

Funds being requested are to defray costs for the first year of a project estimated to take between one and two years. Of the total requested, \$11,752 will pay salary costs for two Assistant Real Property Appraisers and one Typist Clerk to handle office detail (see positions for which approval is requested). The balance of the amount requested is for travel and incidental office operating expenses.

REVENUES

Because of the release of impounded tideland revenues in the current year, revenues for 1954-55 and 1955-56 lack comparability. Revenues for the State Lands Act Fund 1955-56 are estimated to be \$9,274,351 which represents an estimated increase of \$8,325,140 available for distribution through the State Lands Act Fund.

Revenues are estimated as follows:

State Lands Act Fund ^a	\$6,700,726.
School Fund	22,053.
School Land Fund	187,138.
General Fund	<u>2,573,625.*</u>
Total Revenues	\$9,483,542

*Transfer from State Lands Act Fund

Based on the total estimated revenues the Division's support budget represents an operating cost of 5.226% of revenue.

37. The following items were presented to the Commission as informative matters:

"(RESOLUTION NO. 857 OF THE SEAL BEACH CITY COUNCIL - GEO.-ORANGE COUNTY.) The Commission has been forwarded a copy of Resolution No. 857 of the City Council of the City of Seal Beach, dated November 3, 1954.

"This resolution states that the Pacific Electric Railway tracks in the vicinity of Alamitos Bay are being removed, and that those within the City of Seal Beach are not being utilized, and urges that the Pacific Electric Railway in Seal Beach be abandoned and the right-of-way thereof incorporated into adjacent beaches and highways."

"(RESOLUTION OF THE NEWPORT CITY COUNCIL - GEO.-ORANGE COUNTY.) The Commission has been forwarded a copy of a resolution by the City Council of the City of Newport Beach, dated November 8, 1954.

"This resolution states that the Pacific Electric Railway tracks in the vicinity of Newport Bay are being removed, and that those within the City of Newport Beach are not being utilized, and urges that the Pacific Electric Railway in Newport Beach be abandoned and the right-of-way thereof incorporated into adjacent beaches and highways."

38. (REQUEST FOR CONSENT TO HYPOTHECATION, OIL AND GAS LEASES P.R.C. 91.1, 145.1, 186.1, 920.1, AGREEMENTS FOR EASEMENT 400.1 AND 401.1, MONTEREY OIL COMPANY, ORANGE AND VENTURA COUNTIES.) The Commission's staff reported as follows:

"The Monterey Oil Company, as a lessee in State Oil and Gas Leases P.R.C. 91.1, 186.1, 920.1 and Agreements for Easement 400.1 and 401.1, Orange County, and Oil and Gas Lease P.R.C. 145.1, Ventura County, has proposed to offer its lease interests to secure loans, such lease interests being hypothecated by inclusion of the interests in a deed of trust. In view of the uniform lease requirements that the Commission must approve any lease assignment, transfer or sublease, Monterey Oil Company has requested that the Commission either (a) consent to the proposed hypothecation or (b) advise Monterey Oil Company that no such consent is required.

"The Office of the Attorney General has reviewed informally the proposal of the Monterey Oil Company and the proposed form of deed of trust, with the following conclusions:

'Strictly speaking, although the trust deed in question purports among other things to 'assign' and 'transfer' the leases to the trustee, the purpose of the conveyance is so limited that it does not appear to be the type of transfer concerning which Section 6804 of the Public Resources Code calls for approval by the State Lands Commission. The situation is comparable to the case cited by counsel for the lessee wherein the Department of the Interior declined either to give or to deny consent to a similar security transaction involving a lease under the Federal Mineral Leasing Act of 1920.

'Notwithstanding the fact that Commission approval does not appear to be required, it would be unwise to advise the parties that the Commission has no objection to the lease unless it were to be made clear that any changes in operation or ownership pursuant to the provisions of the trust deed will remain subject to approval of the Commission. Counsel for the lessee have indicated that some definite statement by the Commission is desired and unquestionably the parties are entitled to such a statement. Moreover, now that the Commission has been apprised of the existence of the trust deed, silence might be interpreted as an approval of the transaction without reservation.