

for the grant of deferment was to permit analysis of the data developed from the drilling of a then newly proposed well under the adjoining Oil and Gas Lease P.R.C. 309, to establish whether any further drilling would be justified under the subject lease P.R.C. 308. The drilling of a new well under Lease P.R.C. 309 was commenced May 15, 1952, and has been carried forward diligently.

The Signal Oil and Gas Company, on behalf of the lessees, Honolulu-Signal-Macoil, has requested the further deferment of drilling and operating requirements under Oil and Gas Lease P.R.C. 308 for a period of one year in consideration of the continuation of development activities under Lease P.R.C. 309 and of the status of the question of title to the submerged lands at the location of the lease.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO GRANT SIGNAL OIL AND GAS COMPANY, HONOLULU OIL CORPORATION, AND MACOIL CORPORATION, LESSEES UNDER STATE OIL AND GAS LEASE P.R.C. 308, AN ADDITIONAL DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE SUBJECT LEASE FOR ONE YEAR TO DECEMBER 1, 1953, SUBJECT TO CONCURRENCE WITH OR NONOBJECTION TO THE GRANT OF SUCH DEFERMENT BY THE U. S. OIL AND GAS SUPERVISOR, DEPARTMENT OF THE INTERIOR.

6. (RICHMOND-SAN RAFAEL BRIDGE, MARIN AND CONTRA COSTA COUNTIES, ACQUISITION BY DEPARTMENT OF PUBLIC WORKS - P.R.C. 212, P.R.C. 361, P.R.C. 703 - W.O. 1383, P.R.C. 782.1.) The Commission will recall that on January 4, 1952 (Minute Page 1507, Item 6), it authorized issuance to the Department of Public Works of Right-of-way Easement P.R.C. 703, covering a 1000-foot width right-of-way for the purpose of constructing a bridge across San Pablo Bay from Castro Point in the City of Richmond, Contra Costa County, to Point San Quentin near San Rafael, Marin County. The bids for bonds for financing this bridge, in the amount of \$62,000,000, are to be opened by the California Toll Bridge Authority on December 29, 1952. The Richmond & San Rafael Ferry & Transportation Co. is operating the ferry system between these two points at the present time, under a franchise from the Department of Public Works. When the bridge is completed they will be forced out of the ferry business. It is expected that the bridge will be completed in approximately three and one-half years.

A tentative agreement has been reached between the Toll Bridge Authority, the Ferry Company, and the Staff of the Division of State Lands, which agreement will be presented to the Public Utilities Commission on December 16, 1952, for its concurrence insofar as the agreement affects its jurisdiction. The State Lands Commission has been made a party to this agreement because of the fact that two leases for piers have been issued by the Commission to the Ferry Company, which facilities, under this agreement, are being purchased by the Toll Bridge Authority. Most of the facilities on the Marin County side will be utilized as part of the Marin County side approach to the new bridge. The pier and slips on the Richmond side are not necessary for incorporation in the bridge, but the Department of Public Works has determined that it is more economical for the State to make arrangements to acquire these facilities should the Ferry Company not find a definite use for them.

In the agreement between the Department of Public Works and the Ferry Company, in which agreement the State Lands Commission is a third party, it is proposed to cancel Tideland Lease P.R.C. 361 on the Marin County side, and to enter into a short-term lease with the Ferry Company whereby it will continue to

operate the facilities pending completion of the bridge. Since this short-term lease will permit joint use by the Department of Public Works and the Ferry Company, the consideration is to be One Dollar. At the expiration of the short-term lease, the unused Ferry Company facilities, namely, the slips, will be removed by the Ferry Company, and such removal is guaranteed by the Department of Public Works in that it will withhold from its payment to the Ferry Company any amount necessary to accomplish the removal.

Lease P.R.C. 212 from the State Lands Commission, under which the facilities of the Ferry Company have been constructed on the Contra Costa side, is to remain in full force and effect except that the Ferry Company has the right to exercise an option to retain the facilities for some use other than for a ferry. Should the Ferry Company fail to exercise this option, the improvements will belong to the Department of Public Works, and they in turn may dispose of the improvements through sale or sublease for a commercial purpose; and if either the option by the Ferry Company or the sale or sublease by the Department of Public Works does not materialize, the Department of Public Works has agreed to remove the facilities. This therefore may result in a cancellation of Lease P.R.C. 212 soon after the completion of the bridge. In addition to the above, the proposed agreement between the Department of Public Works, the Ferry Company, and the State Lands Commission will definitely amend Lease P.R.C. 212 by permitting use of the State lands for commercial use in addition to use for ferry facilities.

The agreement between the Department of Public Works, the Ferry Company, and the State Lands Commission has been thoroughly scrutinized by the Office of the Attorney General and, in order to fully protect the State Lands Commission from any liabilities that may accrue under this agreement, a supplemental agreement is proposed between the Department of Public Works, and the State Lands Commission. This supplemental agreement also has been thoroughly discussed with the Attorney General's office.

