

MINUTE ITEM

This Calendar Item No. 35
was approved as Minute Item
No. 35 by the State Lands
Commission by a vote of 2-0
to A at its 9-26-79
meeting.

MINUTE ITEM

9/26/79
Gonzalez

35. AWARD OF MINERAL EXTRACTION LEASE

During consideration of Calendar Item 35 attached, Mr. F. J. Hortig,
consulting engineer representing Olin Jones Sand Company, appeared
to answer any questions raised by the Commission.

Upon motion duly made and carried, the resolution as presented in
Calendar Item 35 was adopted by a vote of 2-0.

Attachment: Calendar Item 35.

CALENDAR PAGE	<u>1865</u>
MINUTE PAGE	

CALENDAR ITEM

35.

9/79
W 40107
Gonzalez
PRC 5733

AWARD OF MINERAL EXTRACTION LEASE

At the Commission Meeting of July 17, 1979, the Commission authorized the staff to offer for competitive bid, a lease of 474 acres of tide and submerged lands in Carquinez Straits, Solano and Contra Costa Counties for the extraction of minerals other than oil, gas and geothermal resources. A negative declaration completed in compliance with CEQA was certified by the Commission and it was determined that the project would not have a significant effect on the environment.

The area is known to contain commercially-valuable sand and gravel deposits. In accordance with this authorization the staff prepared a bid package and a notice inviting responses was published August 4, 1979 in the Vallejo Times-Herald and August 6, 1979 in the Contra Costa Times calling for a bid opening on August 28, 1979.

On August 28, 1979, the bids were opened in accordance with the notice in the Commission's Long Beach Office, and Olin Jones Sand Company was the high bidder with a bid factor of 2.60. The only other bid was that of Haviside-Hastings, Inc. in the amount of 1.90.

The bid factor 2.60 is to be applied to the royalty formula attached as Exhibit "C" hereto. The bid factor operates as a multiplier to the lease royalty formula which will effectively result in the payment of royalties at 26.0% of the average sales price. The minimum annual production is 50,000 cubic yards with a minimum royalty of \$0.30 per cubic yard. The lease has a primary term of 5 years with an option of one 5-year renewal period upon such removable terms and conditions as may be prescribed by the State.

In accordance with P.R.C. Section 6900, the staff believes that the lease will not interfere with the trusts upon which the subject lands are held nor will it substantially impair the public's rights to navigation and fishing.

The office of the Attorney General has reviewed and approved the bid of Olin Jones Sand Company as to conformance with the requirements specified in the Commission's proposal to enter into a Mineral Extraction Lease on those specified tide and submerged lands in Carquinez Straits as to compliance with the applicable provisions of law and the rules and regulations of the State Lands Commission.

A 4, 8, 10, 11, 12

S 4, 7, 9

-1-

(Rev. 9/21/79)

CALENDAR PAGE	209
MINUTE PAGE	1866

CALENDAR ITEM NO. 35. (CONTD)

EXHIBITS: A. Legal Description. B. Location Map.
 C. Royalty Formula.

IT IS RECOMMENDED THAT THE COMMISSION, IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE P.R.C.

1. FIND THAT OLIN JONES SAND COMPANY, HAVING SUBMITTED A BID WITH A BID FACTOR OF 2.60 IS THE HIGHEST QUALIFIED AND RESPONSIBLE BIDDER AMONG THOSE PRESENTING BIDS FOR THE SUBJECT LEASE.
2. AUTHORIZE THE ISSUANCE OF A MINERAL EXTRACTION LEASE TO OLIN JONES SAND COMPANY ON 474 ACRES OF TIDE AND SUBMERGED LANDS IN CARQUINEZ STRAITS, SOLANO AND CONTRA COSTA COUNTIES MORE PARTICULARLY DISCRIBED IN EXHIBIT "A" ATTACHED HERETO AND BY REFERENCE MADE A PART HEREOF; AT A ROYALTY DETERMINED IN ACCORDANCE WITH THE FORMULA ATTACHED AS EXHIBIT "C" AND THE OTHER TERMS AND CONDITIONS AS SET FORTH IN THE LEASE OFFERING.
3. SAID AUTHORIZATION IS GIVEN SUBJECT TO THE CONDITION THAT THE COMPANY SUPPLIES INFORMATION WHICH RESPONDS SATISFACTORILY TO THE STAFF'S SEPTEMBER 7, 1979 REQUEST.
4. FIND AND ACCEPT THAT A NEGATIVE DECLARATION, EIR ND 240, WAS PREVIOUSLY PREPARED, CIRCULATED, CERTIFIED, AND APPROVED BY THE COMMISSION.

