

DIVISION OF STATE LANDS (Cont.)

WESTERN OIL AND GAS ASSOCIATION
PROPOSAL (Cont.)

Lease to be cancelled as to all undeveloped leased area.

Exhibit "B", Royalty Rate and Bid Procedure:

Gas royalty rate to be determined by bid multiplier offered by bidder. Sliding scale dependent upon production rates between 16-2/3% minimum and 75% maximum.

Oil royalty rate determined by specified formula. Sliding scale dependent upon rate of production, minimum rate 16-2/3%, maximum 55% (+).

(Gasoline royalty fixed at 16-2/3%. Lease Page 3, Section 3.)

Alternative 1.

Royalty rate on oil, gas and gasoline to be fixed at 12-1/2% with successful bidder to be determined by highest cash bonus offered for lease.

Alternative 2.

Royalty rate on gas and gasoline to be determined by specified formula providing sliding scale dependent upon rates of production (12-1/2% minimum, 45% (+) maximum). Successful bidder to be determined by highest cash bonus offered for lease.

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

The Executive Officer is authorized to utilize the lease form draft as prepared by the Division of State Lands for the offer for public bid of an oil and gas lease of 2,542 acres of State land in the Grey Lodge Refuge, Butte County, pursuant to Sections 6801 et seq. of the Public Resources Code as authorized August 29, 1951 (Minute Item 35, Page 1433) with the language proposed by Western Oil and Gas Association for Sections 5 and 6 to be accepted for inclusion as to this lease offer only. Lease drilling requirements and royalty bid schedules are to be established by conference between the Western Oil and Gas Association and the Staff. The propriety of bonus bidding is deemed by the Commission to be more properly a subject for consideration of the State Legislature.

5. (APPLICATION FOR LEASE, TIDE AND SUBMERGED LANDS, ANTIOCH, CONTRA COSTA COUNTY, JOHN J. RODGERS - W.O. 1136, P.R.C. 805.1.) On June 30, 1952, the Commission was informed that John J. Rodgers had applied for a lease covering 4.72 acres of tide and submerged lands fronting on his upland property, adjacent to but outside of the city limits of Antioch. Three alternatives were presented to the Commission for consideration. Action was deferred pending the working out of arrangements to protect the State's interests in possible rentals from owners of preemptions. On August 21, 1952, the Commission took the following action:

*UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED DEFERRING ACTION ON MR. JOHN J. RODGERS' APPLICATION FOR A LEASE OF APPROXIMATELY TWO ACRES OF TIDE AND SUBMERGED

LAND FRONTING ON HIS UPLAND ANTIOCH PROPERTY, AND RESUBMITTING THE PROBLEM TO THE STAFF FOR FURTHER CONSIDERATION."

Following the above action, appraisals were made by the Staff and also an independent appraiser. After giving full consideration to the fact that the applicant had purchased the adjoining uplands at a distress price of \$1000 per acre (due to the adverse occupancy by squatters), a fair value was arrived at of \$2500 per acre for the State lands. The area to be leased has finally been determined to comprise 1.25 acres making the annual rental \$206.25 at established Commission rates.

Concerning the structures presently on the subject area, occupied by squatters without benefit of lease or permit, Mr. Rodgers and the Staff have agreed that the present occupants shall be permitted to remain undisturbed for three months after the effective date of the proposed lease, and thereafter with Mr. Rodgers' permission, providing that on or before the expiration of the three months the present occupants provide facilities for the full elimination of any pollution of the waters of the San Joaquin River. It has been agreed by the Staff and Mr. Rodgers that he is entitled to collect rental from the present occupants at a rate not in excess of \$75 annually for each structure used as a habitation, and not in excess of \$120 annually for each structure used for commercial purposes. In addition, it is provided that upon ejection of the present occupants Mr. Rodgers shall remove the existing structures within the subject area at his sole cost and responsibility, and file a performance bond in the amount of \$2000 to cover removal of structures erected by him.