In summary, the following are the effects on the State Lands Commission:

- (1) Cancellation of Lease P.R.C. 361, which expires on December 31, 1971, and has a renewal option on the part of the Ferry Company for an additional period of twenty-five years, and therefore an annual rental loss of \$182.35.
- (2) Modification of Lease P.R.C. 212 to the effect that this lease may be used for other commercial purposes after completion of the bridge.
- (3) Possible cancellation of Lease P.R.C. 212 at the time of completion of the bridge because of failure of the Ferry Company to exercise its option to retain, and because of the lack of a use being found for the facilities by the Department of Public Works. This lease expires on March 17, 1971, has an annual rental of \$1700, and has an option to renew for an additional period of twenty-five years.
- (4) Both of the proposed agreements, regardless of eventual use of the Ferry Company's facilities, fully protect the State Lands Commission from any contingent liability.

The Commission will note that the construction of the bridge is a very large undertaking, and therefore the relatively small monetary loss to the State Lands Commission because of the cancellation of Lease P.R.C. 361 and possible later cancellation of Lease P.R.C. 212, in order that the major project go through at minimum cost to the public, is in the public interest. In view of these considerations,

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO EXECUTE THE AGREEMENT BETWEEN THE DEPARTMENT OF PUBLIC WORKS, THE RICHMOND & SAN RAFAEL FERRY & TRANSPORTATION CO., AND THE STATE OF CALIFORNIA ACTING THROUGH THE STATE LANDS COMMISSION, AND THE SUPPLEMENTAL AGREEMENT BETWEEN THE DEPARTMENT OF PUBLIC WORKS AND THE STATE OF CALIFORNIA ACTING THROUGH THE STATE LANDS COMMISSION, WHEREBY LEASE P.R.C. 361 IS CANCELLED AND A SHORT-TERM LEASE AT A NOMINAL ONE-DOLLAR CONSIDERATION IS ENTERED INTO JOINTLY BETWEEN THE DEPARTMENT OF PUBLIC WORKS, THE STATE LANDS COMMISSION AND THE FERRY COMPANY, PENDING COMPLETION OF THE RICHMOND-SAN RAFAEL BRIDGE; AND ALSO WHEREBY LEASE P.R.C. 212 IS MODIFIED TO PERMIT OTHER COMMERCIAL USE, WHICH LEASE MAY, AT THE OPTION OF THE FERRY COMPANY, BE ASSIGNED TO THE DEPARTMENT OF PUBLIC WORKS UPON COMPLETION OF THE BRIDGE.

7. (EXTRACTION OF SAND AND GRAVEL, TUOLUMNE RIVER, STANISLAUS COUNTY, SANTA FE ROCK AND SAND COMPANY - W.O. 1289, P.R.C. 774.1.) As reported to the Commission on December 5, 1952 (Minute Page 1695, Item 34), further investigation of the activities of the Santa Fe Rock and Sand Company in extraction of sand and gravel from the Tuolumne River was conducted in the field on December 11 and 12, 1952, by the Executive Officer and the Mineral Resources Engineer. A complete review of all operations adjacent to the property of Mr. J. W. Short was made in company with Mr. and Mrs. J. W. Short and Senator H. P. Donnelly. Mr. Short stated that the work conducted heretofore by Santa Fe Rock and Sand Company in placement of gravel along his property banks pursuant to the directive of the State Lands Commission was satisfactory, provided that future operations did not cause undermining of the protected banks. Actual operations by the Santa Fe Rock and Sand Company were also observed in company with Mr. J. Williams, the Plant Superintendent. All material stock piles were found to have been removed from the river bar, and the bar was in process of being partially excavated, all in accordance with the order of October 28 pursuant to the authorization of the Commission of September 30, 1952 (Minute Page 1638, Item 34). An alternative program for further remedial work by Santa Fe Rock and Sand Company in the Tuolumne River was suggested, subject to confirmation by the Commission, and agreed to at a conference on December 11, 1952, attended by Mr. M. J. Ruddy; Mr. M. J. Ruddy, Jr.; Attorney W. Zeff for Santa Fe Rock and Sand Company; Mr. and Mrs. J. W. Short, land owners along the south bank of the Tuolumne River adjoining the operations of the Santa Fe Rock and Sand Company; their attorney, D. B. Fowler; and Senator H. P. Donnelly. This alternative program had also been discussed previously and received verbal approval from E. B. Butterfield, land owner along the north bank of the Tuolumne River adjoining operations of the Santa Fe Rock and Sand Company. This program, which was placed into immediate effect by Santa Fe Rock and Sand Company on December 12, 1952, is embodied in the recommendation.

The object of the revised program is to provide a wider and deeper channel in the river, thus reducing the velocity of flow and consequently the scour along the banks.