

Pending this meeting of the State Board of Forestry, Mr. Nelson further suggests that the State Lands Commission withhold from public sale the school lands involved. The main objection to Mr. DeWitt Nelson's suggestion is that: first, the State Board of Forestry has not made a determination of acquisition; secondly, Forestry does not have money at the present time to purchase the exchanged land; and thirdly, the withholding from sale of the State school lands scattered prevents the Commission from selling from time to time these State school lands, or making exchanges with the Federal Government for other lands which could be sold upon application of the general public.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE WITHHOLDING FROM SALE UNTIL SEPTEMBER 1, 1950, LANDS THAT WOULD BE USED AS BASE IN THE EXCHANGE FOR THE LANDS UNDER CONSIDERATION BY DIVISION OF FORESTRY, UPON THE CONDITION THAT IF APPLICATION IS RECEIVED FROM ANYONE FOR SUCH LANDS THAT THE APPLICATION BE CONSIDERED JOINTLY BY THE DIVISION OF FORESTRY AND THE DIVISION OF STATE LANDS AND A DETERMINATION BE MADE AS TO THE EFFECT OF A SPECIFIC SALE ON THE PROPOSED FORESTRY PROGRAM. IF THERE IS NO EFFECT ON THE GENERAL FORESTRY PROGRAM FOR THE SALE OF SOME ISOLATED TRACT, THEN THE APPLICATION WILL BE FILED AND BE PRESENTED WITH SUCH FINDING TO THE COMMISSION FOR SALE TO THE APPLICANT UNDER THE STANDARD POLICY.

22. (LESSEES OR LEASE APPLICANTS SURETY BONDS SECURED BY COLLATERAL PLACED ON DEPOSIT WITH THE STATE TREASURER - S. D. ACCOUNTING) The Commission was informed that from time to time in the past, and currently by the Oil Terminals Company, the Commission has been requested by lease applicants to accept in lieu of the bond of a Surety company guaranteeing faithful performance, a bond executed by the applicant and secured by collateral in a face value equal to the amount of the bond furnished. Inasmuch as it appears that such requests will be increasingly recurrent, since bonding costs to the lease applicant are materially reduced through this procedure, it has been deemed advisable to place the following recommendation before the Commission.

The purpose of the recommendation is to standardize policy and procedure in connection with these transactions, and to eliminate from the calendar of business presented to the Commission, matters of routine nature, which, after the establishment of policy, can be handled by the Executive Officer and his staff.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THAT THE EXECUTIVE OFFICER BE EMPOWERED TO ACT ON BEHALF OF THE COMMISSION IN THE ACCEPTANCE OF A FAITHFUL PERFORMANCE BOND EXECUTED BY A LESSEE OR LEASE APPLICANT, IN LIEU OF A CORPORATE SURETY BOND UNDER THE FOLLOWING TERMS AND CONDITIONS:

1. THAT THE LESSEE OR APPLICANT HAS FURNISHED SUCH BOND AND OFFERS TO CONVEY TO THE TREASURER OF THE STATE OF CALIFORNIA, FULLY NEGOTIABLE SECURITIES OF THE UNITED STATES GOVERNMENT AS COLLATERAL TO, AND IN THE FULL VALUE OF, THE BOND SO FURNISHED;
2. THAT SAID SECURITIES SO FURNISHED SHALL BE PLACED ON DEPOSIT WITH THE STATE TREASURER, SUBJECT TO THE FOLLOWING CONDITIONS:
  - (a) LESSEES AND APPLICANTS SHALL BE ENTITLED TO RECEIVE FROM THE STATE TREASURER, OR TO APPOINT AN AGENT TO RECEIVE FOR THEM, ALL MATURED COUPONS ATTACHED TO ANY SECURITIES SO HYPOTHECATED.

