

"The joint lessees have reported that during 1954 they have engaged in continuous geophysical studies of the lease areas including additional seismic exploration work, ocean-bottom sampling and coring, at an aggregate cost of approximately \$100,000. The lessees are now attempting critical independent analyses of the data developed from the exploration and feel that continuation of such analyses and possibly further exploration are warranted before further exploratory drilling is justified. Therefore, the joint lessees have requested a further deferment of the drilling and operating requirements under the subject leases for a period not to exceed one year during which period the required further analyses and exploration may be completed."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT SIGNAL OIL AND GAS COMPANY AND HONOLULU OIL CORPORATION, LESSEES UNDER STATE OIL AND GAS LEASES P.R.C. 308 AND P.R.C. 309, A DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS TO JANUARY 1, 1956. THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITIONS THAT DURING THE PERIOD OF DEFERMENT, THE LESSEES WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON A LEASE.
2. QUITCLAIM THE ENTIRE LEASE AREAS.
3. PRESENT NEW, ADEQUATE BASES, NOT CONSIDERED HERETOFORE, FOR CONSIDERATION AS TO ANY FURTHER EXTENSION OF THE DEFERMENT OF THE OPERATING AND DRILLING REQUIREMENTS UNDER THE RESPECTIVE LEASES.
6. (APPLICATION FOR MINERAL LEASE, E. A. RAY, SAN BERNARDINO COUNTY, P.R.C. 1313.2 - W.O. 1897, P.R.C. 1467.2.) The Commission's staff reported as follows:

"An application for preferential lease on 160 acres of area included in Prospecti , Permit P.R.C. 1313.2, in the SW $\frac{1}{4}$ of Section 16, T. 14 N., R. 12 E., S.B.B. & M., San Bernardino County, has been received from Mr. Emerson A. Ray, the permittee. Field inspection of the development work on a deposit of volcanic cinders undertaken pursuant to the prospecting permit has shown that commercially valuable deposits of volcanic cinders have been uncovered. In excess of 2,000 tons of volcanic cinders have been shipped and sold with royalty paid in accordance with the terms of the permit. Pursuant to Section 14 of Prospecting Permit P.R.C. 1313.2, the permittee, upon demonstration of the discovery of commercially valuable deposits of minerals, is entitled to a preferential mineral lease at the royalty rate specified in the subject permit, issued April 22, 1953. The minimum royalty under this schedule will be 2¢ per ton for volcanic cinders extracted and shipped. Under Section 6895, a permittee is entitled to a lease of up to 160 acres of the area within the permit."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AND ISSUE TO MR. EMERSON A. RAY A PREFERENTIAL MINERAL LEASE IN THE STANDARD FORM AUTHORIZED UNDER THE PUBLIC RESOURCES CODE, COVERING 150 ACRES IN THE SW $\frac{1}{4}$ OF SECTION 16, T. 14 N., R. 12 E., S.B.B. & M., SAN BERNARDINO COUNTY, HERETOFORE INCLUDED IN PROSPECTING PERMIT P.R.C. 1313.2, AT THE ROYALTY RATE SPECIFIED IN THE SUBJECT PROSPECTING PERMIT, AND AT AN ANNUAL RENTAL OF \$160, SUBJECT TO THE DEPOSIT BY THE LESSEE OF A PERFORMANCE BOND IN THE AMOUNT OF \$1,000.

7. (APPLICATION FOR PROSPECTING PERMIT, B. A. TUNISON, SAN LUIS OBISPO COUNTY - W.O. 1682.) The Commission's staff reported as follows:

"On July 28, 1954, the Commission directed that the application of B. A. Tunison, requesting authorization for the removal of gravel from tide and submerged lands, San Luis Obispo County, be submitted to the Division of Beaches and Parks in accordance with Section 5901, Public Resources Code, for examination and report as to whether the proposed operations would unreasonably interfere with the maintenance and use of the littoral lands for recreational purposes or protection of shore property (Minute Item 6, page 2108).

"The Division of Beaches and Parks has reported as follows:

'As these lands are potential State park areas, and as the question of carrying out the Beach Master Plan in San Luis Obispo County will depend upon the disposition of the oil royalties, we are hopeful that action on this matter may be deferred.

'If this is not considered desirable by the State Lands Commission, we recommend that periodical surveys be made to determine the effect of the proposed sand removal on the existing beaches and bluffs up and down coast from the proposed removal area.'

"Section 6403 (2nd) Public Resources Code provides that mineral deposits reserved to the State include, among others, sand and gravel. Field inspection by this Division and the Division of Mines has shown the existence of deposits of beach gravel at the location proposed for operation by applicant Tunison. No prospecting would be required to establish the existence of these deposits, and the only operations required to render the material saleable would be excavation, grading and washing. Two letters in favor of the operation have been received from potential buyers of the product indicating its commercial feasibility. Section 6891, Public Resources Code, provides in part that 'Upon receipt of an application for a permit, (prospecting permit) 'the commission shall determine whether the lands described therein are known mineral lands. If it determines that the lands are known mineral lands, it shall thereupon so classify them and shall reject the application for a prospecting permit.'