

MINUTES OF BUDGET AND CONTROL BOARD MEETING

JUNE 15, 1965

- o -

The State Budget and Control Board met in the Conference Room of the Governor's Office in the Wade Hampton Building at 10:30 A. M., Tuesday, June 15, 1965 with all members present. Also present were Messrs. J. M. Smith, P. C. Smith and Furman E. McEachern, Jr.

The following business was transacted.

MENTAL HEALTH COMMISSION - SALARIES OF PERSONNEL

Dr. William S. Hall, Director of the Mental Health Commission, appeared before the Board regarding salaries of certain of his administrative personnel.

Dr. Hall indicated that the Commission has recently been accorded full accreditation by the rating agencies involved with accrediting Mental Institutions. Accreditation has been given for the maximum period of three years. South Carolina's Commission is one of very few in the Southeastern area of the United States being fully accredited at this time.

Accreditation has, however, focused attention on the quality of the Commission's professional personnel, with the result that their services are being sought by other institutions. Several key personnel have recently accepted positions in other institutions outside South Carolina because of more lucrative salaries being offered elsewhere.

Dr. Hall submitted for the Board's consideration a proposed salary schedule for administrative personnel involving increases to become effective with the new year beginning July 1, 1965.

The Board discussed the matter with Dr. Hall and requested that he provide them with a comparative statement showing present and proposed salaries of these particular positions.

No action was taken on Dr. Hall's request pending submission of the comparative figures.

STATE-OWNED MARSHLAND

Mr. Charles N. Plowden, of Summerton, and other owners of property in the Murrell's Inlet area, appeared before the Board concerning unauthorized use being made of the State's marshland areas along the coast.

Mr. Plowden informed the Board of a number of cases where marshlands are being taken over for private commercial use without formal leasing or other arrangements with proper State authorities. In many instances, property values of adjoining legitimate land owners has been adversely affected by the particular use being made of the marshland area.

The Board was requested to take the matter under consideration with the objective of providing proper protection to legitimate land owners against this type of encroachment.

Mr. Daniel R. McLeod, Attorney General, was also present during this discussion and indicated to the Board that his office was aware of the instances cited by Mr. Plowden and others. He advised the Board, however, that the pressure of other business in his office prevented proper handling of these matters. He accordingly asked the Board to consider making available such additional personnel as would be required.

The matter was taken under advisement by the Board with no action at this time.

ATTORNEY GENERAL - Additional Personnel Needs

At the conclusion of the marshland matter, Attorney General McLeod asked the Board to approve an allocation from the Civil Contingent Fund to provide one additional Assistant Attorney General for his office.

The increasing volume of work in the Attorney General's office was discussed with Mr. McLeod following which the Board agreed to approve the amount necessary for one additional assistant. It was understood that Mr. McLeod would advise the Board later of the specific amount desired.

PINE HALL-PAMONA CORPORATION - Mining Leases

Mr. McEachern advised the Board that Pine Hall-Pamona Corporation, of Greensboro, N. C. which presently holds two-year mining leases in Beaufort and Jasper Counties, has requested an extension of these leases for a twenty-five year period under legislation enacted at the 1965 Session.

Mr. Henry Johnson, Jr., State Geologist, and Assistant Attorney General Brandon, were present for discussion of the proposed lease. (No. 19)

The proposed form of agreement was presented in detail by Mr. McEachern and commented upon by Mr. Johnson. It was generally agreed that certain items involved in the lease should be discussed further and modified before final agreement as to its terms.

The Board gave general agreement to the proposal with the understanding that certain details would be clarified before final execution.

Mr. McEachern was authorized to advertise the proposed lease as required by law.

GAS, OIL AND MINERAL LEASE - Proposed by John T. Gentry, et al

Mr. McEachern submitted for the Board's consideration a lease for exploration and mining of oil, gas, salt, sulphur and potash along the entire South Carolina coast from mean high tide to the three mile limit, proposed by Mr. John T. Gentry and others, of Pickens County. (No. 20)

Assistant Attorney General Brandon was present and reviewed the details of the lease, concluding with the suggestion that the Board first adopt a general policy with respect to the leasing of areas for this purpose before consideration of any specific proposal.

The Board agreed that a general policy was needed and accordingly declined to take action on this proposal at this time.

A copy of the proposed lease is attached hereto as a part of the minutes.

S. C. SCHOOL FOR BOYS - Sale of Property to Altrusa Club

The Board was requested to approve the sale of a small tract of land,

being part of the property now held by the S. C. School for Boys, at Florence, to the Altrusa Club of Florence, for the establishment of a Foster Home.

Mr. McEachern stated that an appraisal of the property had been made which indicated a value of \$4,200.00. A second appraisal is now being made.

The Board approved the sale at an average price of the two appraisals, with the further provision that a reduction of 50% would be allowed if agreement can be reached on the inclusion of a reversion clause in the deed.

BOILER INSURANCE

The Board noted that legislation was recently passed authorizing the writing of boiler and machinery insurance coverage under the General Services Division.

Mr. McEachern was accordingly authorized to proceed with the development of rates and other details necessary to write this additional insurance.

RATE REDUCTION - Fire and Extended Coverage Insurance

Mr. McEachern asked the Board's approval to make certain reductions in fire and extended coverage insurance rates based on experience of the year 1963-64.

The Board declined to authorize rate changes until more detailed consideration can be given the request.

USE OF BUILDING AT LINCOLN AND LADY STREETS

Mr. McEachern informed the Board that his office had received an offer of \$25,000.00 for the purchase of the property now owned by the State at the corner of Lincoln and Lady Streets in Columbia (commonly referred to as the "Fish House"). This property is now vacant and is in need of rather extensive repair before being useful for any purpose. He also indicated that the Department of Corrections was interested in using this facility in its industry program.

The Board declined to take any action regarding use of this property at this time and declined to accept the purchase offer.

OPPORTUNITY SCHOOL PROPERTY

Mr. McEachern informed the Board that a plat is now being made of property

owned by the State in the general vicinity of the Opportunity School for the purpose of setting off certain areas for specific use by the School.

This matter was received as information by the Board.

WADE HAMPTON BUILDING - First Floor Space Assignment

At Mr. McEachern's request the Board gave consideration to assignment of space to become available on the first floor of the Wade Hampton Building, following relocation of departments when the new Rutledge Office Building is occupied around July 1.

It has been planned that the State Treasurer and Comptroller General will move into the first floor of the Wade Hampton Building. The Board was asked to approve the assignment of space on the second floor of the Wade Hampton Building to the State Development Board which now occupies space on the first floor.

The Board discussed this proposal for the Development Board and also other details of changes planned between offices now located in the State House and the Wade Hampton Building. No specific action was taken regarding the Development Board at this time.

BUILDING RENOVATIONS APPROVED

The Board gave approval to the following renovation programs recommended by Mr. McEachern.

Wade Hampton Building - Relocation of partitions and repairs to floors to accommodate new departments moving into the building after the opening of the Rutledge Building.

Replace elevators in the Calhoun Building.

Minor repairs and repainting of Thomas Lynch Building.

Relocation of partitions, painting and installation of an elevator in the Thomas Heyward Building.

Renovation of Wallace Apartment Building.

Renovation of East Wing of Capitol Building for use of the Supreme Court.

Installation of new lighting fixtures in the ground floor corridor of the Capitol Building.

DEMOLITION OF THREE FRAME BUILDINGS

As authorized in the 1965-66 Appropriation Act, the Board authorized the demolition of frame buildings located at 1408 and 1410 Senate Street and at 1011 Bull Street.

OPERATING BUDGET - STATE BUILDINGS AND GROUNDS

The Board noted that expenses of the operation of State Buildings and Grounds are to be paid from rental charges to be collected by the General Services Division from the several departments and institutions occupying State-owned buildings in 1965-66.

The State Auditor was authorized by the Board to act upon a budget to be proposed by Mr. McEachern for the expenditure of these funds.

STATE-OWNED VEHICLES

The following action was taken regarding State-owned vehicles:

Approval was given to the purchase of an automobile for use by the Director, and other staff members, of the Opportunity School.

The S. C. Area Trade School was authorized to use a State-owned 1957 Chevrolet in their public relations program.

The Board declined to approve a request of the S. C. School for Girls to trade a 1963 Pontiac since this car had been driven only 25,430 miles.

Clemson University was authorized to replace a 1965 Plymouth recently damaged beyond economical repair.

STATE LIBRARY BOARD - Purchase of Property

The 1965 Deficiency Appropriation Act made provision for the construction of a building for the State Library Board at an approximate cost of \$1,300,000.00.

Mr. McEachern advised the Board that negotiations are in process for the purchase of two lots diagonally across from the new Rutledge State Office Building on the corner of Senate and Bull Streets. Definite offers are not available at the moment.

The Board approved the selection of this location and authorized Mr.

McEachern to continue negotiations looking toward the purchase of this site.

STATE BOARD OF HEALTH - Exchange of Leases

The State Board of Health requested the Board's permission to terminate a lease now held for warehouse facilities at 600 Superior Street in Columbia and to enter into a lease with Hester and Hester, of McCormick, for warehouse facilities located near the Columbia Airport. It was noted that additional space was available at the Hester property for approximately the same rental now being paid on Superior Street.