- (b) NO OTHER INSTRUCTIONS RELATING TO SAID SECURITIES SHALL BE ACCEPTED BY THE STATE TREASURER EXCEPT UPON THE AUTHORIZATION OF THE EXECUTIVE OFFICER OF THE STATE LANDS COMMISSION, AND THEN ONLY PROVIDED SUCH AUTHORIZATION IS ACCOMPANIED BY A CERTIFIED COPY OF A RESOLUTION FROM THE MINUTES OF THE STATE LANDS COMMISSION, APPROVING SUCH INSTRUCTIONS.

23. (ASSIGNMENT OF LEASE P.R.C. 28, PACIFIC LIGHTING CORPORATION, SANTA BARBARA COUNTY - W.O. 698) The Commission was informed that Lease P.R.C. 28 was issued by the State Lands Commission to the Pacific Lighting Corporation, April 30, 1942, covering that portion of the Goleta Gas Field lying under State lands. The field has been used to date by the Pacific Lighting Corporation for underground storage of natural gas. Application has now been received from the Pacific Lighting Corporation for approval by the Commission of an assignment of the subject lease to the Pacific Lighting Gas Supply Company, a wholly-owned subsidiary. Under such assignment Pacific Lighting Gas Supply Company agrees to accept all lease responsibility and liability on and after March 22, 1950. Section 21, Lease P.R.C. 28, provides that the agreement, or any easement or right of way thereby granted, shall not be assigned, either in whole or in part, voluntarily or involuntarily, without the written consent of the Commission first had and obtained, except that all rights and obligations of the Company thereunder may be assigned, transferred and conveyed by the Company to any surviving corporation with which the Company may become consolidated or merged, pursuant to the laws of the State of California or any other applicable law, provided that such assignee meets the qualifications set forth in Section 6801 of the Public Resources Code. The Pacific Lighting Gas Supply Company is a Nevada Corporation and is certified by the principal officers of the Pacific Lighting Corporation and the Pacific Lighting Gas Supply Company as qualified under Section 6801 of the Public Resources Code, which requires that any corporation to be qualified to hold a lease must be owned ninety per cent or more by citizens of the United States. Section 14A, Lease P.R.C. 28 requires that the lessee shall maintain a good and sufficient bond in the sum of \$10,000. to guarantee faithful performance of the terms, covenants and conditions to the agreement and the provisions of Division 6 of the Public Resources Code. The Pacific Lighting Corporation proposes to continue for the benefit of the Pacific Lighting Gas Supply Company the deposit of \$10,000. in bonds made heretofore as surety for the bond filed with the subject lease.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO APPROVE THE ASSIGNMENT OF LEASE P.R.C. 28 FROM THE PACIFIC LIGHTING CORPORATION TO THE PACIFIC LIGHTING GAS SUPPLY COMPANY EFFECTIVE MARCH 22, 1950, SUBJECT TO APPROVAL BY THE ATTORNEY GENERAL OF THE PERFORMANCE BOND OF THE PACIFIC LIGHTING SUPPLY COMPANY REQUIRED BY THE LEASE.

24. (APPLICATION TO PURCHASE MINERAL RESERVATION, MALCOLM L. GILMORE, ET AL., W.C. 684) The Commission was informed that an application has been made by Mr. Malcolm L. Gilmore to purchase the mineral reservation of the State in the  $W\frac{1}{2}$  of  $NW\frac{1}{4}$  and the  $N\frac{1}{2}$  of  $SW\frac{1}{4}$  of Section 2, T. 8 N., R. 3 E., S.B.B. & M., San Bernardino County, containing 160 acres.

Mr. Gilmore and William E. Blackshaw, as joint tenants, are the successors in interest to the subject property of the former estate of Percival D. Wadleigh, sold by the State Controller January 8, 1947, with a reservation to the State of all oil, gas, oil shale, coal, phosphate, sodium, gold, silver, and all other mineral deposits in the real property. The application to purchase the mineral reservation is made pursuant to Section 6406 of the Public Resources Code which