

MINUTE ITEM

This Calendar Item No. 27
was approved by the State Lands
Commission by a vote of 2
to 0 on its 3/20/78
meeting.

CALENDAR ITEM

3/78
PRC 2616.1
Hickey

27.

AUTHORIZATION FOR SUIT TO RECOVER ROYALTIES

On July 28, 1960, the State Lands Commission granted a 20-year lease, PRC 2616.1, to Seaside Sand and Gravel Co., Inc., for sand and gravel extraction in Monterey Bay; Monterey County. This lease was subsequently assigned to Standard Resources, Inc.

Standard Resources, Inc., has not submitted the rental and royalties as required in the terms of the lease. The staff has notified the lessee on several occasions that payment of the accrued rental royalty, plus penalty and interest, is due. Mr. Charles Branstetter, President and General Manager of Standard Resources, Inc., has acknowledged the amount of money due the State, but has never specified a plan for repayment.

A field inspection of the lease site in June 1977 found the plant and remaining extractive equipment to be in a serious state of dilapidation. Numerous plant equipment items had been removed in salvage operations since being acquired by Standard Resources.

The Division has tabulated the amount of unremitted rental, royalties, penalty and interest through January 31, 1978, which totals approximately \$13,250.00.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE STAFF OF THE STATE LANDS COMMISSION AND/OR THE OFFICE OF THE ATTORNEY GENERAL TO TAKE ALL STEPS NECESSARY, INCLUDING LITIGATION, IN ORDER TO RECOVER PAST DUE RENTALS, ROYALTIES, PENALTIES AND INTEREST FROM STANDARD RESOURCES, INC., AND TO REQUIRE THE LESSEE TO BRING THE LEASE AREA INTO AN ACCEPTABLE STATE OF REPAIR OR TO REQUIRE THE LESSEE TO CEASE ANY AND ALL OPERATIONS, QUITCLAIM THE LEASEHOLD, RESTORE THE SAND PLANT PREMISES TO AS NEARLY AS POSSIBLE THE ORIGINAL CONDITION PRIOR TO LEASING.

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