The request was approved.

DISMANTELING MENTAL BUILDINGS - 300 GERVAIS STREET

The Board authorized the dismantling of metal buildings located on property acquired from Humble Oil Company, at 300 Gervais Street. It was understood that the dismantling of these buildings by Humble Oil Company was agreed to at the time this property was purchased by the State.

WILLIAMSBURG COUNTY - \$150,000.00 Loan

As authorized by a 1965 Act, the Board approved a loan of \$150,000.00 to Williamsburg County from State Sinking Funds. The loan will extend for five years at the prevailing 4% interest rate.

No further business was transacted and the meeting adjourned at 1:20

P. M.

No. 19
June 15, 1965

GAS, OIL, AND MINERAL LEASE

THIS AGREEMENT made this _____ day of _____, 196____, by and between the STATE OF SOUTH CAROLINA (acting by its Budget and Control Board, upon the authority of Section 1-363 of the 1962 Code and all other pertinent laws), hereinafter referred to as Lessor, and R. C. McCall, Jr., Fred S. Gurdts, McCombs Hardy, and John T. Gentry, hereinafter referred to as Lessee:

W I T N E S S E T H:

1. In consideration of the sum of One (\$1.00) Dollar to it in hand paid, the receipt of which is hereby acknowledged, and of the agreements of Lessee herein contained, Lessor hereby grants, leases and lets exclusively unto Lessee, subject to all of the terms and conditions hereof, for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and other hydrocarbons, and salt, sulphur and potash, and no other minerals, and for building roads, digging canals, laying pipe lines, building tanks, power stations, telephone and telegraph lines, and other structures and facilities thereon, to produce, save, take care of, treat, transport and own said products and house its employees, the following described property in the State of South Carolina, to-wit:

ALL State-owned highlands, submerged lands, marshlands, tidelands, islands, bars and bottoms not in public use or held for specific public purposes, or owned or controlled by political subdivisions, institutions, boards, agencies, public authorities or corporations of the State, within the area bounded on the North by the North Carolina-South Carolina boundary line; on the East by a line in the Atlantic Ocean running from the North Carolina-South Carolina boundary to the South Carolina-Georgia boundary, said line running seaward three (3) geographical miles distant from the line of mean high tide upon the coast of this State; upon the South by the South Carolina-Georgia boundary line; and upon the landward side by the line of mean high tide upon the ocean beaches, and the shores of tidal bays, rivers, creeks, and other tidal, navigable waters.

which property, for the purposes of this lease, is hereby divided into ten (10) Blocks, as follows:

(1) Ocean Block "A" shall consist of that portion of the leased premises lying seaward of the coast line and south of Latitude 32° 20' 00" North;

(2) Ocean Block "B" shall consist of that portion of the leased premises lying seaward of the coast line and north of Latitude

32° 20' 00" North and south of Latitude 32° 38' 00" North;

(3) Ocean Block "C" shall consist of that portion of the leased premises lying seaward of the coast line and north of Latitude 32° 38' 00" North and south of Latitude 33° 00' 00" North;

(4) Ocean Block "D" shall consist of that portion of the leased premises lying seaward of the coast line and north of Latitude 33° 00' 00" North and south of Latitude 33° 26' 00" North;

(5) Ocean Block "E" shall consist of that portion of the leased premises lying seaward of the coast line and north of Latitude 33° 26' 00" North;

(6) Land Block "AA" shall consist of that portion of the leased premises lying landward of the coast line and south of Latitude 32° 20' 00" North;

(7) Land Block "BB" shall consist of that portion of the leased premises lying landward of the coast line and north of Latitude 32° 20' 00" North and south of Latitude 32° 38' 00" North;

(8) Land Block "CC" shall consist of that portion of the leased premises lying landward of the coast line and north of Latitude 32° 38' 00" North and south of Latitude 33° 00' 00" North;

(9) Land Block "DD" shall consist of that portion of the leased premises lying landward of the coast line and north of Latitude 33° 00' 00" North and south of Latitude 33° 26' 00" North;

(10) Land Block "EE" shall consist of that portion of the leased premises lying landward of the coast line and north of Latitude 33° 26' 00" North.

The determination of any question of the ownership of any area involved under this lease shall be at the risk and expense of the Lessee, and in no case shall Lessor be under any obligation to make or pay for having made a survey of any property lines, without the consent of the Budget and Control Board first had in writing. Further, in the event it shall become necessary to determine the acreages involved for purposes of rentals or otherwise, Lessor's reasonable estimate shall be acceptable to and binding on Lessee.

For a period expiring three (3) years from the date hereof, the term "leased premises" shall be deemed to apply to all of the property covered hereby; but from and after the expiration of three (3) years from the date hereof, the term "leased premises" shall be deemed to apply separately to each of the ten (10) Blocks created above, and from and after the expiration of three (3) years from the date hereof, each of the foregoing Blocks shall be treated as a separate unit, and all obligations hereunder with respect to drilling, development and payment of rentals or royalties shall be deemed to apply to each such Block independently of any other Block, and the drilling,

mining or reworking or location of a well or mine on, the development of, or the production from any such Block shall have no effect upon any other Block covered hereby, except in the event of unitization as hereinafter set forth.

2. Subject to the other provisions hereof, this oil and gas lease shall remain in effect as to the entirety of the leased premises for a primary term of three (3) years from the date hereof, and as to each separate Block, for an additional term of seven (7) years from and after the expiration of said three (3) year period, and for as long thereafter as (a) oil, gas, salt, sulphur, or potash is being produced in paying quantities from such Block, or (b) this lease is maintained in force in any other manner hereinafter provided.

3. Within three (3) years from the date hereof, Lessee agrees to conduct exploratory operations in search of oil, gas, salt, sulphur, and potash upon the leased premises, through the use of gravity meters, seismograph, coring or any and all other scientific methods deemed appropriate by Lessee, including the drilling of wells or sinking of mines in search of such minerals upon the leased premises, all of which shall result in an expenditure by Lessee of no less than One Hundred Fifty Thousand (\$150,000.00) Dollars, in the aggregate, on or prior to the expiration of said three (3) year period, provided that the prior written approval of Lessor must first be had before exploration methods other than gravity surveys, seismic surveys, and core drilling can qualify as bona fide exploration expenditures; and provided that, in order to qualify as bona fide exploration, wells and other core drill holes must extend to crystalline basement rocks or to a recognizable deep stratigraphic horizon agreeable to Lessor. Lessee shall furnish Lessor a statement at the end of each lease year during the life of this agreement setting forth the costs of all operations conducted during such year, such costs to be comparable to and competitive with the rates charged by reputable and independent contractors doing the same work; and Lessor shall have the right to confirm such expenditures by audit. Lessor shall have full and complete access to all information, at all reasonable times, relative to the

result of such exploratory operations upon the leased premises.

4. No later than one hundred twenty (120) days after the beginning of each of the first three (3) years of this lease Lessee must deliver to Lessor or into escrow a deposit of Twenty Five Thousand (\$25,000.00) Dollars to be held pending the successful completion by Lessee of the agreed upon minimum One Hundred Fifty Thousand (\$150,000.00) Dollars in exploration. Upon the successful completion of this minimum exploration the accumulated funds are to be returned to Lessee. In the event Lessee should fail to conduct such exploratory operations at a cost of no less than One Hundred Fifty Thousand (\$150,000.00) Dollars within three (3) years from the date hereof the accumulated funds shall become the property of Lessor; and this lease shall then terminate as to all Blocks covered hereby, except such Blocks upon which there may then be located a well or mine which is producing or capable of producing oil, gas, salt, sulphur, or potash in paying quantities, or which is being drilled or reworked; but Lessee shall have no other or further liability or responsibility in connection therewith.

5. If operations for the drilling of a well or sinking of a mine in search of oil, gas, salt, sulphur, or potash are not commenced upon each Block on or before the expiration of one (1) year and after the expiration of three (3) years from the date hereof, this lease shall then terminate as to each such Block, unless, subject to Lessor's approval, Lessee shall pay or tender to Lessor a rental of fifty (50) cents per acre for all acreage retained in each such Block, which payment shall be in lieu of drilling and shall extend for an additional year the time within which such operations may be commenced. Thereafter, annually, in like manner, and upon like payments or tenders, and subject to Lessor's approval, the commencement of such operations may be further deferred for like periods of one (1) year each during the primary term (10 years); provided, however, Lessee may abandon any portion of the leased premises, and upon that portion retained by the Lessee an annual rental of fifty (50¢) cents per acre shall be paid to Lessor.

Once commenced, drilling of a well or sinking of a mine in fulfillment of requirements set forth in Section 5 herein shall proceed at a reasonable rate, without undue delay, to crystalline basement rocks, or to a local com-

mercially producing horizon (stratum), or to a deep recognizable stratigraphic horizon agreeable to lessor. Drilling of such a well or sinking of such a mine at any time during the primary term (10 years) on any Block shall be sufficient to defer rentals on that Block for four (4) years following completion of said well or mine. Thereafter, in the absence of other such drilling or shaft sinking, rentals of fifty (50¢) cents per acre per year shall apply on the portion of the leased premises herein which are retained by the Lessee.

