MINUTE ITEM

This Calendar Item No. 29 was approved as Minute Item No. 29 by the State Lands Commission by a vote of 3 to 0 at its 4/26/79 meeting.

CALENDAR ITEM

29.

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AUTHORIZATION TO SETTLE PEOPLE V. STANDARD RESOURCES, INC.; MONTEREY COUNTY SUPERIOR COURT, NO. 74626

EXISTING LITIGATION:

Pursuant to authorization secured at the March, 1978 Commission meeting (Calendar Item #27), a complaint was filed on October 13, 1978 for termination and recovery of rent and royalty regarding a sand mining lease in Monterey Bay, north of Fort Ord. The defendant in that action, Standard Resources, Inc., is a Nevada corporation which took over an existing lease by way of assignment in July of 1971 with the intent of upgrading existing but nonoperating sand extraction facilities and converting them into a going concern. Due initially to the United States Army Corps of Engineers' refusal to issue an operating permit and subsequently to similar refusal by the Coastal Commission, Standard Resources has been unable to operate their facilities or to extract any sand from the lease parcel.

PROPOSED SETTLEMENT:

Mr. Charles Branstetter, the President of Standard Resources, Inc., has advanced a settlement offer of $500 cash and a quitclaim of all interest in the leasehold. The staff recommends acceptance of this offer for the following reasons:

1. Standard Resources has never taken any sand. Damages are based on minimum royalty.

2. Standard Resources paid off the accumulated arrearage of their predecessor (the previous assignee, Mr. Floyd Bradley) a total of $5,252 prior to their taking over the lease.

3. Standard Resources through apparently no fault of their own has been prevented from operating their sand extraction facilities.

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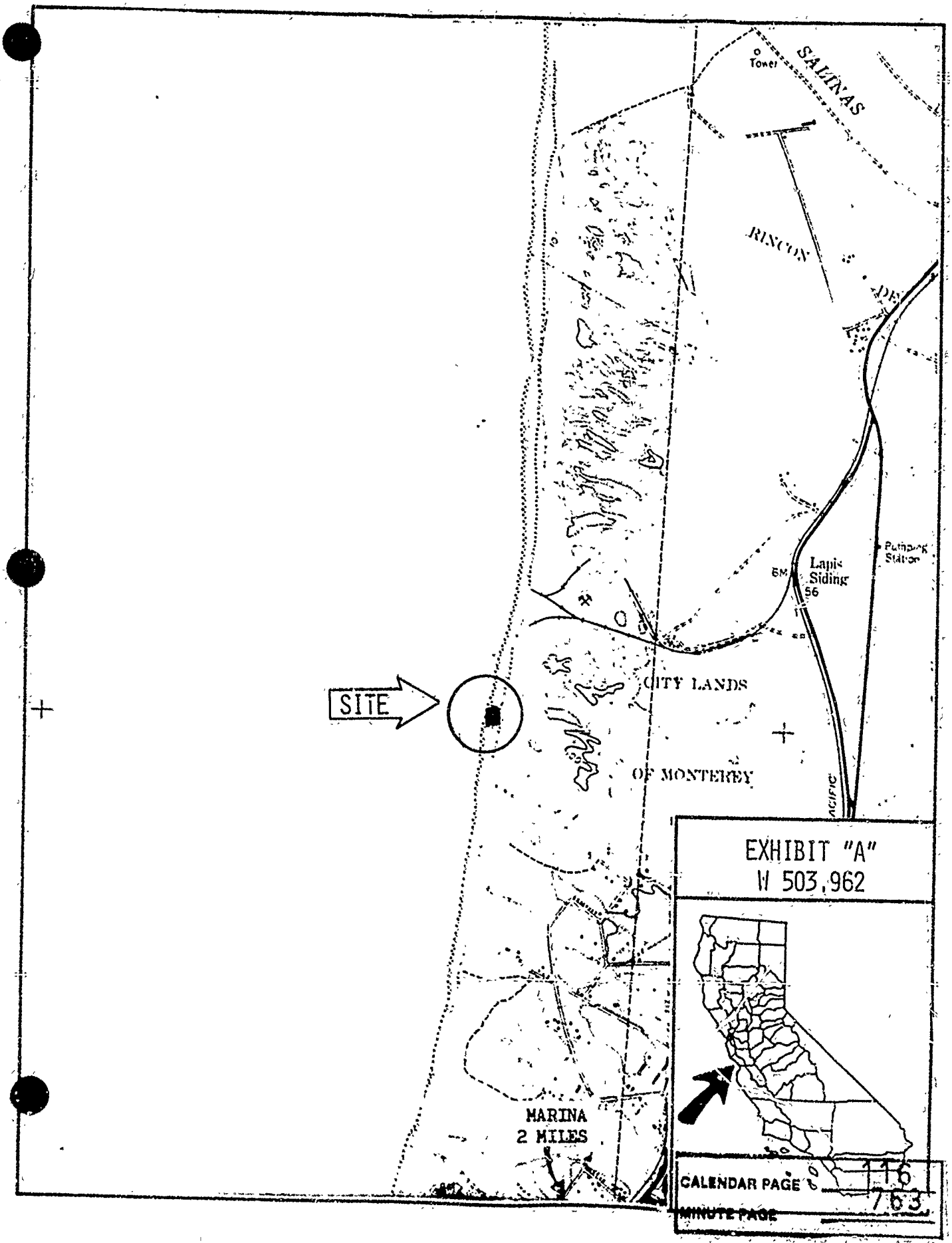
4. Termination of the lease is consistent with the policy objectives of the Coastal Commission.

5. Even if a judgment were procured against Standard Resources, its satisfaction could prove a problem. Although the extent of its Nevada assets are unknown, its only known California asset, the uplands parcel adjacent to the lease premises, is already heavily encumbered as to both fee and improvements.

EXHIBIT: A. Location Map.

IT IS RECOMMMENDED THAT THE COMMISSION AUTHORIZE THE STAFF TO EXECUTE A LITIGATION SETTLEMENT AGREEMENT CONCERNING PEOPLE V. STANDARD RESOURCES, INC., MONTEREY COUNTY SUPERIOR COURT NO. 74626, THE ESSENCE OF THAT SETTLEMENT AGREEMENT BEING THE EXECUTION OF A QUITCLAIM DEED AND PAYMENT OF $500 IN CASH BY STANDARD RESOURCES IN RETURN FOR DISMISSAL WITH PREJUDICE OF THE SUBJECT ACTION BY THE STATE.


SALINAS
Tower
RINCON
Lapis
Siding
56
Pumping
Station
SITE
CITY LANDS
OF MONTEREY
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