A meeting of the State Lands Commission was held in Room 306 State Capitol, Sacramento, March 19, 1942, at 1:30 P.M.

Present George Killion, Chairman,
Ellis E. Patterson, Member,

Absent Harry B. Riley, Member.

Upon motion duly made and carried, the following resolution was adopted:

The State Lands Commission, acting pursuant to the authority conferred upon it by Division 6 of the Public Resources Code, and finding it necessary and appropriate in the public interest and for the execution of the functions vested in it by law, does hereby adopt the following rules and regulations:

RULES AND REGULATIONS
ARTICLE 1. DEFINITIONS

RULE 100. DEFINITIONS OF TERMS USED IN THE RULES AND REGULATIONS.

(a) As used in the rules and regulations prescribed by the State Lands Commission pursuant to the provisions of Division 6 of the Public Resources Code, unless the context otherwise requires -

(1) The term "Commission" means the State Lands Commission.

(2) The term "Rules and Regulations" refers to all rules and regulations adopted by the Commission pursuant to Division 6 of the Public Resources Code.

(3) The term "Person" includes ~~includes~~ any individual, firm co-partnership, private corporation, municipal corporation, public or quasi-public corporation, county, city and county, district, political subdivision, department or other instrumentality of government.

(4) The term "Lease" includes a permit, easement or license.

(5) The term "Structure" means any type of construction including pipe lines, transmission lines, wharves, piers, slips, warehouses or units designed to act as groins, jetties, seawalls, breakwaters, or bulkheads.

(6) The term "Submerged lands" includes the beds of navigable rivers, streams, lakes, bays, estuaries, inlets and straits.

(7) The term "Applicant" includes any person who files an application or any person named as lessee, grantee, permittee or licensee.

ARTICLE 2. GENERAL PROVISIONS

RULE 101. OFFICE OF THE COMMISSION.

The principal office of the Commission is California State Building, Los Angeles, California.

RULE 102. MEETINGS.

Unless the date and place of meeting are, upon due notice, otherwise designated by at least two members, the Commission shall meet at its principal office on the last Thursday of each month.

RULE 103. APPEARANCES BEFORE COMMISSION.

Persons desiring to appear before the Commission shall file a written notice of such intent at least ten days before the next regular meeting date.

RULE 104. RESERVATION OF RIGHT OF REFUSAL.

Whenever it appears that such action is in the public interest, the Commission may reject any application or bid or refuse to approve any work or to execute any lease, easement, permit or other instrument.

RULE 105. EXECUTION AND DELIVERY OF DOCUMENTS.

The Commission may execute, and deliver, any instrument in such form as it deems appropriate to accomplish the desired purposes but no such instrument in whatever form shall be construed as conveying a fee title to tide or submerged lands owned by the State.

RULE 106. APPLICATION TO PRINCIPAL OFFICE.

Unless otherwise indicated in the rules and regulations, all applications shall be addressed to the Commission at its principal office.

R E G U L A T I O N A

RULES RELATING TO THE OCCUPANCY OR USE OF SWAMP, OVERFLOWED, MARSH, TIDE OR SUBMERGED LANDS

ARTICLE 1. QUALIFICATIONS OF AND EXCEPTION TO APPLICATION OF REGULATION

RULE 200. MINERAL LEASES EXCEPTED.

This regulation does not apply to leases for the extraction of minerals, including oil, or gas or hydrocarbons, from tide or submerged lands. All leases granted pursuant to this regulation are subject to the right of the State to grant leases for the extraction of minerals including oil or gas from the lands involved.

RULE 201. CONSTRUCTION OF GROINS, JETTIES, ETC. LIMITED TO LITTORAL APPLICANT.

Authority to construct or maintain groins, jetties, seawalls, breakwaters or bulkheads, will be granted to private persons only if applicant is a littoral owner.

ARTICLE 2. APPLICATION REQUIREMENTS

RULE 210 *. APPLICATION, MAPS, PLANS AND SPECIFICATIONS, PHOTOGRAPHS, FEDERAL DRAWINGS.

Any person desiring to occupy or use swamp, overflowed, marsh, tide or submerged lands, or construct, maintain, or alter, structures, or deposit materials thereon, or remove materials therefrom, shall file with the Commission the following:

(a) A written application containing -

(1) Name, address and quality of applicant.

(2) Description of State lands involved.

(3) A statement of the work proposed, together with an estimate of its cost.

(4) A statement as to ownership of the littoral lands.