Upon discovery of oil, gas, salt, sulphur, or potash in commercial quantities a minimum annual rental of One (\$1.00) dollar per acre will be paid the Lessor to apply on royalties as hereinafter provided.

6. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from the leased premises, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substances, produced from the leased premises and sold or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; while there is a gas well on the leased premises or on acreage pooled therewith, but gas is not being sold or used, Lessee shall pay as royalty on or before ninety (90) days after the date on which (1) said well is shut-in, or (2) the leased premises or any portion thereof is included in a pooled unit on which a well is located, or (3) this lease ceases to be maintained, by actual production, operations or rental, as provided herein, whichever is the later date, and thereafter at annual intervals, a sum equal to One Thousand (\$1,000.00) Dollars per well per year, and if such payment is made or tendered, it will be considered that gas is being produced from the leased premises in paying quantities; and (c) on all other minerals mined or marketed, two and one-half (2 1/2%) per cent of such mineral substance, ore, or concentrate, either in kind or value at the well or mine, at Lessee's election, except that on sulphur mined and marketed the royalty shall be fifty (50¢) cents per long ton; on

salt, three (3¢) cents per long ton, and on potash, ten (10¢) cents per long ton. Lessee shall have free use of oil, gas, wood and water from the leased premises, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

7. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease, or any portion thereof as to oil and gas, or either of them, with any other portion of the leased premises, or with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises. Units pooled for oil hereunder shall not substantially exceed 160 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease, or any portion thereof as above provided as to oil in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit. Lessee may at its election exercise its pooling option after commencing operations for or completing an oil or gas well on the leased premises and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. Operations on or production of oil or gas from any part of the pooled unit which includes all or a portion of the land covered by this lease regardless of

whether such operations for drilling were commenced or such production was secured before or after the execution of the instrument designating the pooled unit, shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease, and the entire acreage constituting such unit or units, as to oil and gas or either of them as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in the leased premises. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them, shall be entitled on production of oil and gas, or either of them, from the pooled units, there shall be allocated to the leased premises and included in said unit a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis - that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit that prorata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or pooled unit from which it is producing and not from an oil pooled unit. Any pooled unit designated by Lessee in accordance with the terms hereof may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit.

8. In the event a well or wells producing oil or gas in paying quantities

should be brought in on adjacent lands not owned by the Lessor and within One Hundred Fifty (150') feet of and draining the herein leased lands, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances, provided, however, Lessee shall not be required to drill an offset well to a gas well unless the gas from such well is being produced and marketed, and provided further that Lessee shall not be required to drill an offset well to a gas well so long as Lessee shall pay to Lessor an amount equivalent to a one-sixteenth (1/16) royalty on the gas produced and marketed from such gas well.

9. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of the leased premises, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to a portion of the leased premises, the delay rental and other payments computed in accordance therewith shall thereafter apply only to the acreage retained.

10. The State of South Carolina, or their authorized agents or representatives shall, at all times, and at their sole risk, have access to the books and records of the Lessee and to the wells, gauge books, oil and/or gas meters, tanks, reservoirs, sump holes, buildings, and other structures and appliances placed upon the lands by Lessee, including all mines and mineral operations for the purpose of seeing that Lessee fully complies with its obligations hereunder, and shall be given the continuing right to witness all work and receive, upon request, complete records of all drilling, mining and production data should commercial production be encountered.

11. Lessee agrees to keep logs of all wells drilled upon the leased premises, which logs shall at all times be subject to inspection by the Lessor or its agents. Lessee agrees to take regular samples of material encountered in drilling of wildcat wells, and, upon request, to forward to Lessor a portion thereof, marked to indicate the location of the well and the depth from which said sample is taken. Lessee further agrees to furnish upon request, samples of all cores taken from wells drilled and, upon request, to furnish copies of all electric logs made from wells drilled. Lessee further agrees to keep true and correct account of petroleum and/or gas, minerals, or other valuable

substances from each and every well drilled on the leased premises where any production is found or saved, which said accounts shall be open at all times to the inspection of Lessor or its authorized representatives or agents. All such information obtained by Lessor shall be kept confidential by Lessor during the term of this lease.

12. Notwithstanding any of the foregoing provisions of this agreement, Lessee shall not drill any well or conduct any mining operation within 1320 feet of any of the limits of any incorporated beach resort or municipal corporation located upon the leased premises, or do so within 200 feet of any dwelling house upon the leased premises, without the written consent of such resort or corporation or the owner of such dwelling, as the case may be. Nor shall Lessee conduct any surface operation within any State Park or any State fish, wildlife, or oyster reserve without prior written approval of Lessor.

13. Lessee shall abide by all Federal and State laws regarding pollution and navigation.

14. Lessee shall procure all necessary permits from the Federal government and assume all responsibilities to the Federal government incident to operations under this lease, but the Lessor shall lend assistance in securing such permits, if necessary.

15. Any well, after being drilled, and declared a dry hole by Lessee shall be permanently and tightly sealed in such manner as to prevent escape of salt water to the surface, or its intrusion into any sub-surface structure bearing water in sufficient quantity and of quality suitable for domestic purposes.

16. After production of oil, gas, sulphur, salt, or potash has been secured from the leased premises or land pooled therewith this lease shall not be subject to forfeiture or loss either in whole or in part for failure to conduct operations in compliance with this contract except after judicial ascertainment that Lessee has failed to conduct such operations and has been given a period of sixty (60) days following judicial ascertainment in which to prevent such loss or forfeiture by complying with and discharging its obligations as to which Lessee has been judicially determined to be in default; provided, however, that in the event Lessee has been judicially determined to

be in default, then and in such event Lessor's remedy shall be limited to the recovery of such damages as Lessor has sustained between the date of default and final judicial ascertainment thereof by reason of Lessor's failure properly to discharge its obligations hereunder. In case of cancellation or termination of this lease for any cause, Lessee shall have the right to designate and retain under the terms hereof one hundred sixty (160) acres of land around each well producing oil, being worked on or drilling for oil hereunder, and six hundred forty (640) acres, plus an acreage tolerance not to exceed ten per cent (10%) of three hundred twenty (320) acres of land around each well producing gas, being worked on or drilling for gas hereunder, unless under a governmental spacing order or, in the absence of such order, under the well spacing in the area, a larger or smaller tract has been allotted to each well, in which case, Lessee may retain around each such well the tract so allotted to such well; provided, that the acreage that Lessee may retain hereunder around any such well which is situated in a pooled unit is that portion of the leased premises which is included in such pooled unit.

17. If any operation permitted hereunder or required hereunder, or the performance by Lessee of any covenant, agreement or requirement hereof is delayed or interrupted directly or indirectly by any past or future acts, order, regulations or requirements of the Government of the United States or of any state or other governmental body, or any agency, officer, representative or authority of any of them, or because of delay or inability to get materials, labor, equipment or supplies, or because of flood, storm, or other act of God, or force majeure, or on account of any other similar or dissimilar cause beyond the control of Lessee, the period of such delay or interruption shall not be counted against the Lessee, and this lease shall automatically be extended so long as the cause or causes for such delays or interruptions continue and for a period of six (6) months thereafter. The Lessee shall not be liable to Lessor in damages for failure to perform any operation permitted or required hereunder or to comply with any covenant, agreement or requirement hereof during the time Lessee is relieved from the obligations to comply with such covenants, agreements or requirements.

18. Lessee hereby assumes the responsibility for all damages caused Lessor by the Lessee's operations and agrees to save the Lessor harmless on account of anything arising out of the activities of the Lessee hereunder, the proximate cause of which is any operation of the Lessee.

19. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on the leased premises, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth.

20. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. Mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. In event of assignment of this lease as to a segregated portion of the leased premises, the rentals payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area of each, and default by one shall not affect the rights of other leasehold owners hereunder.

21. Lessor hereby warrants and agrees to defend the title to the leased premises and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon the leased premises, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil, gas or other minerals on, in, or under the leased premises less than the entire fee simple estate, then the royalties and rentals to be paid Lessor shall be reduced in

the proportion that its interest bears to the whole and undivided fee and in accordance with the nature of the estate of which Lessor is seized. Failure of Lessee to reduce rental paid hereunder shall not impair the right of Lessee to reduce royalties. Should any interest in said land be claimed adversely to Lessor, Lessee shall have the right without liability to Lessor to acquire such interest or a lease or leases thereon and in event of failure of title, Lessor shall not be entitled to royalties on any such interest which is not owned by it; and in the event the leased premises, any part thereof, or an interest therein or in the royalties payable hereunder is claimed by others, Lessee shall have the right to withhold without liability for interest thereon payments of royalties on production therefrom or to deposit such royalties in the registry of a court of competent jurisdiction until final determination of Lessor's rights.

