

MINUTE ITEM

4. PROPOSED MINERAL EXTRACTION LEASE, HUMBOLDT BAY, HUMBOLDT COUNTY; CROWN ZELLERBACH CORPORATION - W.O. 5354, P.R.C. 3211.1.

In reviewing Calendar Item 2 attached, the Executive Officer reported that a modification was desired by the Department of Fish and Game, and this would be included in the lease as issued.

Mr. Richard Nelson, Counsel for Crown Zellerbach Corporation, in response to a question raised by Mr. Alan Sieroty, reported that Crown Simpson Corporation is still in the process of formation, and that when this had been completed the lease possibly would be assigned to that company by Crown Zellerbach.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE PUBLIC RESOURCES CODE, THE COMMISSION AUTHORIZES THE EXECUTIVE OFFICER TO ISSUE TO CROWN ZELLERBACH CORPORATION, THE ONLY BIDDER, A MINERAL EXTRACTION LEASE FOR 17.33 ACRES MORE OR LESS OF SUBMERGED LANDS LYING IN HUMBOLDT BAY, HUMBOLDT COUNTY, AS DETAILED IN EXHIBIT "A" ATTACHED, SUBJECT TO PAYMENT OF A ROYALTY IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

FOR ALL MATERIAL EXTRACTED:

$$R = 0.08 + 0.08 (0)$$

WHERE R = ROYALTY IN DOLLARS AND CENTS PER CUBIC YARD OF MATERIAL EXTRACTED

THE ROYALTY RATE UNDER THE ABOVE SCHEDULE SHALL BE INCREASED AUTOMATICALLY AFTER THE FIRST YEAR OF THE LEASE AT THE RATE OF FIVE PERCENT (5%) PER YEAR FOR EACH OF THE NEXT FOUR YEARS TO THE END OF THE LEASE TERM. FOR EACH SUCCESSIVE LEASE RENEWAL, THE ROYALTY RATE AND THE RATE OF INCREASE PER YEAR (IF ANY), SHALL BE SUBJECT TO REDETERMINATION BY THE STATE AT THE TIME OF THE RENEWAL.

A PERFORMANCE BOND IN THE PENAL SUM OF \$10,000 IS TO BE DEPOSITED BY THE LESSEE TO GUARANTEE THE FAITHFUL PERFORMANCE AND OBSERVANCE OF ALL OF THE TERMS AND CONDITIONS OF THE LEASE.

Attachment
Calendar Item 2 (2 pages)

CALENDAR ITEM

2.

PROPOSED MINERAL EXTRACTION LEASE, HUMBOLDT BAY, HUMBOLDT COUNTY; CROWN ZELLERBACH CORPORATION - W.O. 5354.

One bid was received in response to a public Notice of Intention of the State Lands Commission to enter into a lease for the extraction of sand and gravel from 17.33 acres more or less of submerged land in Humboldt Bay, Humboldt County. The bid, submitted by Crown Zellerbach Corporation, offered \$0.08 per cubic yard for all material extracted.

The Office of the Attorney General has advised that, with respect to substantive content, the bid submitted by Crown Zellerbach Corporation conforms with:

1. Bid requirements as specified in the proposal of the State Lands Commission to enter into the aforesaid mineral extraction lease;
2. Applicable provisions of law; and
3. Rules and regulations of the State Lands Commission.

IT IS RECOMMENDED THAT, IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE PUBLIC RESOURCES CODE, THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE TO CROWN ZELLERBACH CORPORATION, THE ONLY BIDDER, A MINERAL EXTRACTION LEASE FOR 17.33 ACRES MORE OR LESS OF SUBMERGED LANDS LYING IN HUMBOLDT BAY, HUMBOLDT COUNTY, AS DETAILED IN EXHIBIT "A" ATTACHED, SUBJECT TO PAYMENT OF A ROYALTY IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

FOR ALL MATERIAL EXTRACTED:

$$R = 0.08 + 0.08 (0)$$

WHERE R = ROYALTY IN DOLLARS AND CENTS PER CUBIC YARD OF MATERIAL EXTRACTED

THE ROYALTY RATE UNDER THE ABOVE SCHEDULE SHALL BE INCREASED AUTOMATICALLY AFTER THE FIRST YEAR OF THE LEASE AT THE RATE OF FIVE PERCENT (5%) PER YEAR FOR EACH OF THE NEXT FOUR YEARS TO THE END OF THE LEASE TERM. FOR EACH SUCCESSIVE LEASE RENEWAL, THE ROYALTY RATE AND THE RATE OF INCREASE PER YEAR (IF ANY), SHALL BE SUBJECT TO REDETERMINATION BY THE STATE AT THE TIME OF THE RENEWAL.

A PERFORMANCE BOND IN THE PENAL SUM OF \$10,000 IS TO BE DEPOSITED BY THE LESSEE TO GUARANTEE THE FAITHFUL PERFORMANCE AND OBSERVANCE OF ALL OF THE TERMS AND CONDITIONS OF THE LEASE.

Attachment
Exhibit "A"

EXHIBIT "A"

W.O. 5354

A PARCEL OF SUBMERGED LANDS IN HUMBOLDT BAY IN THE WEST HALF OF SECTION 28, TOWNSHIP 5 NORTH, RANGE 1 WEST, HUMBOLDT B & M., MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT MONUMENT PRICE - 4-W AS SHOWN ON THAT CERTAIN MAP ENTITLED "HARBOR LINES FOR HUMBOLDT HARBOR AND BAY, CALIFORNIA" SHEET 3 OF 5 SHEETS PREPARED BY U. S. ARMY ENGINEER DISTRICT, SAN FRANCISCO, CORPS OF ENGINEERS AS OF 1 AUGUST 1957; THENCE SOUTH $10^{\circ} 31'$ EAST A DISTANCE OF 593.32 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE SOUTH $85^{\circ} 50'$ EAST A DISTANCE OF 800.00 FEET; THENCE SOUTH $23^{\circ} 30'$ WEST A DISTANCE OF 1,000.00 FEET; THENCE NORTH $85^{\circ} 50'$ WEST A DISTANCE OF 800.00 FEET; THENCE NORTH $23^{\circ} 30'$ EAST A DISTANCE OF 1,000.00 FEET TO THE POINT OF BEGINNING; CONTAINING 17.33 ACRES MORE OR LESS.