

A meeting of the State Lands Commission was held in the office of the Department of Finance, State Capitol, Sacramento, at 10 o'clock A. M., November 23, 1940.

Present were:

George Killion, Chairman,
Ellis E. Patterson, Member,
Harry B. Riley, Member.

Absent was:

None;

The Executive Officer stated that minutes of the Commission of October 22, October 23 and November 13, 1940, had been submitted to the Commission for consideration.

Upon motion of Mr. Patterson, seconded by Mr. Riley, and un-animously carried, resolution was adopted approving and confirming the minutes of the meetings of October 22, October 23 and November 13, 1940.

The Executive Officer reported to the Commission that a technical violation of one of the covenants of Agreement for Easement No. 392, Huntington Beach, had occurred. The Grantee had interrupted continuous drilling operations for a period of eleven days to plug a well in order to shut off water. No action was taken by the Commission upon this report.

The Chairman of the Commission reported that he had asked the Attorney General for an opinion respecting certain phases of Agreement for Easement No. 415, Rio Vista. Upon motion of Mr. Patterson, seconded by Mr. Riley, and un-animously carried, a resolution was adopted directing the Chairman to apply to the Attorney General at San Francisco for any opinions respecting said agreement.

A further discussion was had of physical aspects at the Rio Vista Gas Field.

Upon motion of Mr. Patterson, seconded by Mr. Riley, and un-animously carried, a resolution was adopted authorizing and directing the Executive Officer to employ from the civil service list a gauger, and to assign one of the experienced gaugers from either Huntington Beach or Santa Barbara to the Rio Vista Gas Field.

The Executive Officer presented a letter from Standard Oil Company of California, grantee of Agreement for Easement No. 415, Rio Vista, in which the grantee stated that it had made a payment to the State for the month of September 1940 based upon the amount of gas to which the State lands would have been entitled to have produced during that month had the pipe line of P. G. & W. then been completed. The grantee stated that it had made such payment upon the assumption that subsequently upon the completion of the pipe line, it would be entitled to take out an additional amount of gas over and above the State's pro rata share as a credit. After some discussion the request of the Standard Oil Company was passed.

The location of the headquarters was again brought to the attention of the Commission. The Chairman of the Commission called Mr. Fred W. Links who had earlier recommended that headquarters be transferred from Los Angeles to Sacramento. Considerable discussion was had during which the Executive Officer read portions of the calendar relating to the desirability of change of location.

Upon motion of Mr. Riley, seconded by Mr. Patterson, resolution was unanimously adopted, directing transfer of headquarters of the State Lands Commission from Los Angeles to Sacramento at a date as early as practicable, and that field offices be established at Los Angeles, Huntington Beach and Santa Barbara.

Consideration was again had of the application of P. G. & E. Company for an easement at Oleum, California. The Executive Officer stated to the Commission that a communication had been received from E. P. McAuliffe, Senior Land Appraiser for the Railroad Commission in which he advised that consideration of \$1,000.00 to the State of California for a 25 year easement would be adequate.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, a resolution was adopted authorizing an Easement to the P. G. & E. Company, a corporation, for the term of 25 years at a cost of \$1,000.00 in accordance with form now in use but with a special provision that grantee be prohibited from discharging water or material which would have a detrimental effect upon fish.

The Executive Officer was directed to request the Director of Finance to issue said easement under the provisions of Section 675 of the Political Code.

The Executive Officer reported that the lessee of State Mineral Lease No. 268, Sierra Talc Company, had not produced any mineral from the premises since the lease was granted in 1934.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, resolution was adopted that the lessee of this lease be given notice of intention of the State Lands Commission to cancel the lease and that its officers be given an opportunity to appear before the Commission should they desire to present any argument.

The Executive Officer advised the Commission that the rules and regulations of the Commission relating to the deposit of the sum of \$50.00 for each eighty acre parcel be amended to read as follows:

The requestor shall deposit with his request the sum of \$50.00 to cover the cost of advertising for bids, however, the Commission may include areas in excess of eighty acres should the Commission determine that such excess acreages contain commercially valuable mineral deposits.

The Executive Officer reported to the Commission that Messrs. T. L. Atherton, F. J. Hortig, and J. S. Watson, attended meetings of the American Institute of Mining Engineers and the California Natural Gasoline Association, during the month of October, and inasmuch as he considered the program of these organizations of official interest to these employees he did not mark them absent from duty.

On motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, a resolution was adopted approving such action taken by the Executive Officer.

The Commission was advised by the Executive Officer that lessee of State Oil and Gas Lease No. 17 at Summerland, California, was given notice on November 16 of intention to cancel said lease on November 18 unless the lessee on or before that date furnished the State with a surety bond and complied with requirement contained in the lease that new wells be drilled.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, a resolution was adopted confirming and ratifying such action taken by the Executive Officer and directing the Executive Officer to advise the lessee of said lease that the said lease was terminated November 18, 1940.

The attention of the Commission was next called to a report of Dr. E. K. Soper, Consultant to the Commission, of the interest of the State of California in the Goleta Gas Field. After discussion, upon motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, a resolution was adopted authorizing and directing the Executive Officer to give notice of intention of the State Lands Commission to receive bids for leases to extract gas from lands of the State of California in the Goleta Gas Field. In connection with this matter, Mr. Patterson suggested that a bill be drafted for presentation to the legislature to authorize the State Lands Commission to permit the State of California to conduct the drilling of oil or gas wells in certain instances.

The Executive Officer called the attention of the Commission to a resolution adopted at a prior meeting directing the Executive Officer to reinstate Agreement for Easement No. 323, Huntington Beach. The Executive Officer reported that the grantee of this easement could have cleaned out the well at any time but when the easement was cancelled this grantee sought a right to redrill the well and that it was doubtful whether the Commission could reinstate the easement for the purpose of permitting the former. The Executive Officer further reported that conversations were being had with the grantee of this easement and that another report would be had at a later meeting.

The Executive Officer reported that the Huntington Beach Company at Huntington Beach had expressed an unwillingness to construct a building for lease to the State Lands Commission upon its property at Huntington Beach, and that it appeared that it would be to the financial interest of the State of California for the State to construct a building upon property to be purchased by it since there would be a substantial saving in taxes which would more than offset additional cost to the State in construction of the building.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, a resolution was adopted authorizing and directing the Executive Officer to request the Division of Architecture of the Department of Public Works to prepare plans for building to be constructed at Huntington Beach for use of the State Lands Commission.

Upon motion of Mr. Patterson, seconded by Mr. Riley, by resolutions 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. Assignment of State Grazing Leases Nos. 696, 700, 701 and 732, for remainders of the terms of said leases;
2. Assignment of State Grazing Lease No. 750;
3. Issuance to Department of Natural Resources of easement over NW $\frac{1}{4}$ of Section 16, T. 17 S., R. 19 E., M. D. N., Tulare County, for railway, telephone and firebreak, in connection with fire control activity;
4. Issuance of easement to the County of San Joaquin over abandoned San Joaquin River Channel for extension of Brookside Road 399;
5. Issuance of thirteen rights-of-way to the Division of Highways, Department of Public Works, in accordance with the provisions of Section 101.5 of the Streets and Highways Code over lands of the State identified by maps on file in the Division of Lands, as follows:

Mokelumne River Bridge near Lodi, Road X-SJ-4-C
Tuolumne River Bridge near Modesto, Road X-Sta-4-B
San Joaquin River Bridge at Mossdale, Road X-SJ-5-B
Three Mile Slough Bridge near Rio Vista, Road X-Sac-11-C
San Joaquin River Bridge near Dos Palos, Road X-Mer-32-C
Sacramento River Bridge, at Rio Vista, Road X-Sol-Sac-53-C
Potato Slough Bridge, at Terminus, Road X-SJ-53-C
San Joaquin River Bridge, west of Stockton, Road X-SJ-75-A
Middle River Bridge, west of Stockton, Road X-SJ-75-A
Old River Bridge, west of Stockton, Road IV, X-CC&SJ-75-A
Miner Slough Bridge, Ryer Island, Road X-SOL-99-A
San Joaquin River Bridge east of Vernalis, Road X-Sta-110-A
San Joaquin River Bridge N.E. of Gustina, Road X-Mer-122-A

6. Closing of well W. K. No. 2 in Agreement for Easement No. 336, Huntington Beach, giving notice to the grantee to abandon the well.

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