22. All moneys payable by Lessee to Lessor hereunder may be made by check or draft of Lessee payable to the Treasurer of the State of South Carolina, and all such payments and all notices and communications required or permitted hereunder shall be deemed to have been received by the respective parties hereto by delivering same or by depositing same in the U. S. Mail, addressed to such parties as follows:

Lessor: Budget and Control Board
State of South Carolina
300 Cervaie Street
Columbia, South Carolina

Lessee: R. C. McCall, Jr.
Fred S. Curdts
McCombs Hardy
John T. Gentry

c/o John T. Gentry,
Box 481,
Pickens, South Carolina

IN TESTIMONY WHEREOF, the Lessee has hereunto signed this instrument, and the State of South Carolina, acting by and through its Budget and Control Board,

has caused this instrument to be executed and delivered in its name and on its behalf, on the date above written.

STATE OF SOUTH CAROLINA,
Lessor.

Signed, Sealed, and Delivered
in the Presence of:

As to Lessor

By: _____ (L.S.)
Governor

By: _____ (L.S.)
Treasurer

By: _____ (L.S.)
Comptroller General

By: _____ (L.S.)
Chairman, Senate Finance Committee

By: _____ (L.S.)
Chairman, House Ways & Means Committee

THE STATE BUDGET & CONTROL BOARD.

As to Lessee

_____ (L.S.)

_____ (L.S.)

_____ (L.S.)

_____ (L.S.)

Lessee

No. 20

June 15, 1965

STATE OF SOUTH CAROLINA)
COUNTIES OF BEAUFORT AND JASPER)

STATE OF SOUTH CAROLINA,)

Lessor,)

and)

PINE HALL-POMONA CORPORATION,)
GREENSBORO, NORTH CAROLINA,)

Lessee)

MINING EXPLORATION PERMIT
AND MINING LEASE

BEAUFORT AND JASPER COUNTIES

THIS AGREEMENT entered into on _____

between the State of South Carolina, acting by and through
the State Budget and Control Board, hereinafter called Lessor,
and Pine Hall-Pomona Corporation, Greensboro, North Carolina,
hereinafter called Lessee.

WITNESSETH: That,

(1) In consideration of the rents and royalties to be
paid and conditions and covenants to be observed as herein set
forth, the Lessor grants to the Lessee, subject to all privi-
leges and uses heretofore duly authorized and prior valid
claims, the exclusive right to explore, mine, remove, and
dispose of any sediments, rocks, clays, phosphate and all
phosphatic materials, and any other mineral substances, metallic
or non-metallic, except oil, gas, oil shale, coal, acid,
potassium, sodium, sulphur and oyster shell (unless said
excepted minerals be byproducts of the mining of phosphate
and other minerals authorized to be mined under this lease),
in, upon, or under the following described lands owned by

the State of South Carolina, to-wit:

any and all of the salt water river bottoms, arms of the sea, tidal lands, and marshlands owned by the State of South Carolina within the borders of Beaufort and Jasper Counties, except areas within State Parks and fish or wildlife refuges and reserves and areas currently leased by the Division of Commercial Fisheries for oyster cultivation and harvesting.

(2) The Lessee shall have the right to enter on these lands and to construct and maintain thereon such structures and other facilities as may be necessary for the exploration, mining, preparation, and removal of acid sediments, rocks, clays, phosphate, and any other minerals, provided that Lessee assumes the full cost and expense of determining the legal title to any and all parts of the area in question.

(3) Subject to the other provisions herein contained this agreement shall be for an initial period of two years from this date, which period is the initial exploration period.

(4) No rentals or royalties shall be paid during the initial exploration period unless actual mining operations are started during this period, in which event the rents and royalties due shall be the same as set forth in paragraphs (8) and (9) below.

(5) This agreement shall become an operating mining lease if the Lessee herein shall notify the Lessor herein in writing by registered mail of his desire to continue the same on or before sixty (60) days of the expiration of this initial exploration period or upon the commencement of actual mining operations, whichever event shall first occur.

(6) Upon said written notice as stipulated in the preceding paragraph or upon the mining, production and removal

of any sediments, rocks, clays, phosphate and other minerals in other than small quantities, royalty payments shall begin, this agreement has become an operating mining lease subject to all of the provisions herein contained and shall continue in full force and effect for a period of twenty-five (25) years from such date.

(7) If after this lease becomes an operating mining lease as heretofore set out, actual mining operations and production cease for a period greater than two (2) years, this lease shall terminate and become null and void unless such interruption of mining operations and production is caused by acts of God, war, rebellion, aggression, strikes, or other causes beyond the control of the Lessee, or unless the Lessor at its discretion agrees to a further extension.

(8) Royalties of two and one-half percent (2 1/2%) of the gross value of any sediments, rocks, clays, phosphate, and any other minerals mined or produced hereunder shall be paid by the Lessee within thirty (30) days of the end of any quarter (three months) in which there is production. Value of such production shall be that at the point of shipment to market, such point of shipment to be the mine or preparation plant as the case may be. The Lessee agrees that the Lessor, for the purpose of determining the royalties due hereunder, may establish reasonable minimum values for the sediments, rocks, clays, phosphate, and any other minerals mined, due consideration being given to the highest price paid for a part or a majority of the production of materials of like

minality produced from the same general area, the price received by the Lessee, posted prices, and other relevant factors.

(8) For any calendar year for which royalty payments are due the Lessee guarantees that these payments will equal or exceed the equivalent of 25 cents per acre for the total acreage covered by the lease at the end of the year. Payments over and above actual royalties are creditable against future royalties.

(9) The Lessee has the right at any time to release to the Lessor any portion of the land originally covered by this lease, it being understood that no rentals or royalties will be refunded but that thereafter such released lands will be completely excluded from all terms of the lease.

(10) The Lessor or its duly appointed representative shall submit to Lessee an estimate of the acreage involved for determining rentals or otherwise. If Lessee disagrees with Lessor's estimate the matter shall be submitted for arbitration as provided by Sections 10-1901 through 10-1903 of the Code of Laws for South Carolina, and the decision of the arbitrators shall be binding. In no case shall Lessor be under any obligation to make or pay for a survey of any property without its prior consent in writing.

(11) Lessee agrees to carry on exploration and mining operations under this lease with reasonable diligence and to submit every three months to the Lessor a statement of exploration and mining activities and the amount and value

of the sediments, rocks, clays, phosphates, and any other minerals produced during the report period.

(13) Lessee agrees to permit at all reasonable times the inspection by Lessor, or its authorized representative, of the leased premises and all surface and underground improvements, works, machinery, equipment, and all books and records pertaining to operations under this lease.

(14) Lessee agrees to furnish Lessor, or its authorized representative, at such times as Lessor may require, maps, logs, and records showing prospecting and development work and improvements on the leased land and other related information, with a report as to all buildings, structures, or other improvements situated elsewhere and owned or operated in conjunction with or as a part of the operations conducted hereunder.

(15) Lessee agrees to pay when due all taxes lawfully assessed and levied under the laws of the State or the United States upon improvements, output of mines, and other rights, property, and assets of the Lessee.

(16) Any assignment of this lease or any interest therein, whether by direct assignment, operating agreement, working or royalty interest, or otherwise, or the subletting of any portion of the leased premises must have the prior written approval of the Lessor. An assignment of all or part of rights to a portion of the acreage in the lease shall separate the lease into separate segregated portions. Rentals and minimum royalty payments herein specified shall apply

THIS CASE MAY HAVE SOME OR ALL OF THE FOLLOWING DEFECTS WHICH MAY BE QUESTIONABLE WHEN READING. IN SPECIAL PROBLEM AREAS, THIS ROLL NOTE MAY BE REFILMED BEFORE THE DOCUMENT OR DOCUMENTS IN QUESTION.

1. PHOTOCOPY NOT CENTERED PROPERLY CUTTING OFF SOME OF THE INFORMATION.
2. DOCUMENTS ARE OF POOR LEGIBILITY AND MAY NOT PHOTOGRAPH WELL.
3. DOCUMENTS DAMAGED OR TORN BEFORE ARRIVING FOR FILMING.
4. DOCUMENTS CONTAIN A DOUBLE-COPY IMAGE, THE UNDERLYING IMAGE IS IRRELEVANT TO THE READABLE INFORMATION.
5. OVERSIZED DOCUMENTS THAT COMPRISE TWO OR MORE FRAMES.
6. DOCUMENTS WITH GLUED INSERTS WHICH WERE OR COULD NOT BE REMOVED, INFORMATION MAY OR MAY NOT BE UNDER THE INSERT.

_____	_____ (L.S.) COMMISSIONER GENERAL
_____	_____ (L.S.) CHIEF, STATE FINANCE COMMITTEE
_____	_____ (L.S.) CHIEF, HOUSE FINANCE COMMITTEE
_____	The State Budget and Control Board
_____	PINE HALL-CORNER COMMISSION (SEAL)
_____	By _____ Title _____
_____	APPROVED: _____
_____	File _____

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the said Court, at the City of New York, this _____ day of _____, 1965.

Subscribed and sworn to before me this _____ day of _____, 1965, at _____, New York.

Notary Public for New York State

Witness my hand and the seal of the said Court, at the City of New York, this _____ day of _____, 1965.