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

The Executive Officer is authorized to issue to John J. Rodgers a lease covering 1.25 acres of tide and submerged land in the San Joaquin River adjacent to the city of Antioch, Contra Costa County, for lawful commercial purposes, including the construction, maintenance and use of bulkheads, piers and dolphins, period of lease to be fifteen years at an annual rental of \$206.25, and with the right of renewal for two additional periods of ten years each at such terms and conditions as shall be determined prior to each renewal date; provided, that the present occupants of the demised lands shall be notified that the State is entering into a lease with Mr. Rodgers and that they will be permitted to remain undisturbed for a period of three months after the effective date of the lease, and thereafter with the lessee's permission on the condition that on or before the expiration of the three months the occupants shall install facilities for full elimination of any pollution of the waters of the San Joaquin River; and that the lessee be entitled to collect rental from the present occupants at a rate not in excess of \$75 annually for each structure used as a habitation, and not in excess of \$120 annually for each structure used for commercial purposes; and provided further that upon ejection of the present occupants which shall occur within a reasonable time and in no event beyond a period of one year unless Acts of God, court action or other conditions beyond lessee's control interfere, the lessee shall remove the existing structures

within the demised land; provided further that the applicant furnish a bond in the amount of \$2000 to cover removal of structures erected by him. The State shall serve the notice of ejectment, which notice shall be joined in by the State's lessee.

6. (SALE OF VACANT FEDERAL LAND, OBTAINED THROUGH USE OF BASE, SCRIP APPLICATION NO. 4738, SACRAMENTO LAND DISTRICT, TULARE COUNTY, CLARENCE E. PATTY - S.W.O. 5256.) An offer has been received from Mr. Clarence E. Patty of Menlo Park, California, to purchase Lots 1 and 2 (or fractional $N\frac{1}{2}$ of $NE\frac{1}{4}$) and Lots 3 and 4 (or fractional $N\frac{1}{2}$ or $NW\frac{1}{4}$) of fractional Section 22, T. 15 S., R. 28 E., M.D.M., containing 149.68 acres in Tulare County. This land may be obtained by the State from the Federal Government through use of base. The minimum price for scrip for this type of land has been set heretofore at \$5 per acre, cash. Mr. Patty has made an offer of \$748.40, or \$5 per acre.

The Assessor of Tulare County has assessed contiguous lands at from \$2.75 to \$3.75 per acre, thus indicating an appraised value of the land applied for of from \$5.50 to \$7.50 per acre. (Contiguous lands have much better grazing and water value than the land applied for.)

The subject land was appraised by a member of the Commission's Staff at \$5 per acre.

The subject land is rocky, mountainous and cut by canyons, and is at an elevation of from 3800 to 4500 feet. The soil is of third quality (decomposed granite), and supports dense chaparral. The land is not accessible by an existing road, the nearest road being at a distance of one mile. When developed, the land could be used for grazing purposes and reforestation.

The State's application to select the subject land in behalf of the State applicant, Clarence E. Patty, has been accepted by the Bureau of Land Management, subject to future approval and listing.

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

The sale is authorized of Lots 1 and 2 (or fractional $N\frac{1}{2}$ of $NE\frac{1}{4}$) and Lots 3 and 4 (or fractional $N\frac{1}{2}$ of $NW\frac{1}{4}$) of fractional Section 22, T. 15 S., R. 28 E., M.D.M., containing 149.68 acres in Tulare County, to Mr. Clarence E. Patty, at the appraised cash price of \$748.40, subject to all statutory reservations including minerals, upon the listing (conveyance) of said lands to the State by the Federal Government.

7. (SALE OF VACANT FEDERAL LAND, OBTAINED THROUGH USE OF BASE, SCRIP APPLICATION NO. 4845, SACRAMENTO LAND DISTRICT, LAKE COUNTY, BARBARA L. BOWMAN - S.W.O. 5401.) An offer has been received from Mrs. Bowman of Oakland, California, to purchase the $E\frac{1}{2}$ of $SE\frac{1}{4}$ of Section 3, T. 14 N., R. 7 W., M.D.M., containing 80 acres in Lake County. This land may be obtained by the State from the Federal Government through use of base. The minimum price for scrip for this type of land has been set heretofore at \$5 per acre, cash. Mrs. Bowman has made an offer of \$400, or \$5 per acre.

The Assessor of Lake County has assessed contiguous lands at approximately \$1