

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 12, 1941.

Present were:

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

Absent was:

None.

Thomas W. Simmons, President of the Bolsa Chica Oil Corporation, presented an application for a return of Agreement for Easement No. 290, Huntington Beach, to Bolsa Chica Oil Corporation, a corporation, as operator instead of M. M. McCallen Corporation, and requested that the Bolsa Chica Oil Corporation, as operator, be given permission to redrill the well.

The Commission then heard from the Executive Officer and F. J. Hortig, Petroleum Production Inspector, after which Mr. Simmons was advised that the application would be taken under advisement.

Norman F. Simmonds, Assistant to the President, Richfield Oil Corporation, and Robert E. Paradise, Attorney for the Richfield Oil Corporation, presented to the Commission an application to surrender a portion of the premises described in State Oil and Gas Lease No. 52 at Rincon, together with form of quitclaim deed to the State. Under the provisions in the quitclaim deed, the lessee would surrender all of the area except ten acres for each well now drilled. The corporation would, therefore, surrender 110 acres and retain 50 acres.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and unanimously carried, a resolution was adopted whereby the application of Richfield Oil Corporation, a corporation, lessee of State Oil and Gas Lease No. 52, was approved, and consent was given to surrender 110 acres of the area contained in State Oil and Gas Lease No. 52, on the understanding that lessee should have no further drilling obligations upon the area retained, and otherwise the lease to remain unchanged.

Walter W. Bradley, State Mineralogist, told the Commission that an automobile would be needed for the engineer who would be assigned to examine State lands for mineral content, under contract heretofore approved by the Commission.

Upon motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, a resolution was adopted requesting Mr. Bradley to obtain a motor vehicle from the Department of Finance for this work.

Thomas M. Carlson, Esq., Attorney at Law, and Messrs. Parr, Fox and Hutchins of the Parr Terminal Company, appeared before the Commission to take exception to the appraisal upon certain submerged lands in Carquinez Straits which the Parr Terminal

seeks to lease, and also to the length of the term proposed by the Commission.

After discussion, Mr. Carlson asked the Commission for more time within which to make a further study of values in the locality, after which he would report such information to the Commission.

Harry J. March, Exq., General Counsel for Signal Oil and Gas Company, appeared before the Commission to object to proposal of the Commission to terminate or cancel State Oil and Gas Lease No. 91, Elwood, of which the Signal Oil and Gas Company is the operator. Mr. March stated that the Signal Oil and Gas Company does not desire to drill any more wells for the reason that such drilling would not be profitable, at least at present. He requested the Commission to waive drilling requirements contained in the lease. The Commission then heard from the Executive Officer and Mr. Horig, after which the Chairman suggested that the matter be held in abeyance. Mr. March also mentioned that his company, as operator of the lease, desired to remove a portion of the pier.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and unanimously carried, a resolution was adopted continuing the proposal of the Commission to cancel State Oil and Gas Lease No. 91, Elwood, for failure to conduct drilling operations but directed the Executive Officer to advise the lessee and operator upon behalf of the Commission that a portion of the pier might be removed.

The Commission further discussed the application of Thomas W. Simmons, presented to the Commission earlier during the meeting.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and unanimously carried, a resolution was adopted directing the Executive Officer to advise Thomas W. Simmons of the unwillingness of the State Lands Commission to consent to a substitution of the Bolsa Chica Oil Corporation, a corporation, for the M. M. McCallen Corporation, a corporation, and further refusal to consent to a redrilling of the well described in Agreement for Easement No. 290, Huntington Beach.

At this point the Commission took a recess until 9:30 A. M., March 13, 1941.

A recessed meeting of the Commission was held in the office of the Department of Finance, State Capitol, Sacramento, at 9:30 o'clock A. M., March 13, 1941.

Present were:

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

Absent was:

None.

Senator Thomas F. Keating of the State Senate, appeared before the Commission to discuss means whereby a certain submerged area

adjacent to the City of Sausalito could be transferred to that city. The Executive Officer was instructed to make an inspection of the premises and to report to the Commission at the next meeting.

Mr. J. Stuart Watson, Petroleum Production Auditor, reported to the Commission that the lessee of State Oil and gas Lease No. 94, is entitled to a refund of \$200.12 on account of failure to take credit upon prepaid rental.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, a resolution was adopted directing the Executive Officer to advise the lessee of the credit and to file a claim with the State Board of Control.

Mr. Hortig made a report to the Commission upon the co-ordinated plan of which certain lessees at Rincon are members, and suggested that the matter be continued until completion of report of Dr. E. K. Soper.