(L.S.)
Notary Public for New York State

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the said Court, at the City of New York, this _____ day of _____, 1965.

Subscribed and sworn to before me this _____ day of _____, 1965, at _____, New York.

Notary Public for New York State

Witness my hand and the seal of the said Court, at the City of New York, this _____ day of _____, 1965.

(L.S.)
Notary Public for New York State

AGENDA MATERIALS
AND SUPPORTING DOCUMENTS
FOR THE MEETING OF
JUNE 15, 1965

Dr. M. G. Grogan
Re: Chapel Organ

Board Meeting

6-15-65

10:30

Gov. Room
J. A. Oye.

Present: all - GMB PB FEM

Dr. Hall

Re: ~~Antenna~~

C Rights 77,000 New Zealand, settled

Complaint filed - own compliance - effort grants till

Re: Salaries

Accruals monthly required - maximum time - 1 yr
year in this area.

Competition drawing off key personnel

Proposed schedule submitted.

Aut. Reg. present scale for comparison

No Action

Charles Bourdieu

Newwood, Astoria, Astoria - M. E. Loe

Murrells Point land owned Cawley's Island rather area

Marshland being taken

Act to allow gov. to Cawley - reg.

No personnel avail

NA

Atty Gen

Problem of personnel procurement

↳ Warranties - Salaries

Increasing responsibilities - CR etc

Agreed to 1 addn' CC7 - when submitted

Pine Hall - Panama

Johnson - Brandon - M. K. L.

Re: Extending leave - 25 years - B'ft + Jav. Cas.
3 weeks ad.

2 yr period of explanation

Now leave remain with permission for
immediate payments to State.

after 2 yrs - running up, leave.

Details to be clarified during advancement
Action later.

Gar Oil & Min. Lease

3 yr period - min responsibilities required

Renewal

Gen Policy needed - Brandon
Carried over

Get copy
of lease

Get copy
of lease

Salvage Prop. to Alb. Clark - 7 acres — 11 acres

Leg. auth. authorizing sale,

Am. appraisal

50% disc for commission clause

(OK)

Primer Insurance

Leg. auth. handling

(OK)

Rate Reduction - 7 x Art campaign

Own

Fifth House

no action

Op. School Land

Plot to be made being made.

To prepare tract.

W.H. Mide - Space Assignment

1st floor

Own

Comm. Wallace Biology

(OK)

Other Renovations

(OK)

Demolition 3 Bldgs

(OK)

Can for Oreinoi

(OK)

Pondguts - Bldgs & Gr.

(OK)

50 Vehicles

(OK)

Re Master Pool

Assignment

Local Participation

Let Mr. Bldg

App. Check work on Stone

Pub. of Health League

(OK)

Diamondback - 300 Gurney St.

(OK)

Purchase of 50 Anties

Quar. Sub. - NO

Clemson - (OK)

Wm. King Loan 150,000

(OK)

5 yr.

1:20

ITEMS FOR CONSIDERATION BY THE BUDGET AND CONTROL BOARD

AT ITS MEETING TUESDAY, JUNE 15, 1965, 10:30 A. M.

GOVERNOR'S OFFICE

- o -

PORTS AUTHORITY - CONSTRUCTION OF CARPENTER SHOP

BU
The Ports Authority is requesting the Board's approval of an expenditure of \$39,000.00 of depreciation funds for the replacement of the present carpenter shop at Pier 15 that is considered no longer serviceable.

The building will consist of a prefabricated steel structure, with approximately 17,000 square feet and will contain principally a shop area with one small office.

WHITTEN VILLAGE - PREPAYMENT OF STATE NOTE

WB
By an Act of 1960, with amendments in later years, authorization was provided for the issuance of State Notes for capital improvements at Whitten Village. These Acts provide that all revenue at Whitten Village from paying patients shall be deposited in a special account in the State Treasury and used only for payment of principal and interest on these Notes.

The accumulation of these fees in this special account has exceeded the amount required for debt service on notes issued up to this time. The General Appropriation Act passed this year provides that any excess accumulation of these fees may be applied toward prepayment of notes if approved by the Budget and Control Board.

At the present time there is a balance of \$758,308.13 in this special account. The Whitten Village Board has formally requested the approval of the Budget and Control Board to apply \$440,000.00 to complete the retirement of the \$550,000.00 Note issued June 1, 1961.

STATE COLLEGE - PURCHASE OF PROPERTY

MM
The Deficiency Appropriation Act of 1964 authorized the issuance of State Notes for several purposes, among which was an issue of \$25,000.00 for purchase of property adjoining the campus of State College in Orangeburg.

ITEMS FOR CONSIDERATION BY THE BUDGET AND CONTROL BOARD

AT ITS MEETING TUESDAY, JUNE 15, 1965, 10:30 A. M.

GOVERNOR'S OFFICE

- o -

PORTS AUTHORITY - CONSTRUCTION OF CARPENTER SHOP

bu
The Ports Authority is requesting the Board's approval of an expenditure of \$39,000.00 of depreciation funds for the replacement of the present carpenter shop at Pier 15 that is considered no longer serviceable.

The building will consist of a prefabricated steel structure, with approximately 17,000 square feet and will contain principally a shop area with one small office.

WHITTEN VILLAGE - PREPAYMENT OF STATE NOTE

bu
By an Act of 1960, with amendments in later years, authorization was provided for the issuance of State Notes for capital improvements at Whitten Village. These Acts provide that all revenue at Whitten Village from paying patients shall be deposited in a special account in the State Treasury and used only for payment of principal and interest on these Notes.

The accumulation of these fees in this special account has exceeded the amount required for debt service on notes issued up to this time. The General Appropriation Act passed this year provides that any excess accumulation of these fees may be applied toward prepayment of notes if approved by the Budget and Control Board.

At the present time there is a balance of \$758,308.13 in this special account. The Whitten Village Board has formally requested the approval of the Budget and Control Board to apply \$440,000.00 to complete the retirement of the \$550,000.00 Note issued June 1, 1961.

STATE COLLEGE - PURCHASE OF PROPERTY

no
The Deficiency Appropriation Act of 1964 authorized the issuance of State Notes for several purposes, among which was an issue of \$25,000.00 for purchase of property adjoining the campus of State College in Orangeburg.

The Act did not specify the particular piece of property for which the notes were authorized but it is generally understood that the so-called Brunson property was the particular tract involved. Mr. Wallace Bethea, Secretary of the College Board, has indicated that there is no prospect of their being able to acquire the Brunson property for \$25,000.00. In view of this he has requested approval of the Budget and Control Board to apply this \$25,000.00 on the purchase of other property on which it is proposed that the new physical education facility be constructed. (This physical education facility was authorized in the Deficiency Appropriation Act of 1965 at an estimated cost of \$1,000,000.00.)

UNIVERSITY OF SOUTH CAROLINA - ACQUISITION OF ADDITIONAL
URBAN RENEWAL AREA

OP
(See See Brown)
The University of South Carolina is requesting the Board's approval of their ultimate acquisition of approximately 3½ city blocks (11.6 acres) of additional urban renewal property South of the present boundry of University property. (See attached map.)

The request indicated that the University must at this time enter into a purchase contract for this property with the Columbia Housing Authority, at a cost of \$200,000.00. It is not expected, however, that actual payment will be necessary for some two or three years from now.

It is proposed that the \$200,000.00 be obtained through the issuance of State Institution Bonds. The University has submitted statistics on tuition revenue indicating its capacity to issue this amount of bonds.

STATE FORESTRY COMMISSION - SALARY OF STATE FORESTER

Over
The Forestry Commission is requesting the Board's approval to increase the salary of John Tiller to \$14,000.00 per year for next year. His present salary is \$13,125.00 and will normally be increased \$300.00 for next year.

DR. WILLIAM S. HALL - SALARIES OF MENTAL HEALTH COMMISSION
PERSONNEL

Dr. Hall has requested to appear before the Board regarding salaries of key personnel in his organization.

MR. CHARLES N. FLOWDEN - USE OF MARSHLAND AREAS

Mr. Flowden has requested to appear before the Board in the interest of the use of certain marshland areas belonging to the State.

INDUSTRIAL COMMISSION - REQUEST FOR FUNDS FOR ADDITIONAL
SECRETARY

Attached is a letter from Paul Macmillan, Jr. requesting \$3,500.00 for an additional secretary for the Compliance Officer added in the General Appropriation Act for next year.



STATE OF SOUTH CAROLINA
DIVISION OF GENERAL SERVICES
BUDGET AND CONTROL BOARD
300 GERVAIS STREET
COLUMBIA

FURMAN E. McEACHERN, JR.
DIRECTOR

BUILDINGS AND GROUNDS
DEPARTMENTAL SERVICES
INSURANCE FOR PUBLIC
BUILDINGS
PRINTING AND OFFICE
SUPPLIES
PURCHASING
SINKING FUNDS
SURPLUS PROPERTY
PROCUREMENT

June 9, 1965

Memorandum to Budget and Control Board Members:

I am attaching a copy of the agenda items which will be presented at the meeting on June 15, 1965.

A handwritten signature in cursive script, appearing to read "F. E. McEachern, Jr.".