EXHIBIT "A"

Land Description

Two parcels of tide and submerged land in the State-Owned bed of Carquinez Straits, Solano and Contra Costa Counties, California, said parcels described as follows:

PARCEL NO. 1

BEGINNING AT A POINT from which USC & GS Triangulation Station "Suisun Pt. 2" bears south 2,500 feet, thence from said point of beginning the following five courses:

1. N 65° E 4,000.00 feet;
2. North 3,000.00 feet;
3. S 65° W 6,000.00 feet;
4. S 13° 12' 11" E 2,777.59 feet;
5. N 65° E 1,300.00 feet to the point of beginning, said parcel containing approximately 350 acres.

EXCEPTING THEREFROM any portion of the above-described parcel lying westerly of the easterly edge of a strip 125.00 feet in width, lying immediately adjacent to and westerly of the following described line:

Beginning at a point from which USC & GS Triangulation Station "Suisun Point 2" bears N 38° 54' 02" W 74.62 feet; thence from said point of beginning N 29° 05' 78" W 5,379.03 feet to the end of said strip.

PARCEL NO. 2

COMMENCING at USC & GS Triangulation Station "Iron" on the Amorco Wharf; thence N 65° 10' W 800.00 feet to the POINT OF BEGINNING of the herein described parcel of land; thence the following five courses:

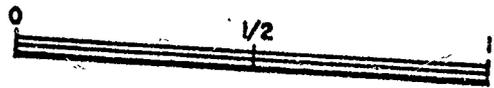
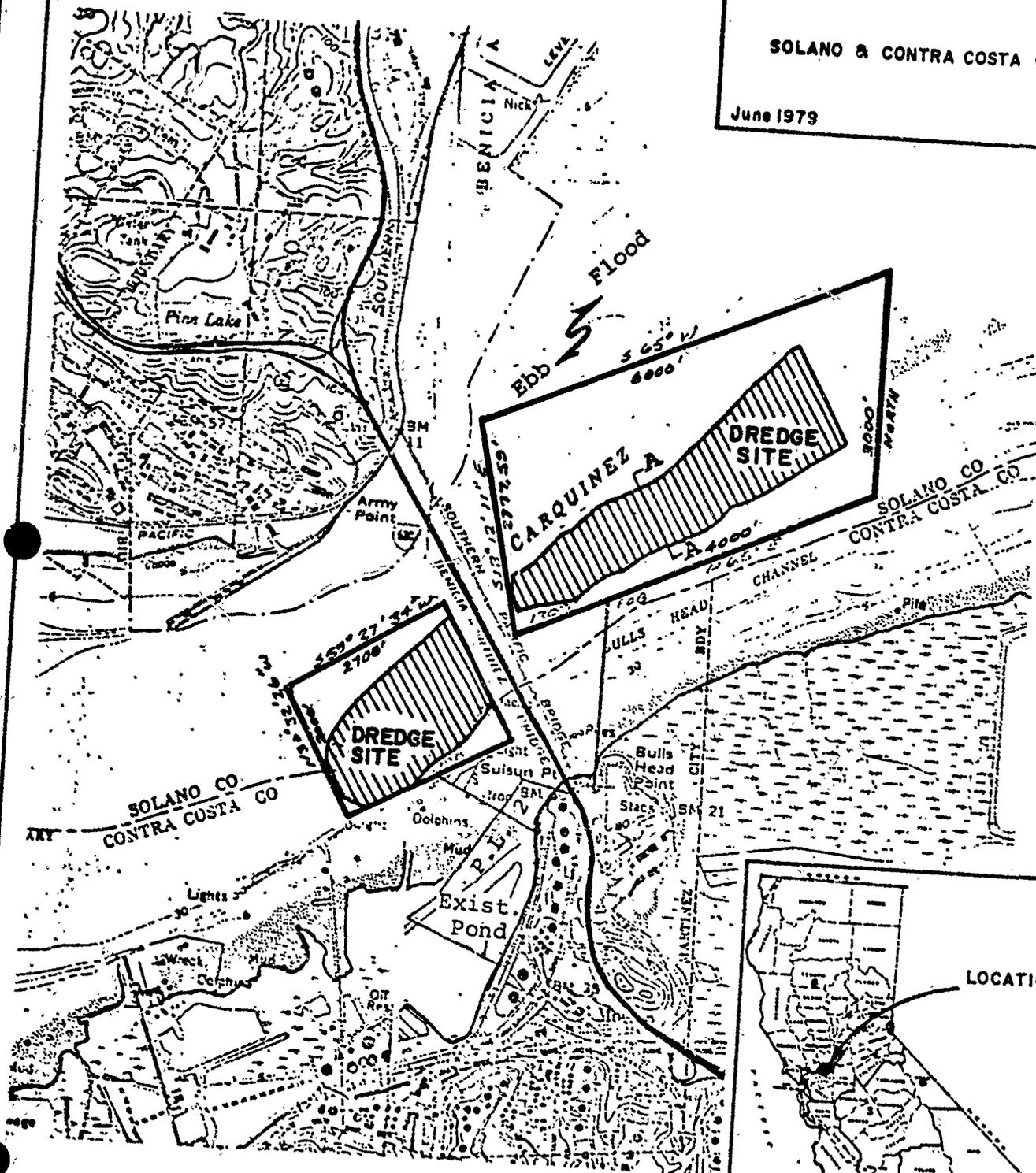
1. N 59° 27' 34" E 1,200.00 feet;
2. N 30° 32' 26" W 2,000.00 feet;
3. S 59° 27' 34" W 2,700.00 feet;
4. S 30° 32' 26" E 2,000.00 feet;
5. N 59° 27' 34" E 1,500.00 feet to the point of beginning, said parcel containing approximately 124 acres.

END OF DESCRIPTION

EXHIBIT "B"
 STATE LANDS COMMISSION
 Proposed Sand Extraction Lease
 SOLANO & CONTRA COSTA COUNTIES

June 1979

AEG



MILE
 1:24000



LOCATION

CALENDAR PAGE 212
 MINUTE PAGE 1868
 1979

EXHIBIT "C"

CONSIDERATION:

Royalties for the mineral resources produced or extracted are to be determined according to the following formula:

$$R = B \sqrt[0.10]{W (Y)}$$

Where R = royalty in dollars and cents paid to the State.

B = bid factor of 2.60, which shall be greater than or equal to 1.0.

W = weighted average lease quarter sales price, f.o.b. the dock, per yard.

Y = total lease quarter yardage sold.

The weighted average sales price (WASP) per lease quarter shall include consideration of wholesale and retail sales and is subject to approval and audit by the State. The royalty rate for a lease quarter shall be based upon the WASP for that quarter. In place sales shall not be permitted.

The annual minimum extraction volume shall be 50,000 cubic yards. The minimum royalty per cubic yard shall not be less than \$0.30.

All terms and conditions of the royalty schedule shall be subject to review and possible readjustment at the end of the third year of the primary lease term.

The first lease quarter shall be the first three months following the effective date of the lease and every three-month period thereafter shall be a lease quarter. A lease year shall be the first twelve (12) consecutive months following the effective date of the lease and every twelve month period thereafter shall be a lease year.