

A meeting of the State Lands Commission was held in Room 302 State Building, Los Angeles, February 25, 1942, at 4 o'clock P. M.

Present George Killion, Chairman  
Ellis E. Patterson, Member

Absent Harry B. Riley, Member.

Approval was granted to the Surfside Colony Storm Water District to construct two groins about one mile southeast of the Anaheim Bay entrance, conditioned upon compliance of applicant to the rules and regulations of the Commission. The easement when executed is to provide for a twenty year period.

Consideration was given to a report upon the survey recently completed at Corte Madera, Marin County, showing that approximately one-fourth of the arcs of the total of one hundred and one arc on State property, the other three-fourths being partly on State property. Upon motion duly made and carried, it was resolved that each arc site as indicated on the map on file in the office of the State Lands Commission could be leased for the sum of \$3.50 per month. In those cases which the arc is located on only a part of State property that the rental should be computed on a pro rata basis. The application and lease forms as prepared were adopted.

A report was made regarding negotiations with Pacific Lighting Corporation concerning the proposed compensatory royalty agreement relating to the Goleta Gas Field. After considering the report, upon motion duly made and carried, it was resolved that negotiations to effect a proper settlement with the Pacific Lighting Corporation should be carried on and the following minimum standards to be used in effecting any settlement were prescribed:

1. That the State should receive not less than 33 1/3% royalty for all virgin gas hereafter produced from the Goleta structure;
2. That for the first ten years the State should receive 8 cents per m.c.f. for all virgin gas produced;
3. That subsequent to said 10 year period the State should receive not less than 8 cents per m.c.f. with the proviso that an attempt be made to obtain a contract which would provide for a minimum 8 cents price with an increase over that amount based on the then price of fuel oil or some other equitable arrangement;
4. That as the structure is to be used primarily for storage, the State should receive not less than 1 cent for each thousand cubic feet injected into the structure;
5. That regardless of the storage fees or royalty computed on the foregoing bases, the State is to receive not less than \$5,000.00 per annum;

6. That an agreement be reached with Pacific Lighting Corporation relative to fixing the line of ordinary high water mark either by actual survey or on a compromise basis;
7. That subject to future developments and based on data submitted by the Consulting Geologist, the State's percentage of ownership in the structure should be compromised at 11 percent; and
8. That the interest of the State in future development of the structure outside the limits as now defined plus 200 feet be protected in any compensatory agreement which might be entered into.

The following bids were opened by the Commission:

1. Of W. A. Bullis on talc ore on the SE $\frac{1}{4}$  of NE $\frac{1}{4}$  of Section 36, T. 18 S., R. 39 E., M. D. M., Inyo County, on the basis of \$1.00 per ton for the ore removed;
2. Of Sierra Talc Company on talc ore on the SE $\frac{1}{4}$  of NE $\frac{1}{4}$  of Section 36, T. 18 S., R. 39 E., M. D. M., Inyo County, on the basis of \$1.25 per ton for the ore removed.

Upon motion of Mr. Patterson, seconded by Mr. Killion, and unanimously carried, the lease was awarded to the Sierra Talc Company and the bid of W. A. Bullis rejected.

The Commission was informed that no bids had been received upon Section 16, T. 6 S., R. 6 E., S. B. M., San Diego County, publication of which had been made upon the request of T. Mart Regan, et al.

At the request of the office of the Attorney General, the sum of \$3575.00 was allocated to cover expenses to be incurred in the case of People vs. the City of Los Angeles (Owens Lake case).

Letter was read from the State Controller in which he stated that the sum of \$140,000.00 should be transferred from the State Lands Act Fund to the General Fund and the State Park Maintenance and Acquisition Fund, in percents of 30 and 70, respectively.

Upon motion of Mr. Fatterson, seconded by Mr. Killion, and unanimously carried, a resolution was adopted directing the transfer from the State Lands Act Fund in accordance with suggestion of the State Controller.

On motion duly made and carried, an easement for 12 years at \$10.00 per annum, in favor of Richard S. Otto for the maintenance of a pier at Morro Bay was authorized.

Upon motion of Mr. Patterson, seconded by Mr. Killion, a resolution was adopted approving allotment to State's land under Agreement for Easement No. 415, Rio Vista, as follows:

16th revision - 10.784%

said revision being approved subject to a check of the acreage.

Upon motion of Mr. Patterson, seconded by Mr. Killion, and unanimously carried, a resolution was unanimously adopted with respect to grazing and Fish canyon leases as follows:

1. Issue Lease 1007 to Enrique Mahnke covering Section 16, T. 12 N., R. 9 W., M. D. M., Lake County, for the sum of five cents per acre per year for five years from and after January 10, 1942;
2. Issue Lease 1008 to Chris Laras covering Section 36, T. 37 N., R. 12 E., M. D. M., Lassen County, for the sum of ten cents per acre per year for five years from and after the ten day period of advertising;
3. Issue Lease 1010 to John Magoldi covering Section 16, T. 27 N., R. 8 W., M. D. M., Tehama County, for the sum of five cents per acre per year for five years from and after January 10, 1942;
4. Issue Lease 1011 to Harold F. Platz of Lot 24 in Fish Canyon, for the sum of \$30.00 per year for ten years from February 9, 1942;
5. Approve assignment of Fish Canyon Lease 759 from Frank A. Reasener to Paul M. Jobbia;
6. Cancel Fish Canyon Leases 641 and 646 for failure to pay annual rentals.

The action taken in regard to the cancellation of Tideland Leases 31 and 32 of the California & Hawaiian Sugar Refining Corporation, Ltd., was confirmed.

Upon motion of Mr. Patterson, seconded by Mr. Killion, and unanimously carried, instructions were issued to give notice of intention to cancel Agreement for Easement 314, Beloil Corporation, because of default on the part of the grantee in failing to comply with the requirements for diligent and continued operation and prevention of waste as set forth in Section 2 (h) of said agreement.

Upon motion of Mr. Patterson, seconded by Mr. Killion, and unanimously carried, instructions were issued to give notice of intention to cancel Agreement for Easement 272, The Termo Company, insofar as said agreement applies to Well "Fee" 5 because of default on the part of the grantee in failing to comply with the requirements for diligent and continued operation as set forth in Section 2 (h) of said agreement and in suspending operations without approval as required by the agreement.

Upon motion of Mr. Patterson, seconded by Mr. Killion, and unanimously carried, a resolution was adopted that the following actions be taken in regard to claims before the State Board of Control:

1. That the Commission recommend the payment of the claim of Bankline Oil Company in the sum of \$72.40 inasmuch as the rule of May 1, 1941, under which the payment was made has been repealed;
2. That the delinquent rental under Grazing Lease 722 in the sum of \$32.00 be written off.

The Commission was informed that, due to the lack of tankers or other transportation facilities from the Elwood Oil Field, some of the wells in the field producing from State leases were closed down and that similar action could be expected in the near future insofar as other wells in the field are concerned. Upon motion duly made and carried, it was resolved that the report be accepted and that no further action in the matter be taken at this time.

The transfer of H. R. Newton, Oil Gauger, from Santa Barbara, to Huntington Beach, was approved.

Upon motion duly made and carried, it was resolved that approval be withheld from the proposal submitted by the Wilshire Oil Company to redrill Well "H.B." #16 under Agreement for Easement 275 for the reason that redrilling operations as proposed would be contrary to the rules and regulations governing redrilling operations of wells as adopted by the Commission on December 30, 1938.

Approval was given to execution of lease of office quarters at Rio Vista for the period of one year for the sum of \$15.00 per month.

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