The Executive Officer advised the Commission that supplemental agreements were now ready to terminate Agreements for Easements Nos. 406 and 408, Huntington Beach, and to modify Agreement for Easement No. 407, Huntington Beach.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, a resolution was adopted authorizing and directing the Attorney for the State Lands Commission to execute said supplemental agreements upon behalf of the State.

The Executive Officer advised the State Lands Commission that the lessee of State Oil and Gas Lease No. 191 had not replied to an earlier communication from the Commission in which the lessee was requested to inform the Commission whether it would go forward with the drilling of more wells or in the alternative quitclaim the premises to the State, and that the operator of the lease had advised that it was not interested in further drilling.

On 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 to the lessee of State Oil and Gas Lease No. 191 of intention of the State to cancel and terminate said lease unless the lessee, within 15 days from the date of such notice, had taken steps to correct the default of which complaint was made, to wit, drill wells as required by the terms of the lease.

Upon recommendation of Mr. Hortig that notice of intention be given to cancel Agreement for Easement No. 303 because well described in said easement has not been in operation since December 9, 1940, and no work has been done on the well since January 7, 1941, a motion was made by Mr. Riley, seconded by Mr. Patterson, and un-animously carried, and resolution adopted authorizing and directing the Executive Officer to give notice to the Petrol Corporation, a corporation, of intention of the State to cancel the easement unless within thirty days from the

date of such notice steps have been taken to produce the well in accordance with the covenant in Sub-section (h) of Section 2 of said agreement.

The Executive Officer presented to the Commission plans prepared by the Division of Architecture for a building at Huntington Beach and also an offer of the Huntington Beach Company to sell two 25 foot lots located at Huntington Beach on 22nd Street, for the sum of \$500.00.

After considerable discussion, it was moved by Mr. Riley, seconded by Mr. Patterson, and unanimously carried, resolution was adopted to the effect that the State Lands Commission endeavor to purchase Lots 1, 2, 3 and 4 of Block 117, Huntington Beach. The Executive Officer was instructed to proceed accordingly and report to the Commission at the next meeting.

The Executive Officer stated to the Commission that the City of Firebaugh, a municipal corporation, was issued an easement to lay a water pipe line under the upper San Joaquin River at the City of Firebaugh. The City of Firebaugh now states that it is unable to lay the pipe under the river due to flood conditions and is in urgent need of domestic water. Through its officers it proposes to carry the water line overhead and has agreed, should the State Lands Commission or the War Department demand, that the pipe be laid beneath the bed of the river at a subsequent date, that the City of Firebaugh will comply at its own cost and expense.

On motion of Mr. Riley, seconded by Mr. Patterson, and unanimously carried, a resolution was adopted authorizing and directing the Executive Officer to amend said easement heretofore issued to permit overhead crossing of water pipe line and subject to the condition that the City of Firebaugh will, whenever demand made upon the City by the State of California or the War Department, lay the line beneath the bed of the river.

The Commission was advised by the Executive Officer that the City of San Diego proposes to construct a recreational pier on ungranted tidelands and submerged lands without making application to the State Lands Commission for consent. The Executive Officer was directed to take whatever steps are necessary to require the City of San Diego to comply with the law and rules and regulations pertaining to such matters.

A report was prepared by T. L. Atherton, Engineer, and was read to the Commission, wherein it was stated that operations are about to go forward by the U. S. Government for the establishment of a seaplane base at San Diego which will entail considerable dredging and filling, and that unless the line of ordinary high water mark is not determined, it will not be possible at an early date to locate it. Mr. Atherton estimates the expense at approximately \$1650.00.

Upon motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, a resolution was adopted authorizing and directing Mr. Atherton to go forward with the survey of the line of ordinary high water mark at San Diego in connection with the construction of seaplane base, and the Executive Officer was directed to request the Governor and the Director of Finance to transfer or allot the sum of \$1650.00 from the State Lands Act Fund for this purpose.

Upon advice from the Executive Officer that there are no moneys available after the month of March for the payment of salary of Dr. Soper, it was moved by Mr. Riley, seconded by Mr. Patterson, and unanimously carried, resolution was adopted directing the Executive Officer to request the Governor and the Director of Finance to transfer sufficient sum of money from the State Lands Act Fund for the payment of his salary for the remainder of this fiscal year.

The Executive Officer stated that several conferences have been held with Mr. Leroy Edwards of the Pacific Lighting Corporation with reference to a royalty to the State upon any gas which may be produced from State lands adjacent to the so-called Goleta upland gas field, that Mr. Edwards at the last conference had stated Pacific Lighting Corporation should receive credit for the purchases it had made several years ago of about twenty billion cubic feet of gas which purchase, according to Mr. Edwards, was wholly independent of the land for the reason that Pacific Lighting Corporation, in an endeavor to cooperate with the Department of Natural Resources, had not taken this gas but had taken other gas from oil fields, however, had the Pacific Lighting Corporation taken this gas, then it would not be entitled to a credit. The Executive Officer was directed to confer with the Director of Natural Resources with respect to this problem and advise the Commission.