F. E. McEachern, Jr.
Director

FEMjr/lb

Attachment

✓CC: Mr. P. C. Smith

STATE BUDGET AND CONTROL BOARD

AGENDA ITEMS

DIVISION OF GENERAL SERVICES

Meeting of June 15, 1965

1) Mining Leases - Jasper and Beaufort Counties

Pine Hall-Pomona Corporation of Greensboro holds leases which were obtained by assignment. The Corporation desires to renegotiate the leases for 25 years under an Act passed by the 1965 General Assembly. Attorney General D. R. McLeod and State Geologist Henry Johnson have reviewed the matter and it is recommended that the new leases be executed in accord with their suggestions.

2) Gas, Oil and Mineral Lease - R. C. McCall, Jr., Fred S. Curdts, McCombs Hardy and John T. Gentry

The above named individuals have asked for an exploration and mining lease for "oil, gas and other hydrocarbons, and salt, sulphur and potash" along the entire South Carolina coast from mean high tide to the three-mile limit. It is recommended that this lease be executed in accord with suggestions made by Attorney General D. R. McLeod and State Geologist Henry Johnson.

3) Sale of Land to Altrusa Club of Florence

The Altrusa Club operates a foster home in Florence and desires to purchase land now held by the School for Boys. The School has declared this tract surplus, and enabling legislation was adopted to permit the sale. One appraisal values the land at \$4,200. A second appraisal is now in progress.

It is recommended that the price for the land be set at the average of the two appraisals, and that a reduction of 50 per cent be allowed on the basis of a clause in the deed which will provide for reversion of the property to the State of South Carolina in the event it is not in continued use for the purpose for which acquired. This recommendation is based on the fact that operation of the foster home reduces State expenditures in the Children's Bureau and the Department of Public Welfare.

4) Boiler Insurance - Insurance Sinking Fund

The General Assembly removed legal restrictions limiting payment of claims only for fire, windstorm and extended coverage losses. It is recommended that the Division of General Services be authorized to provide boiler and machinery coverage for all public buildings at appropriate premium rates. It is further recommended that the Division be authorized to receive proposals

- 4) from reputable companies for the re-insurance of these risks and award a contract for the coverage.

5) Fire and Extended Coverage - Rate Reduction

mm
The Insurance Sinking Fund realized a net gain of 1.4 million dollars for the fiscal year ending June 30, 1964. It is recommended that the Division be authorized to adjust rates downward to a point which will provide for an annual gain of approximately one million dollars from premium and interest income.

✓ 6) Use of Building at Lincoln and Lady Streets

The Division has a request from the Department of Corrections for use of this building in its industry program. Also in hand is an offer to rent the building (Columbia Supply Company) for \$600 per year. A telephone offer for purchase of the building for \$25,000 was made by Walter Keenan Company. It is requested that the Board provide instructions to the Division as to which course of action should be taken.

✓ 7) Assignment of Land for Use of Opportunity School

It is recommended that the Division of General Services be instructed to ascertain the needs of the Opportunity School for land in order that the Budget and Control Board can make a formal assignment and provide for disposition of the remaining property in the vicinity of the Columbia Airport.

✓ 8) Assignment of Space - Wade Hampton Building

It is recommended that space be provided on the first floor for the Comptroller General by removing administrative offices of the Development Board to the second floor. Space will be provided on other floors of the same building for the various units of the Development Board.

✓ 9) Renovation of Wallace Apartment Building

It is recommended that the Division of General Services be authorized to renovate the Wallace Apartment Building. The Children's Bureau will be located on the first and second floors, and the third floor will be available for other assignment. Approximate cost: cut doorways, enlarge one room, and repainting \$15,000; repairs to roof \$2,000; replace window air conditioners \$3,000.

- ✓ 10) It is recommended that the Division of General Services be authorized to proceed as quickly as possible with the following renovations:

Hampton Building - relocation of partitions and
repairs to floors. Approximate cost \$155,000

10) $2x^2$

Calhoun Building - replace elevators	\$ 75,000
--------------------------------------	-----------

Thomas Lynch (Coca Cola) Building -minor repairs and repainting	10,000
--	--------

Thomas Heyward (Caughman) Building - relocate partitions, add offices in basement and painting	35,000
Add elevator (inside stairway is steep, dark and inadequate for public traffic)	25,000

Capitol Building - Renovate east wing for Supreme Court	75,000
Install new lighting - ground floor corridor	30,000

11) Demolition of Three Frame Dwellings

The 1965-66 Appropriation Bill permits the Budget and Control Board to authorize demolition of certain buildings. It is recommended that the buildings at 1408 and 1410 Senate Street and the building at 1011 Bull Street be dismantled when they are vacated.

12) The Division has a request from Dr. Vincent Moseley for authorization to purchase and assign a vehicle to Dr. E. F. Cicenja, Superintendent of South Carolina Retarded Children's Habilitation Center. It is recommended that this request be approved.

13) Operating Budget - Buildings and Grounds

The Buildings and Grounds Section of the Division will be operated from rents collected from State agencies. It is recommended that the State Auditor be authorized to approve the Budget being submitted on the basis of this anticipated income.

14) ~~State-owned Vehicles~~

(a) S. C. Area Trade School requests permission to use a 1957 Chevrolet (acquired as surplus property) for their public relations program. The vehicle was taken out of service when travel regulations were adopted but the school has found that payment of mileage exceeds the cost of operating this car. It is recommended that this request be approved.

(b) The Opportunity School requests permission to purchase a passenger vehicle in the Pontiac class for use of the Director and other staff members in conducting their program. It is recommended that the request be approved, but that the vehicle be of the Chevrolet, Plymouth or Ford range.

- 14) (c) The Division, in operating a small motor pool, has found that certain agencies can operate best with a car placed on permanent assignment. The cars thus assigned are brought in regularly for servicing and preventive maintenance. It is recommended that this practice be approved.

15) Credit Cards - Purchase of Petroleum Products

see
A survey conducted at the direction of the Board indicates that practically all State agencies have from one to six credit cards for purchase of automotive supplies while in travel status. The major oil companies now offer a system of issuing a single credit card which will be honored by all of the companies, with billing being made to the appropriate agency. It is recommended that this matter be pursued by this Division and that State credit cards be issued upon request and approval of the appropriate agency head.

STATE BUDGET AND CONTROL BOARD

ADDITIONAL AGENDA ITEMS

DIVISION OF GENERAL SERVICES

Meeting of June 15, 1965

It is requested that the Board consider the following additional agenda items which have been presented since the agenda was prepared on June 9.

✓ 16) Purchase of Property - State Library Board Building

The South Carolina Savings and Loan League has an option on the property located at 1500 Senate Street. This property was offered to the State several months ago. The Board felt that the State was not in a position to pursue the matter at that time.

This appears to offer the best site for construction of the Library Board Building but the Savings and Loan League has declined the request of the Budget and Control Board to relinquish its option at this time.

In the meantime Mr. Jack Chase has offered the State his property at 1022 Bull Street at a firm price of \$30,000. It is requested that the Board instruct this Division how to proceed in the matter.

✓ 17) The State Board of Health requests permission to terminate a Lease for a warehouse at 600 Superior Street and enter into a Lease with Hester and Hester of McCormick for warehouses located near the Columbia Airport. The amount of rent is about the same, but there is an increase in the square footage in the new premises. Increased space, and the fact that the Board of Health has suffered vandalism five times during the past year has prompted this request. It is recommended that this request be approved.

✓ 18) Dismantling Metal Buildings - 300 Gervais Street

This Division has a request from Mr. W. B. Fowler, District Manager of Humble Oil Company, for the dismantling of two metal buildings located in the area presently leased to that firm. A representative of the company committed these buildings to customers based on a conversation with the previous director of this Division.

Mr. E. H. Talbert, Surplus Property Officer, has examined the buildings and, in his opinion, the cost of dismantling and re-erecting the buildings for State use would exceed any possible value they might have.

It is recommended that the Board authorize Humble Oil Company to dispose of the buildings in accord with Mr. Fowler's request.

19) Purchase of State-owned Automobiles

- ✓ (a) S. C. School for Girls requests authorization to trade a 1963 Pontiac with 25,430 miles for a 1965 model with similar equipment. This is a general-purpose car for the school. It is recommended that the request be approved.
- (b) Clemson University requests approval to purchase a 1965 Plymouth Fury II to replace a similar make a model which was damaged beyond economical repair. It is recommended that this request be approved.

20) Loan - Williamsburg County

Legislation has been enacted authorizing a loan of \$150,000 to Williamsburg County. It is requested that the members of the Board sign this authorization in order that the loan may be completed upon receipt of the Notes.

