

A meeting of the State Lands Commission was held in the office of the Department of Finance, State Capitol, Sacramento, at 9:30 a.m., March 9, 1939.

Present were:

Phil S. Gibson, Chairman
Ellis E. Patterson, Member
Harry B. Riley, Member

The Executive Officer advised the Commission that Walter J. Little and C. J. Foulds, upon behalf of the Southern Pacific Company, and Frank S. Roberts, upon behalf of the Hogan Lumber Company, were waiting outside and desired to appear before the Commission to present evidence in support of applications of these corporations for grant of easement from the State of certain tide and submerged lands fronting their respective properties in the Oakland Estuary, City of Oakland, County of Alameda. These gentlemen appeared before the Commission upon behalf of their respective applications. After discussion, Mr. Patterson moved and Mr. Riley seconded, and unanimously carried, that no action be taken at this time upon the applications and that the matters be continued for consideration at a future meeting.

The Executive Officer advised the Commission that Stanley Pedder desired to appear before the Commission to urge the Commission to request the Attorney General to seek an injunction against the City of Los Angeles to prevent future flooding of Owens Lake at which place the Natural Soda Products Company, a corporation represented by Mr. Pedder, held leases from the State. Mr. Pedder appeared, and after discussion, decided to take no action upon the proposal, and upon motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, Mr. Gibson was requested to take up the matter with the Attorney General in an effort to determine whether or not the rights of the State and its lessees might be protected without the necessity of institution of an action in court.

The Executive Officer presented to the Commission application of Kirk E. Boone, lessee under State Oil and Gas Lease No. 81 at Rincon, for an extension of the time for one year after January 1, 1939, within which to commence drilling requirements of the lease. The Commission was advised by Mr. Atherton that no drilling had taken place upon the lease and that it had been granted by the State under a unit plan of operation authorized by the Legislature. The only advantage to extending the time within which to commence drilling operations would be to enable Mr. Boone to sell the lease at a profit should oil be discovered upon adjoining State Oil and Gas Lease No. 82, or, as an alternative, Mr. Boone could perhaps raise the capital and proceed with the drilling himself. After consideration of the application, and in view of the low royalty rate set forth in the lease, motion was made by Mr. Gibson, seconded by Mr. Riley, and unanimously adopted, that the application be denied, and the action heretofore taken by the Executive Officer giving notice of cancellation of said lease be confirmed and approved.

The application of Stamex Oil and Gas Company of Beverly Hills was presented to the Commission. In this application, the applicant seeks approval by the Commission of a so-called working agreement with the lessee of State Oil and Gas Lease No. 16 at Summerland, California. The plan set forth in the agreement contemplates drilling on either the uplands or the tidelands.

Upon motion of Mr. Gibson, seconded by Mr. Riley, and unanimously carried, the Commission refused to give its approval to said working agreement.

A report was made by the Executive Officer of negotiations with Standard Oil Company of California to obtain a compensatory agreement whereby the State of California would receive royalty on account of gas being extracted by this company at McDonald Island, San Joaquin County, California. It was explained that Standard Oil Company is agreeable to an agreement whereby it would accept the State's findings respecting the amount of land contained in beds or rivers and sloughs within the limits of the field which is about 8.28% of the field, and pay the State the same royalty of 12½%, the same as that being paid to the company's lessees in the field upon a market price of 7 cents per thousand cubic feet. The Executive Officer presented figures from the books of the Standard Oil Company which showed of the 8 wells drilled in the field, 7 produced during the month of January 37, 121,000 cubic feet of gas. It was requested by the Executive Officer that authority be given to negotiate an agreement with the Standard Oil Company on the basis hereinbefore set forth. It was the opinion of Mr. Gibson that no action should be taken and the matter should be passed for the present.

The Commission was advised by the Executive Officer of negotiations with Amerada Petroleum Corporation to obtain a compensatory agreement with that corporation, Standard Oil Company of California, the Texas Company, the Superior Oil Company, to compensate the State on account of drainage of gas from lands of the State under the bed of the Sacramento River and adjacent sloughs and rivers near Rio Vista, California. The Executive Officer recommended that he be authorized to continue the negotiations in an attempt to obtain consent of the operators in the field to the payment of a royalty of 12½% upon the proportionate amount of gas being drained by the operators, such agreement, however, to contain a clause empowering the Amerada and other corporations on the one hand and the State on the other, to cancel upon reasonable notice. Upon motion of Mr. Gibson, seconded by Mr. Riley, and unanimously carried, the Executive Officer was authorized to continue negotiations with the companies above named in order to obtain an agreement such as hereinbefore mentioned and to present such agreement if obtained at the next meeting for consideration of the Commission.