The Executive Officer stated the Richfield Oil Corporation had made a request for a copy of report of Dr. E. K. Soper on the Elwood Oil Field. After discussion Mr. Riley moved, Mr. Patterson seconded, said motion being unanimously carried, a resolution was adopted to the effect that the report be withheld temporarily.

It was pointed out by the Executive Officer that under the proposed contract with the State Mineralogist for the assignment of a Deputy Mining Engineer to study State lands to determine whether they contain mineral, the State Mineralogist proposed the assignment of Mr. Logan to this work. Mr. Logan is now deputy in charge of the Sacramento office and has for many years cooperated with the State Lands Commission and its predecessors.

On motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, resolution was adopted approving the assignment of Mr. Logan to this work with the understanding that a monthly report of his work be presented to the Commission and that all necessary supervision be given to his work.

Mr. Ernest Aronstein, Accountant in the Department of Finance, asked the Commission to request the Governor and the Director of Finance, to allocate an additional \$20,000.00 from the State Lands Act Fund for the installation of public lands index system, that an additional sum of \$2,000.00 be likewise allocated for the purpose of installation of a proprietary land system and that an additional \$1,000.00 be likewise obtained to enable accountants in the Department of Finance to make a study in certain counties to determine whether at certain periods taxes were delinquent upon certain lands which the State patented.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, resolution was adopted directing the Executive Officer to ascertain from the Attorney General whether the State Lands Act Fund's moneys may be paid to index proprietary lands, that the Executive Officer be directed to request the Governor and the Director of Finance to transfer the sum of \$23,000.00 from the State Lands Act Fund for the purposes enumerated by Mr. Aronstein.

The Executive Officer advised the Commission that Dr. Soper had recommended that the Commission subscribe for a scout service in order to keep advised as to the oil and gas operations over the entire state and that Dr. Soper recommended that California Oil World scout service be obtained.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, a resolution was adopted authorizing and directing the Executive Officer to arrange for such scout service.

The Executive Officer reported to the Commission that certain accounting work had been transferred from Huntington Beach office to the Los Angeles office which included the transfer of an employee, and that a little later similar work would be transferred from the Santa Barbara office to the Los Angeles office without the transfer of any personnel.

F. J. Hortig reported to the Commission that the well in Agreement for Easement No. 336, Huntington Beach, had not been placed on production and that no bonafide steps had been taken within a period of thirty days as set forth in notice of the Commission to restore the well to production.

Motion was made by Mr. Riley, seconded by Mr. Patterson, and un-animously carried, and resolution was adopted directing the Executive Officer to advise the grantee of the easement of the cancellation of the easement.

Mr. Hortig reported to the Commission that all the producing equipment for well described in Agreement for Easement No. 307, Huntington Beach, had been removed and that all operations have been suspended without permission.

On motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, resolution was adopted authorizing and instructing the Executive Officer to give notice of intention to cancel the ease-ment in accordance with the terms of the easement for failure to produce oil.

The Executive Officer made a report to the Commission upon pending legislation.

After discussion he was directed to prepare a report of various types of bills which would affect the Commission for further consider-ation by the Commission.

At this point the Commission took a recess until 9:30 A. M., March 14, 1941.

A recessed meeting of the Commission was held in the office of the Department of Finance, State Capitol, Sacramento, at 9:30 A. M., March 14, 1941.

Present were:

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

Absent was:

None.

The Chairman stated that he had given further thought to action taken by the Commission with respect to application of M. M. McCallen Corporation, through Thomas W. Simmons, President of Bolsa Chica Oil Corporation, to redrill the well described in Agreement for Easement No. 290, Huntington Beach, and he had reached the con-clusion that the matter should be continued in order to determine whether consents might be obtained of other grantees whose wells are within 200 feet of the proposed redrilled course of the well described in Agreement for Easement No. 290, Huntington Beach.

Upon motion of Mr. Killion, seconded by Mr. Riley, and un-animously carried, resolution was adopted cancelling notice of intention of the State Lands Commission to terminate the easement and the Executive Officer was directed to advise the grantee of Agreement for Easement No. 290, Huntington Beach, that a hearing would be held at a later date to determine whether consents hereinbefore mentioned could be obtained.

The Chairman presented to the Commission a form of resolution with respect to expressed intention of the United States Government to obtain control of the submerged lands fronting the State of Cali-fornia. After reading of the same by the Executive Officer, upon motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, resolution was adopted as proposed and the Executive Officer was

directed to have the resolution prepared in suitable form and forwarded to those named in the resolution.

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