

a contractual basis, inasmuch as the State Lands Commission is a Special Fund Agency.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO EXECUTE CONTRACTS WITH THE ATTORNEY GENERAL FOR SERVICES TO BE RENDERED AS FOLLOWS:

FOR DEFENSE OF THE STATE'S INTEREST IN ITS TIDE AND SUBMERGED LANDS..\$25,000.

FOR CONTINUATION OF THE PROSECUTION OF LITIGATION, DEPARTMENT OF WATER AND POWER, CITY OF LOS ANGELES..... \$ 5,000.

FOR DEFENSE OF QUIET TITLE ACTIONS FILED IN ACCORDANCE WITH LAW... \$10,000.,

SAID CONTRACTS TO PROVIDE FOR SERVICES FOR THE 1950-51 FISCAL YEAR AND SHALL BE ENCUMBRANCES AGAINST SPECIAL APPROPRIATION ITEMS 138, 139 AND 140.

31. (REQUEST OF THE KAISER ALUMINUM AND CHEMICAL CORPORATION TO SUSPEND PRODUCTION REQUIREMENTS, LEASES NOS. P.R.C. 273 AND P.R.C. 356) The Commission was informed that in January of 1947 and May of 1948, the State Lands Commission authorized the letting of mineral extraction leases to the Permanente Metals Corporation (now the Kaiser Aluminum and Chemical Corporation) at Owens Lake, California. These leases were let for the extraction of soda ash and other minerals from the brines of Owens Lake. At the time of issuance of these leases the lessee was vitally interested in securing a supply of soda ash for use in the processing of aluminum. In this period soda ash was generally in very short supply. Subsequent thereto and particularly in 1949 the demand for soda ash fell off with a resultant drop in price. The lessee found that soda ash could be purchased f.o.b. their aluminum plant at Baton Rouge, Louisiana, at a considerably lower cost than the cost of producing and transporting their own product. As a result, the Kaiser Company closed down its Owens Lake plant during 1949.

Both of the leases provide for a minimum annual production of 500 tons of minerals per acre of land leased. With the closing of the plant this minimum requirement was not met. The Division of State Lands pointed out to the lessee that it would be necessary to report to the State Lands Commission that the leases were in default unless authorization was secured for the suspension of the production requirements. As a result the lessee has paid currently, royalty to the State in an amount equal to that which would have been paid had minimum annual tonnages of minerals been produced. The Kaiser Aluminum and Chemical Corporation has requested by letter dated May 23, 1950, that the State Lands Commission suspend the minimum annual mineral production requirement of the leases, for the lease years 1949 and 1950, provided that the lessee pay to the State, royalty equal to that which would have been received had minerals been produced. This request is based on three conditions:

1. That the Company is desirous of holding the plant as a possible source of supply for its own operations, and is willing to pay a premium of the minimum annual royalty for this right.
2. That the plant will be put back in production if it is economically feasible, i. e., if new or additional western markets are developed or other markets for the product present themselves.

3. That the minimum royalty of \$4,347.00 annually payable to the State even though there is no production, would compare favorably with the royalty the State might receive if the plant were actually in production.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED SUSPENDING THE REQUIREMENTS FOR THE PRODUCTION OF MINERALS FROM LEASES NOS. P.R.C. 273 AND 356 AS RECITED IN PARAGRAPH D, SECTION 2 OF THE AFOREMENTIONED LEASES, FOR THE LEASE YEARS AS FOLLOWS: LEASE NO. P.R.C. 273, JANUARY 8, 1949 TO JANUARY 7, 1950 AND JANUARY 8, 1950 TO JANUARY 7, 1951; LEASE NO. P.R.C. 356, MAY 19, 1949 TO MAY 18, 1950 AND MAY 19, 1950 TO MAY 18, 1951; PROVIDED THAT THE LESSEE PAY TO THE STATE ON A QUARTERLY BASIS, ROYALTY EQUAL TO THAT WHICH THE LESSEE WOULD PAY HAD THE MINIMUM REQUIRED TONNAGE OF MINERALS BEEN PRODUCED AND SOLD FROM THE LEASES. ANNUAL RENTALS PAID TO BE CONSIDERED AS A CREDIT AGAINST THE MINIMUM ROYALTY PAYMENTS SO MADE, IN ACCORDANCE WITH THE LEASE TERMS AND FURTHER, THAT THIS ACTION SHALL NOT BE CONSTRUED AS RELIEVING THE LESSEE FROM ANY OF THE LESSEE'S OTHER CONTINUING OBLIGATIONS PROVIDED FOR IN LEASES P.R.C. 273 AND P.R.C. 356.

32. (SALE OF VACANT STATE SCHOOL LAND, APPLICATION NO. 10471, LOS ANGELES LAND DISTRICT, VENTURA COUNTY, HAROLD L. PIERCE, SWO 5235) The Commission was informed that on March 23, 1950, (Minute Item No. 9, page 1101-1102) the Commission authorized the sale of Lots 9, 10, 11 and 12 of Section 16, T. 4 N., R. 20 W., S.B.B. & M., containing 152.90 acres in Ventura County to Mr. Harold L. Pierce at a cash price of \$764.50, subject to all statutory reservations including minerals and further subject to the reservation to the State of the right to develop and produce oil and gas in said Lots 9, 10, 11, and 12 from the surface of the  $W\frac{1}{2}$  of  $W\frac{1}{2}$  of Lot 12 and the  $E\frac{1}{2}$  of  $E\frac{1}{2}$  of Lot 9, Section 16, T. 4 N., R. 20 W., S.B.B. & M. This latter reservation was proposed to assure reasonable mineral development opportunity for any future State lessee on the property. It has now been reported by the office of the Attorney General that the suggested revised form of mineral reservation might be a restriction upon the total rights reserved to the State by Statute rather than an amplification as intended.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED RESCINDING THE ACTION OF MARCH 23, 1950 (MINUTE ITEM 9, PAGE 1101-1102) RELATIVE TO THE SALE OF LOTS 9, 10, 11 AND 12 OF SECTION 16, T. 4 N., R. 20 W., S.B.B. & M., AND AUTHORIZING THE SALE OF THE SUBJECT PROPERTY CONTAINING 152.90 ACRES TO MR. HAROLD L. PIERCE AT A CASH PRICE OF \$764.50, SUBJECT TO ALL STATUTORY RESERVATIONS INCLUDING MINERALS.

33. (STATE EXCHANGE APPLICATION NO. 038665 - OWL SPRINGS HEALTH RESORT - N-5075) The Commission was informed that an application of the Owl Springs Health Resort to purchase the Southeast 160 acres of Section 13, T. 18 N., R. 3 E., S.B.M. San Bernardino County, through the medium of State exchange, was received on February 9, 1948. Pursuant to this application, a State exchange application was filed with the Bureau of Land Management on February 19, 1948, under the Taylor Grazing Act. The land offered to the United States in exchange for the foregoing described land was the  $SE\frac{1}{4}$  of Section 16, T. 23 N., R. 3 E., S.B.B. & M., containing 160 acres within the Death Valley National Monument as delineated by the Presidential Proclamation of 1933.

Circumstances have arisen which prevent the Owl Springs Health Resort from completing the purchase of the lands applied for. However, it is the opinion of the staff that the selected lands containing 160 acres in San Bernardino County, which