

The Superior Oil Company

Wm. E. Kennett  
Paul A. Lower  
B. J. Roose

The Texas Company

G. R. Couper  
Irvin Frazier  
W. S. King  
F. F. Lambrecht  
F. G. Shafer  
J. L. Sturgeon

Tidewater Oil Company

Stanley Siegfus  
John W. Woffington

Union Oil Company of California

A. C. Ruble  
R. F. Bauer  
George H. Feister  
A. J. Field  
Louis N. Waterfall

Western Gulf Oil Company

C. B. Hussey  
Conrad A. Krez  
Glen W. Ledingham  
James G. Leovy  
T. H. Wallace

Western Oil & Gas Association

Felix Chappellet  
Harry Morrison

Russell L. Williams, representing himself

1. UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE MINUTES OF THE MEETING OF THE STATE LANDS COMMISSION HELD IN SACRAMENTO ON APRIL 12, 1956, AND OF THE MEETING HELD IN SACRAMENTO ON APRIL 26, 1956, WERE CONFIRMED AS WRITTEN AND MAILED TO THE MEMBERS OF THE COMMISSION.

2. (LEASE OF TIDE AND SUBMERGED LANDS, CONTRA COSTA COUNTY, UTAH CONSTRUCTION COMPANY - W. O. 2270, P.R.C. 1689.1.) The following report was presented to the Commission:

"The Commission will recall that at its meeting of April 12, 1956 (Item No. 21, Minute pages 2623-2627), it authorized the issuance to the Utah Construction Company of a 60-year lease on 382.76 acres of tide and submerged lands in Contra Costa County, under specific conditions and a definite lease form that had been tentatively

agreed upon. One of the provisions in the lease form is the deposit of an amount equal to the last year's rental at the time of entering into the lease, which is a normal Commission policy. The Utah Construction Company is now requesting reconsideration of this policy from the point of view that the interest earned on this deposit should belong to them.

"In discussing this lease with the Utah Construction Company, it had not occurred to either party that the deposit of 'an amount equal to the last year's rental under the terms hereof' as required by the lease in the amount of \$16,075.92 would in the 60 years earn considerable interest. This amount at 2% interest compounded yearly would in 60 years be \$52,745.59. In 15 years at 2% interest, \$16,075.92 would amount to \$21,636.07. Even the first year's rental of \$8,841.75 at 2% interest would amount to \$11,899.83 in 15 years, to \$16,015.61 in 30 years, and to \$29,010.05 in 60 years.

"Whatever solution to this problem results, it no doubt will be a precedent for future policy.

"In considering the matter of a last year's rental deposit, the Commission's present policy, and the Utah Construction Company's point that the interest should belong to them, we suggest that at least the State should be in a position to utilize the money for the purpose for which it is deposited, namely, 'to guarantee future payments of rent, payment of any and all damage suffered by State by reason of the tenancy of said premises by Lessee, and the full and faithful performance of any and all covenants ... by the Lessee ...'. We therefore discussed Utah's point further with them, and they have agreed that a deposit of an amount of \$8,841.75, equal to the first year's rental, shall be made and the interest thereon shall go to the State without any claim thereto on the part of the Utah Construction Company upon final accounting."

Mr. Watson reported that he had just received a telephone call from the Attorney General's office in San Francisco, asking that the following wording be deleted from the recommendation made to the Commission: "AND ANY BALANCE SHALL BE CREDITED AS A PORTION OF THE LAST YEAR'S RENTAL WHEN DUE; FURTHER, THAT IN THE EVENT OF TERMINATION OF THIS LEASE FOR ANY CAUSE PRIOR TO ITS EXPIRATION DATE, ANY PORTION OF SAID SUM HELD BY THE STATE ON DEPOSIT AND NOT DUE THE STATE SHALL BE REFUNDED TO THE LESSEE;"

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

THE ACTION OF THE STATE LANDS COMMISSION OF APRIL 12, 1956 (ITEM NO. 21, MINUTE PAGE 2627), AUTHORIZING THE EXECUTIVE OFFICER TO ISSUE A 60-YEAR TIDE AND SUBMERGED LAND LEASE TO THE UTAH CONSTRUCTION COMPANY UNDER THE LEASE FORM PRESENTED TO THE COMMISSION AS AN EXHIBIT, IS AMENDED TO PROVIDE IN SECTION 2 OF THE LEASE THAT THE SUM TO BE PAID UPON EXECUTION BE \$17,683.50, WHICH SUM IS THE TOTAL OF THE FIRST YEAR'S RENTAL AND OF AN AMOUNT OF \$8,841.75 WHICH SHALL BE HELD BY THE STATE TO TAKE CARE OF THE PROVISIONS OF

SECTION 2 OF THE LEASE FORM HERETOFORE APPROVED BY THE COMMISSION; FURTHER, THE LEASE FORM IS MODIFIED TO PROVIDE THAT SAID SUM SHALL BE APPLIED TO MEET THE LESSEE'S OBLIGATIONS AND LIABILITIES TO THE STATE; FURTHER, IT IS PROVIDED THAT ANY INTEREST ON THE SUM OF \$4,611.75, HELD BY THE STATE AS SET FORTH ABOVE, SHALL BELONG TO THE STATE; AND IT IS FURTHER PROVIDED THAT THE EFFECTIVE DATE OF THE LEASE SHALL BE MAY 18, 1956.