At this time Mr. Gibson excused himself from the meeting and did not participate in further proceedings for this day.

The application of the Southwest Exploration Company, grantee under Agreement for Easement No. 392, Huntington Beach, for temporary suspension of requirements to drill offset well to Standard Oil Company Well No. 31 was presented to the Commission.

Upon motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, the Executive Officer was authorized to approve an agreement in accordance with the application of the Southwest Exploration Company.

The action of the Executive Officer in approving application of The Termo Company, grantee under Agreement for Easement No. 272, Huntington Beach, to block off the lower portion of the well and attempt production from the upper sand, upon motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, was ~~confirmed~~ and approved.

Mr. Atherton advised the Commission that approximately 12 wells described in Agreement for Easements at Huntington Beach were not producing and recommended that the Executive Officer be instructed to give notice to these companies of termination of the respective agreements unless they restored production within the time provided for under the default clause contained in said agreements.

On motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, the Executive Officer was instructed to take the steps and perform the acts recommended by Mr. Atherton.

The lessee of State Oil and Gas Lease No. 16 at Summerland requested to be excused from accounting for 160 barrels of low gravity oil which was unavoidably lost by the lessee during a storm at Summerland and along the coast.

Upon motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, the Executive Officer was authorized to advise the lessee that under such conditions, the lessee is not required to pay for oil unavoidably lost and therefore has no liability to the State on account of the State's royalty.

Mr. Riley moved that resolution be put as follows:

RECITAL:

Pursuant to notice of intention of the State Lands Commission to enter into agreements for the extraction of chalk from certain lands of the State described as follows:

$E\frac{1}{2}$ of the $SE\frac{1}{4}$ of Section 36, T. 27 N., R. 4 E.,
S.B.M.,

and $W\frac{1}{2}$ of $SE\frac{1}{4}$ of Section 36, T. 27 N., R. 4 E.,
S.B.M.,

situate in Inyo County, California, published in accordance with law, one bid was received from George Bellis for the $E\frac{1}{2}$ of $SE\frac{1}{4}$ of Section 36, T. 27 N., R. 4 E., S.B.M., and one bid was received from T. A. McCall for the $W\frac{1}{2}$ of $SE\frac{1}{4}$ of Section 36, T. 27 N., R. 4 E., S.B.M., which bids were opened at a meeting of the State Lands Commission held in Los Angeles on February 10. It appears that

the respective bidders have the qualifications set forth in the "State Lands Act of 1938" and have met all of the requirements of the "State Lands Act of 1938" and said notice of this Commission, and that George Bellis is the highest qualified bidder for the E $\frac{1}{2}$ of SE $\frac{1}{4}$ of Section 36, T. 27 N., R. 4 E., S.B.M., and that T. A. McCall is the highest qualified bidder for the W $\frac{1}{2}$ of SE $\frac{1}{4}$ of Section 36, T. 27 N., R. 4 E., S.B.M.

NOW THEREFORE BE IT RESOLVED That the bid of George Bellis for the E $\frac{1}{2}$ of SE $\frac{1}{4}$ of Section 36, T. 27 N., R. 4 E., S.B.M., and the bid of T. A. McCall for the W $\frac{1}{2}$ of SE $\frac{1}{4}$ of Section 36, T. 27 N., R. 4 E., S.B.M., be accepted as submitted, and that the Executive Officer be, and he is hereby, authorized, empowered and directed to execute upon behalf of the State Lands Commission forms of bids submitted by the respective bidders and constituting leases with the State of California, and

BE IT FURTHER RESOLVED That the Attorney be, and he is hereby, authorized, empowered and directed to do any and all things necessary to effectuate the intents and purposes of this resolution and the "State Lands Act of 1938" insofar as applicable thereto.