(R294, S39)

An Act To Amend Section 1-367, Code Of Laws Of South Carolina, 1962, As Amended, Relating To The Granting Of Phosphate Mining Licenses By The State Budget And Control Board, So As To Further Provide For The Grant Or Issuance Of Leases Or Licenses And Require The Board Report All Leases And Licenses.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 1-367, Code of Laws of South Carolina, 1962, as amended, is further amended to read as follows:

"Section 1-367. The Board may issue to any person who applies for a lease or license granting a general right to dig, mine and remove phosphate rock and phosphatic deposits from all the navigable streams, waters and marshes belonging to the State and also from such of the creeks, not navigable, lying therein as may contain phosphate rock and deposits belonging to the State and not previously granted. Such leases or licenses may be for such terms as may be determined by the Board. The annual report of the Board to the General Assembly shall include a list of all effective leases and licenses. The Board may make a firm contract for the royalty to be paid the State which shall not be increased during the life of the license. *Provided*, that prior to the grant or issuance of any lease or license, the Board shall cause to be published a notice of such application in a newspaper having general circulation in the county once a week for three successive weeks prior to the grant or issuance. *Provided*, further, the lessee or licensee may not take possession if there be an adverse claim and the burden of proving ownership in the State shall be placed upon the lessee or licensee."

SECTION 2. All acts or parts of acts inconsistent herewith are repealed.

SECTION 3. This act shall take effect upon approval by the Governor.

In the Senate House the 14th day of April

In the Year of Our Lord, One Thousand Nine Hundred and Sixty-Five.

ROBERT E. McNAIR,
President of the Senate.

SOLOMON BLATT,
Speaker of the House of Representatives.

Approved the 16th day of April, 1965.

DONALD RUSSELL,
Governor.

Mr J M Smith

Budget and Control Board Meeting - June 15, 1965

ACTION TAKEN

1) Mining Leases - Jasper and Beaufort Counties

The Board approved the advertising of the proposed leases in Beaufort and Jasper County weekly newspapers. The Office of the Attorney General is to review and prepare a Lease which will be acceptable to the State. Final action will be taken after July 5, when any letters or comments pertaining to the proposed Lease are reviewed by the Board.

2) Gas, Oil and Mineral Lease - R. C. McCall, Jr., Fred S. Curdts, McCombs Hardy and John T. Gentry

The Board asked Attorney General D. R. McLeod to review this entire situation and to submit a suggested policy pertaining to such leases for consideration by the Board.

3) Sale of Land to Altrusa Club of Florence

Approved as recommended, with the Office of the Attorney General to prepare the Deed containing a reversionary clause.

4) Boiler Insurance - Insurance Sinking Fund

The Board authorized the Division of General Services to receive proposals for machinery and boiler coverage to be presented to the Board for approval prior to the signing of a contract.

5) Fire and Extended Coverage - Rate Reduction

Carried over pending receipt of proposals for boiler and machinery coverage and a review of loss experiences.

6) Use of Building at Lincoln and Lady Streets

The Board declined the offer to rent this building and held other action in abeyance.

7) Assignment of Land for Use of Opportunity School

Approved. Director of General Services to work with the Opportunity School in determining land needs and present recommendations to the Board.

8) Assignment of Space - Wade Hampton Building

Carried over.

9) Renovation of Wallace Apartment Building

The Board approved renovation of the Wallace Apartment Building and authorized the Division of General Services to receive quotations for proposed renovations to be approved by the Board.

- 10) The Board approved renovations outlined for the various buildings with quotations to be submitted to the Board for approval.

11) Demolition of Three Frame Dwellings

Approved. The Division of General Services is authorized to work with the Penetentiary in dismantling the buildings if the Department of Corrections can use the materials which will be salvaged.

- 12) The Board approved the purchase of a State-owned automobile of the Pontiac Star Chief class for assignment to Dr. E. F. Cicenja of the S. C. Retarded Children's Habilitation Center.

- 13) The Board authorized State Auditor J. M. Smith to review and approve the operating budgets of the Surplus Property Procurement Section and the Buildings and Grounds Section of the Division of General Services.

14) State - owned Vehicles

- (a) S. C. Area Trade School - Approved
- (b) Opportunity School - Approved purchase of a vehicle of the Pontiac Catalina class.
- (c) Board approved policy of permanent assignment of vehicles to agencies where such assignment is warranted.

15) Credit Cards - Purchase of Petroleum Products

Passed over because of lack of time.

Non-Agenda Item

A request from the Director of the Department of Corrections was approved for the assignment of vehicles to Wardens and other employees with Constable Commissions on a 24-hour basis when on duty and on call.

16) Purchase of Property - State Library Board Building

The Board authorized negotiation for property in the vicinity of Senate and Bull Streets for possible acquisition as a site for the State Library Board Building.

-
- 17) The Board approved the request of the State Board of Health to terminate a Lease for warehouse space at 600 Superior Street and enter into a Lease with Hester and Hester of McCormick for a warehouse located at the Columbia Airport.
- 18) The Board authorized the Division of General Services to permit Humble Oil Company to dismantle two metal buildings located in the area presently leased by that firm.
- 19) Purchase of State-owned Automobiles
- (a) The Board did not approve the request of the S. C. School for Girls to trade a 1963 Pontiac because of the apparent good condition of the automobile and the low mileage.
 - (b) The Board approved the purchase of a vehicle by Clemson University to replace a similar model damaged beyond repair in an accident.
- 20) Loan - Williamsburg County
- In accord with enabling legislation, the Board approved a loan of \$150,000 to the Williamsburg County Board of Education.

JOAB M. DOWLING

G. G. DOWLING

JAMES C. SANDERS

MARVIN H. DUKES

DONALD A. FANNING
ASSOCIATE

DOWLING, DOWLING, SANDERS & DUKES
ATTORNEYS AT LAW
BEAUFORT, S. C. 29903

AREA CODE 803
TELEPHONE JACKSON 4-4137

June 2, 1965

C
O
P
Y
The Honorable Robert E. McNair
Governor, State of South Carolina
State Office Building
Columbia, South Carolina

Re: Pine Hall-Pomona Corporation
Greensboro, North Carolina
Mining Exploration Permits in
Beaufort and Jasper Counties

Dear Governor:

It was nice to see you last Friday and after talking with you I had an occasion to talk with Mr. Smith and also with Mr. Johnson at the Attorney General's office. Mr. Smith suggested that it would certainly be of some assistance to the members of the Budget and Control Board to have some prior knowledge of Pine Hall-Pomona Corporation's activities to date in connection with the above permits and leases and also some prior knowledge of their wishes concerning renewals prior to a meeting. He suggested that I write a letter to all of the members and other interested parties at the time we made a request for a meeting.

It is my understanding that the present permit for Jasper County expires on June 14. On April 8 Mr. Boren, president of Pine Hall-Pomona Corporation, requested a 2-year extension of the initial exploration period by letter to Mr. McEachern. The Beaufort County permit expires on August 27. Mr. Boren wrote a letter to Mr. McEachern on June 1 requesting an extension on that.

I am informed that Pine Hall-Pomona Corporation has, during the last two years, expended approximately \$500,000. in Beaufort and Jasper Counties making extensive explorations of the phosphate deposit and computing reserves. I am told

The Honorable Robert E. McNair - #2

that more than 300 test holes have been drilled and thousands of laboratory tests have been made on samples in Chicago, Florida, Savannah, North Carolina Mineral Laboratory in Asheville and at Clemson University. At this particular time a rather large quantity of this material is being run in pilot plant test in Asheville. Mr. Boren tells me that these explorations have proved reserves of 15/25,000,000 tons of phosphate that can be economically mined with additional indicated reserves of 20/30,000,000 tons that may be available at a later date with some change in mining procedures. For the past several months Pine Hall-Pomona Corporation has been taking leases from private individuals in certain areas of Beaufort County and expects to complete these within the next 90 days, at which time additional reserves will be available to them.

In short, Pine Hall-Pomona is satisfied that phosphate mining is economically feasible in this area and are going ahead with their plans to develop this industry now that sufficient reserves have been proved. I am informed that this project will be done on a joint venture basis with one or two large national companies now engaged in some phase of mining, fertilizer or chemical production, and that the initial plant and equipment cost will run between \$10/15,000,000. Mr. Boren estimates that the total complex would produce in excess of \$50,000,000.00 of salable product annually.

Under the existing legislation it is my impression that the Budget and Control Board has authority to give a lease for mining purposes up to 25 years. The private leases being taken are for 5 years with five 5-year renewals. It would be our wish to get a lease from the State for the 25 year period with proper safeguards to the effect that if no further activity or development is done within 3 years the lease would terminate and if mining operations were commenced and they were thereafter terminated for a period of 3 years the lease would automatically terminate. The lease will also provide for annual payments per acre for any areas not being mined. In addition to this, the State will get a 2½% royalty, which is the same royalty paid to the private landowners.

It would be appreciated if the Budget and Control Board would notify me about a meeting at an early date so

The Honorable Robert E. McNair - #3

that we might discuss this matter more fully.

I am furnishing to the Attorney General's office a suggested permit and lease so that they might have an opportunity to examine it and comment thereon prior to the meeting.

Your interest in this matter is greatly appreciated and I shall look forward to hearing from you.

