BE CONTINUED UPON THE HEREINBEFORE DESCRIBED BASIS UNTIL FURTHER NOTICE, SUBJECT TO THE EXPRESS CONDITION THAT THIS PERMISSION SHALL NOT BE CONSTRUED TO MODIFY OR AFFECT IN ANY MANNER ANY OF THE LEASE TERMS INCLUDING FULL COMPLIANCE BY THE LESSEE WITH ALL OF THE TERMS AND CONDITIONS OF OIL AND GAS LEASE P.R.C. 422 AND THE RULES AND REGULATIONS OF THE COMMISSION.

16. (LEASE P.R.C. 324, GEORGE W. LADD AND ROBERT E. ARMSTRONG, BUCKLEY'S COVE, SAN JOAQUIN COUNTY) George W. Ladd and Robert E. Armstrong, lessees under P.R.C. 324 have requested pursuant to Section 7 of the lease, approval of the construction on their leased area of a boat building shop of 900 square feet in lieu of a caretaker's house authorized by the Commission on February 25, 1949, which house has not been built.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED RESCINDING ITEM 9, MINUTES OF FEBRUARY 25, 1949, IN WHICH THE EXECUTIVE OFFICER WAS AUTHORIZED TO GRANT PERMISSION TO GEORGE W. LADD TO CONSTRUCT A CARETAKER'S HOUSE ON THE AREA OF LEASE P.R.C. 324 AT BUCKLEY'S COVE, SAN JOAQUIN COUNTY,

AND AUTHORIZING THE EXECUTIVE OFFICER TO GRANT PERMISSION TO GEORGE W. LADD AND ROBERT E. ARMSTRONG TO CONSTRUCT ON THE SAME AREA A BOAT BUILDING SHOP OF 900 SQUARE FEET.

17. (LEASE NO. P.R.C. 138, THE ROMEO COMPANY - W.O. 248) On October 5, 1950, the Commission took the following action:

> Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to cancel Lease No. P.R.C. 138, issued to The Romeo Company, for failure to comply with the terms of Paragraph 2 of the lease agreement and specifically for non-payment after repeated demands of the 23rd, 24th, 25th and 26th quarterly rentals in the amount of $90.00 each as due under terms of the agreement, November 5, 1949, February 5, 1950, May 5, 1950 and August 5, 1950, said cancellation to be effective November 5, 1949, and that the Executive Officer be directed by the State Lands Commission to notify the office of the Attorney General of this action and request that the Attorney General take whatever steps are necessary to effect surrender of the demised premises free of structures.

It now appears that the pier on the premises may have some value to the State and, under certain conditions, should not be removed but rather retained in place by the State and possibly sold or leased to others.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED REVISING THE COMMISSION'S ACTION OF OCTOBER 5, 1950, ITEM 34, PAGES 1210 AND 1211, BY STRIKING THE WORDS "FREE OF STRUCTURES" FROM THE LAST LINE OF THE RESOLUTION AND SUBSTITUTING THEREFOR: "IN SUCH MANNER THAT IN HIS OPINION, WITH THE CONCURRENCE OF THE EXECUTIVE OFFICER, SHALL BEST SERVE THE INTERESTS OF THE STATE."

18. (TRANSFER OF JURISDICTION OF TIDE AND SUBMERGED LANDS IN SAN FRANCISCO TO STATE HARBOR COMMISSION - W.O. 1016 - P.R.C. 610) From time to time discussions have been held between members of the State Lands Commission and members of the State Harbor Commission for the port of San Francisco as well as between the respective Commissions' staff with a thought of eliminating conflicting jurisdictional problems on streets and lands, both filled and unfilled, adjacent to San Francisco Harbor. Many years ago, this area was laid out by the Board of Tideland Commissioners into blocks and streets with an embarcadero as well as basins for commerce in a long range program. In this program it was the apparent intention to reserve to the people the right of access to San Francisco Bay, even though lots and blocks were filled in to a depth of 24 feet of water.

The areas involved are primarily streets and portion of streets some of which have been accepted by the City of San Francisco and have been opened and maintained. Others in the tidelands are under water or have been reclaimed and are parts of industrial areas which have not been accepted and opened as streets. All are immediately contiguous to property under the jurisdiction of the Board of State Harbor Commissioners.