The roll was called and the resolution was adopted by the following vote:

Ayes - Ellis E. Patterson
Harry B. Riley

Noes - None

By resolutions put by Mr. Patterson, seconded by Mr. Riley, and adopted by unanimous vote, the Executive Officer was authorized and directed to perform the acts, and his acts were approved and confirmed as follows:

1. Approval of lease of lands in Application No. 719 covering the SE $\frac{1}{2}$ of SE $\frac{1}{4}$ of Section 36, T. 7 N., R. 1 W., S.B.M., to O. J. McKinney for a period of ten years at \$.50 per acre for camp site purposes.

2. Consent to assignment of State Land Lease No. 687, Fish Canyon, L. S. Angeles County.

3. To advise Otto Ellerman in accordance with opinion of the Attorney General dated February 25, 1939, No. NS 1471, the State is entitled from the patentee or his successor to participate at the rate of one-sixteenth upon all minerals produced at the mine without any deduction of any kind, whatsoever, and should it be necessary to transport the mineral or to mill them, it would be proper for the patentee or successor to deduct in ratio any such additional costs from the State's royalty.

4. Execution by the Executive Officer of a quitclaim deed or correctory deed to Gaetano Rallo, or to his successor, Joseph Costa, covering certain lands of the Delhi State Land Settlement described as Lot 7, Block 26, of revised Delhi Townsite of the Delhi State Land Settlement, as per official map thereof

recorded in Book 9, Page 39, of the records of Merced County, State of California, containing an area of .39 acres, more or less.

5. Sale to Joseph Frederick Carter of Lot 7, Block 3, Delhi Townsite, for the sum of \$30, and authorized the Executive Officer to execute a deed in the name of and upon behalf of the State of California.

6. Directed the Executive Officer to execute in the name of, and upon behalf of, the State of California, a lease to H. B. Brady of the staff house on Lot 9, Block 25, Delhi Townsite, for one year at the rate of \$20 per month on the understanding that the lessee be allowed the first month's rental in consideration of a performance of labor and furnishing of materials to make the premises habitable.

7. To execute in the name of, and upon behalf of, the State of California, lease covering Block 89, Delhi State Land Settlement, to A. C. Roedell, February 21, 1939, to October 31, 1939, at a rental of one-quarter of the returns.

8. The transfer by the State Controller of the sum of \$70,000 from the State Lands Act Fund to the General Fund and State Park Maintenance and Acquisition Fund in percents of 70 and 30 respectively.

This meeting of the State Lands Commission was adjourned until 10 a.m., Friday, March 10, at 306 State Capitol, Sacramento.

Present on March 10 were:

Phil S. Gibson, Chairman
Ellis E. Patterson, Member
Harry B. Riley, Member

By resolutions put by Mr. Patterson, seconded by Mr. Riley, and adopted by unanimous vote, the Executive Officer was authorized and directed to perform the acts, and his acts were approved and confirmed, as follows:

1. The expenditure of a sum not to exceed \$300 for certain work by the engineer of the Division in connection with the setting of tablets for bench marks between Santa Monica and Hueneme, California, upon the understanding that the Federal Government will collaborate by running levels, establishing elevations, throughout this district.

2. Directed the Executive Officer to obtain a draft of a bill to authorize the Commission to sell in its discretion small isolated tracts of swamp and overflowed lands.

3. Approval of Application No. 4243 of Henry Elwood Peterson to purchase a small fraction of swamp and overflowed lands in the NE $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 9, T. 5 N., R. 2 E., M.D.M., containing .45 of an acre in accordance with law at \$1.00 per acre.

4. Advise all mineral lessees (other than oil and gas) that report of operations and minerals produced respecting area described in the leases should be made each quarter instead of monthly.

5. Issuance of patent No. 5122 covering 9.10 acres of S. & O. land in the E $\frac{1}{2}$ of Lot 1, Section 11, T. 24 S., R. 21 E., M.D.M.

6. Issuance in the name of and upon behalf of the State of California a lease under Application No. 718 to L. E. Williams of 640 acres in San Bernardino County, California, 5 cents per acre for the period of two years.

7. In connection with State Mineral Permit No. 394 of E. A. Dunn, the Executive Officer was authorized to accept a bond in the sum of \$200 instead of the usual \$1,000.00.

8. Authorized examination of the SE $\frac{1}{4}$ of NW $\frac{1}{4}$, SW $\frac{1}{4}$, S $\frac{1}{2}$ of NE $\frac{1}{4}$ of Section 36, T. 8 N., R. 5 E., S.B.M., San Bernardino County, and report to the Commission upon application of W. R. Brown for a lease to extract mineral clay.

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