Most sincerely,


Joab M. Dowling

JMD/o

cc:
Honorable Jeff Bates
Honorable E. C. Rhodes
Honorable F. E. McEachern, Jr.
Honorable Henry Johnson
Honorable Julian Johnson
Senator Edgar A. Brown
Senator Henry Walker
Honorable J. M. Smith
Honorable R. J. Aycock



WHITTEN VILLAGE

B. O. WHITTEN, M. D. SUPERINTENDENT
CLINTON, S. C.

May 12, 1965

Mr. Pat Smith,
State Auditor's Office,
Wade Hampton Office Building,
Columbia, South Carolina

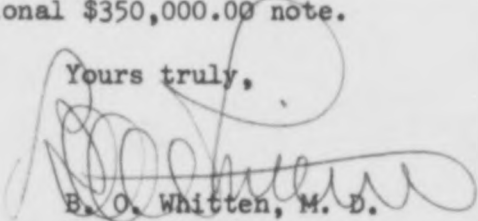
Dear Pat:

Enclosed herewith certified copies of resolution which Board of Trustees approved this date. I do not recall whether you want the extra copies or not, but am sending because they are available.

Try to expedite favorable action on this and see whether Huger Sinkler will do likewise. As you know, nothing can be done toward getting our old hospital ready to admit some emergency cases until we get the funds, and I don't want to jump the gun and order beds until I know the funds are definitely forthcoming.

We still have no word reference to additional \$350,000.00 note.

Yours truly,


B. O. Whitten, M. D.
Superintendent

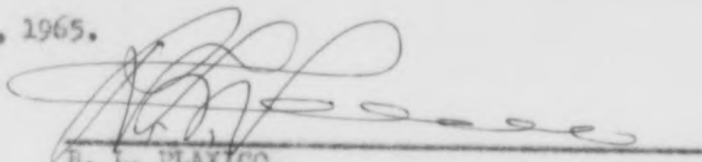
BOW:rms

Enclosures

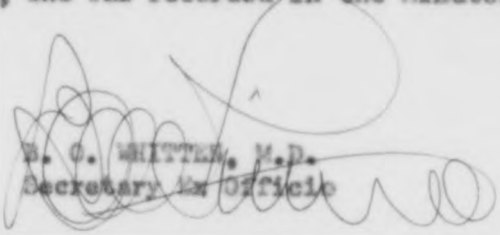
-2-

(5) The Secretary of the Trustees shall deliver a certified copy of this resolution to the State Budget and Control Board of the State of South Carolina, and it is hereby declared that such certified copy shall constitute the application required by Section 1 of Act 1100.

Dated this 12th day of May, A. D., 1965.


R. L. PLAXICO,
CHAIRMAN, BOARD OF TRUSTEES OF WHITTEN VILLAGE
CLINTON, SOUTH CAROLINA

The foregoing is a copy of Resolution duly adopted by the Board of Trustees of Whitten Village at its meeting in the office of the Superintendent, Whitten Village, Clinton, S. C., on May 12, 1965, and was recorded in the Minutes Book of the said Board.


B. C. WHITTEN, M.D.
Secretary in Office

SWORN TO AND SUBSCRIBED BEFORE ME THIS

12th day of MAY, A. D., 1965

Maria K. Brown (L.S.)
NOTARY PUBLIC IN AND FOR SOUTH CAROLINA

RESOLUTION

WHEREAS, the Board of Trustees of Whitten Village (the Trustees) as appointed by Article 2, Chapter 6, Title 32 (Sections 32-1071, et seq.), of Act No. 1100 of the General Assembly of the State of South Carolina, entitled "AN ACT TO AUTHORIZE THE ISSUANCE OF NOTES OR BONDS FOR MENTAL HEALTH FACILITIES; TO PRESCRIBE THE CONDITIONS UNDER WHICH THEY MAY BE ISSUED TO PROVIDE FOR INVESTMENTS IN SUCH NOTES OR BONDS; AND TO PROVIDE FOR THEIR PAYMENT," approved the 20th day of April 1964 (Act 1100) and amended in Section 7, Part II of Appropriations Bill 1965, to make application to the State Budget and Control Board of South Carolina (the Board) for funds to be used at the state institution known as Whitten Village, for the purposes set forth in Section of Act 1100, and

WHEREAS, the Trustees wish to make improvements hereinafter described and to finance the cost thereof with notes issued pursuant to Act 1100,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF WHITTEN VILLAGE IN MEETING DULY ASSEMBLED:

(1) The Trustees hereby respectfully request the State Budget and Control Board to apply funds for retirement of note issued June 1, 1961, in amount of \$550,000.00 from the accumulation of fees now in the special fund to provide retirement of said note, and

(2) The Trustees hereby make application for an additional note for \$550,000.00 to be used for the following needs:

- (a) Construction of new Dining Hall for Campus area, with basement for fall out shelter;
- (b) Renovation and additional space for Administration Building;
- (c) Renovating old vacant hospital and purchase of new equipment for same;
- (d) Major Repairs to certain existing dormitories;
- (e) Staff quarters and cottages;
- (f) Enlargement and distribution of water supply.

(3) The Trustees have ascertained and determined, after an analysis of receipts during the past two years and 10 months, that the revenue will be more than adequate to retire all notes outstanding and the new note herein requested. Revenues received are as follows:

<u>Period covered</u>	<u>Revenue from Patients</u>
Fiscal year 1962-63	\$245,832.00
" " 1963-64	247,637.00
First 10 months 1964-65	288,657.44
Total	<u>\$782,126.44</u>

(4) The Trustees suggest that the indebtedness herewith sought to be incurred shall be issued in the form of a single fully registered note. That the same be dated as of July 1, 1965, bear interest at the rate of 4 1/2 per cent per annum, from the date of delivery of the note, as established by the certification endorsed thereon, payable on the ____ day of _____ and _____ of each year, commencing _____, and mature in twenty successive annual installments of _____ each, payable on _____ in each of the years _____ to _____, inclusive.



STATE OF SOUTH CAROLINA

THE SENATE

COLUMBIA

EDGAR A. BROWN
PRESIDENT PRO TEMPORE

HOME ADDRESS:
BARNWELL

Barnwell, South Carolina
June 18, 1965

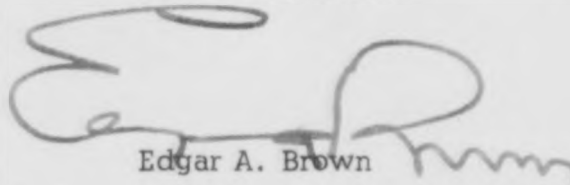
Mr. P. C. Smith
Assistant State Auditor
P. O. Box 333
Columbia, South Carolina

Dear Pat:

Your letter of June 16th at hand and noted. I am sorry I had to leave the meeting the other day before we could pass upon the request for 11-1/2 acres of additional property which the University wants to acquire.

I am glad to approve the request of the University with respect to the acquisition of this additional property.

Yours very truly,



Edgar A. Brown

B:f

B & C Board

The South Carolina Industrial Commission

ADMINISTERING THE WORKMEN'S COMPENSATION ACT
1015 MAIN STREET

PAUL M. MACMILLAN, JR., CHAIRMAN
LOUISE B. WIDEMAN
JAMES J. REID
T. M. NELSON
J. DAWSON ADDIS
HOLMES C. DREHER



LEONARD E. DRUMMOND
ADMINISTRATIVE ASSISTANT

Columbia, S. C. 29201

June 10, 1965

Dr. J. M. Smith
State Auditor
Columbia, South Carolina

Dear Doctor Smith:

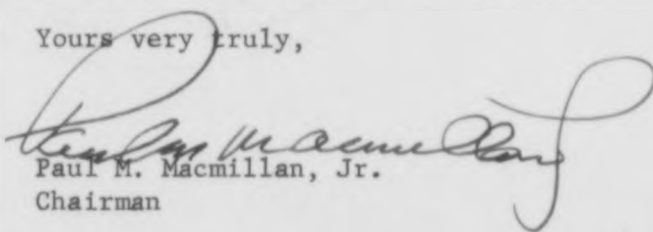
In our budget request for the fiscal year 1965-66 we requested four additional employees--a Compliance Officer and Secretary and a Vocational Rehabilitation Counselor and Secretary. Funds were appropriated in the General Appropriation Act for the fiscal year 1965-66 for a Compliance Officer and a Vocational Rehabilitation Counselor and Secretary, but no appropriation was granted for a Secretary for the Compliance Officer.

The duties of the Compliance Officer will require him to make investigations of employers all over the State who employ fifteen or more employees and who are not operating under the provisions of the Workmen's Compensation Law. A full-time Secretary for this Compliance Officer is needed to help in checking employers to be investigated against our coverage records, typing investigation reports after investigations are made, keeping up with general correspondence, setting and keeping up the necessary filing system, and numerous other duties.

After a careful study of our present office personnel and the work load required of them to perform, we do not see how we can possibly assign any one of these employees to be the Secretary to the Compliance Officer as all our present positions are necessary in order to carry out the work of this Department efficiently and effectively.

Therefore, we respectfully request that the Budget and Control Board reconsider our request for a Secretary for the Compliance Officer at a salary of \$3,500.00. We hope that this request can be approved as soon as possible so that this division can go into operation July 1st.

Yours very truly,


Paul M. Macmillan, Jr.
Chairman

PMMJr:gl

540

"Always Be Careful"

E N D