

A meeting of the State Lands Commission was held in the office of the Department of Finance, State Building, Los Angeles, at 9:30 a.m., August 9, 1938.

Present were:

George J. Hatfield, Member
Harry B. Riley, Member

Absent was:

A. E. Stockburger, Chairman

Upon motion of Mr. Hatfield, seconded by Mr. Riley, and unanimously carried, Mr. Riley was named Chairman pro tem to act in the absence of Chairman Stockburger.

Upon motion of Mr. Hatfield, seconded by Mr. Riley, and unanimously carried, minutes of the meeting of July 26, 1938, were approved as presented.

The Executive Officer reported to the Commission that the official publication of "Notice of Intention" of the State Lands Commission to receive offers to enter into an agreement or agreements for extraction of oil and gas and other hydrocarbons from certain tide and submerged lands of the State situate in Orange County, California, had been referred to the Department of Finance for selection of a medium and that the Anaheim Bulletin, a daily newspaper of general circulation, had been designated and selected by the Department of Finance, and that publication had been commenced in that medium on the 8th day of August, 1938; and, further, that said notice was also being run in the Huntington Beach News, Huntington Beach, California, a newspaper of general circulation published weekly, on the 11th day, the 18th and 25th days of August, 1938, for the purpose of wider dissemination of the information but not as the official publication of the Commission. Upon motion of Mr. Hatfield, and seconded by Mr. Riley, and unanimously carried, the foregoing action of the Executive Officer was ratified and confirmed.

The Executive Officer reported that the form of easement authorized and approved by the Commission at the meeting held July 26, 1938, for the purpose of providing a form of bid, had approval of Deputy Attorney General L. G. Campbell, Dr. E. K. Soper, Consulting Geologist and Petroleum Engineer of the Commission, Lawrence Allyn, Deputy Legislative Counsel, and the Executive Officer. Upon motion of Mr. Hatfield, seconded by Mr. Riley, and unanimously carried, action taken by the Executive Officer in obtaining approval of said "Agreement for Easement _____, Huntington Beach", was approved and confirmed, and said form of "Agreement for Easement _____, Huntington Beach", was approved.

The Executive Officer was instructed by the Commission to obtain certificate of the condition of the title to that area described in form of "Agreement for Easement _____, Huntington Beach", as the "uplands".

The Executive Officer gave an oral report to the Commission of studies to date of the interests of the State in lands in the vicinity of Rio Vista, California, believed to contain natural gas. The Executive Officer was instructed to continue the investigation and report to the Commission at the meeting September 1, 1938.

Upon report of the Executive Officer of the inability of the Division of State Lands to obtain gaugers from existing civil service list, the Executive Officer was instructed to request the State Personnel Board to abolish the existing list and hold an examination for eligibles.

The Executive Officer reported to the Commission the obligation in the sum of \$18,000 of the Bestmi Petroleum Corporation, trespasser into the State lands at Huntington Beach, and that it appeared the State would be unable to collect this from the trespasser on account of the insolvency of the Bestmi Petroleum Corporation, but that it further appeared the Commission could enter into an agreement with Mr. and Mrs. H. G. Steans, owners of Lots 21 and 23, Block 220, City of Huntington Beach, whereby the lots would be made available for directional drilling into the State lands at an overriding royalty rate of 1% per lot, and upon obtaining such rights with respect to said lots, the State could then offer a portion of the State lands for the purpose of extraction of oil and gas therefrom, at a bonus in the sum of not less than the amount of the obligation, plus a royalty rate to the State. Upon motion of Mr. Riley, seconded by Mr. Hatfield, and unanimously carried, the Executive Officer was directed to proceed with negotiations and present a plan of procedure to the Commission at the next meeting for such action as the Commission might deem proper.

Upon motion of Mr. Hatfield, seconded by Mr. Riley, and unanimously carried, the Executive Officer was instructed to take action as follows:

1. To decline to approve extension of the time within which to commence drilling operations under State Oil and Gas Prospecting Permit No. 384;
2. To obtain from the Attorney General written advice to the Commission concerning the Attorney General's position with respect to application for rehearing in the matter of City of Long Beach vs. Marahal with State of California as intervenor;
3. To furnish any information required by the Department of Finance for the purpose of making report to Governor's Council.

Upon motion of Mr. Hatfield, seconded by Mr. Riley, and unanimously carried, action of the Executive Officer was approved and confirmed, as follows:

1. Approval of assignment of Lease No. 617, covering Lot 62, Fish Canyon, from J. H. Ebaugh to Miss A. R. McCormick;

2. Appointment of Esther Olney, Intermediate Stenographer-Clerk, at headquarters of the Commission in Los Angeles;

3. Layoff of Lorraine Phillips, Junior Stenographer-Clerk, in the Sacramento office of the Commission;

4. Emergency appointment of T. C. I. Anderson, Junior Geological Draftsman, at headquarters of Commission in Los Angeles;

5. Refunds to A. G. Hill in the sum of \$200. and T. R. Fraser in the sum of \$407, holders of indemnity certificates;

6. Request to State Personnel Board to waive age limit requirement under classification of Consulting Geologist and Petroleum Engineer, with respect to Dr. E. K. Soper.

Upon motion of Mr. Riley, seconded by Mr. Hatfield, and unanimously carried, the Commission adopted resolution as follows:

BE IT RESOLVED That Gertrude Larimer and Lois K. Daube, or either of them, be, and each of them, is hereby authorized and empowered pursuant to Rule 24 of the Rules and Regulations of the State Board of Control, to execute on behalf of and in the name of the Commission, claim schedules containing items which have received the prior approval of the Commission.

On motion of Mr. Riley, seconded by Mr. Hatfield, and unanimously carried, execution of agreement between Legislative Counsel Bureau and the State Lands Commission for the employment of Lawrence Allyn for the purpose of drafting rules and regulations of the Commission, was confirmed and ratified.

On motion of Mr. Hatfield, seconded by Mr. Riley, and unanimously carried, the action of the Executive Officer in approving 76 items for services and materials in the sum total of \$5, 191.31, was ratified and confirmed, and it was ordered that identification of said items be filed in the records of the Commission.

There being no further business to come before the Commission, the meeting was adjourned.