(5) Any other pertinent information.

(b) A map in triplicate based upon an actual field survey of the property lines defining the littoral holdings and such other properties as the proposed occupancy or work may affect. The map shall indicate:

(1) Tie to a monument of record.

(2) Connections with a record survey by courses and distances.

(3) A tie to a line of a net of U. S. Coast and Geodetic triangulation.

(4) The outline of each structure, appropriately identified.

(5) The position of the identification marker.

(6) The positions from which photographs were taken and directions thereof.

(7) The approximate locations of near-by existing structures.

(8) The elevations of a sufficient number of points to facilitate contouring of the foreshore between mean lower low water and extreme reach of the seas, together with elevation and designation of bench mark and its relation to published tidal reference data.

(9) Such other topographical features, existing improvements and highways as come within the limits of the mapped area.

(10) In the case of applications for alteration or removal of structures, current physical conditions contrasted against such conditions as they existed at the time of erection of the structure.

(c) Plans and specifications in triplicate which shall include -

(1) Detailed plan view, side elevation and sections of each structure showing:

(A) Construction details.

(B) Sufficient topographical features to identify position of each structure on map.

(C) Heights and sub-soil depths.

(D) Former, existing and expected ground lines.

(E) Sub-soil sample data.

(d) Three photographic views, not less than 3½ X 4½ inches nor more than 8 x 10 inches, of the site of each proposed structure including one longitudinal view and two taken from points on opposite sides of the site. Each view shall be taken at as low a tidal stage as suitable lighting effects can be obtained and shall bear the name of the photographer and the date, hour and position from which taken.

(e) A copy of any drawings which may have been required by the Federal Government.

* Note: (In the case of an application not involving the construction, alteration, or removal of a structure, the provisions of this rule relating to such matters need not be included provided a statement is inserted in lieu thereof that such particular data are not applicable.)

ARTICLE 3. BONDS, FEES AND DEPOSITS.

RULE 220. BOND.

Each applicant for authority to construct, alter, or remove, a structure, shall furnish a performance bond containing such terms and conditions as may be satisfactory to the Commission and executed by a qualified corporate surety in an amount to be fixed by the Commission but in no case less than $1,000.00.

RULE 221. FEES AND DEPOSITS TO COVER COSTS.

(a) Except in the case of a political sub-division or governmental agency, each application shall be accompanied by a filing fee of $5.00.

(b) Each application for authority to construct, alter, or remove a structure shall be accompanied by a deposit of $75.00 plus ½ of 1% of the estimated cost of the proposed work to defray the actual cost to the Commission of examination of the application, plans and specifications, and such inspection as the Commission deems desirable.

(c) If it appears the data submitted are insufficient, the Commission may, at the expense of the applicant, make or cause to be made any survey or investigation it deems necessary. Upon written notice the applicant shall deposit with the Commission such additional sum as may be specified to cover the cost of such survey or investigation.

RULE 222. REFUND OF DEPOSIT.

Upon rejection of an application, or upon completion of the work to the satisfaction of the Commission, the performance bond shall be released and a refund made of the balance, if any, of monies deposited by the applicant under subdivisions (b) and (c) of Rule 221.

ARTICLE 4. LIABILITY OF APPLICANTS.

RULE 230. INSPECTIONS.

Field inspections of construction, alteration, maintenance and removal of structures may be made by representatives of the Commission. Applicants and permittees shall provide such means of access and other reasonable facilities as will enable the representatives to make the inspections, but such inspections shall not relieve the applicants or permittees of full responsibility to construct, alter, maintain or remove structures in accordance with approved plans or the terms of the permits or leases.

RULE 231. LIABILITY FOR SAFETY OF PERSONS.

Each applicant for authority to construct, alter, or remove a structure, and each person to whom a lease, permit, license, or easement for maintenance of a structure is issued, will be held responsible for the safety of all persons in the lawful occupation or use of or passage over structures and appurtenances constructed or maintained by him.

ARTICLE 5. REVOCATION AND REPAIR.

RULE 240. REVOCATION OF LEASES.

The Commission reserves the right to revoke any lease, easement, license, or permit issued under this regulation when, in its judgment, it is to the best interest of the public so to do.

RULE 241. REPAIR OF DAMAGED STRUCTURES.

Nothing in this regulation shall be construed to hinder or prevent the immediate repair of damaged structures for which authorizations have been issued, provided such repair or replacement does not deviate from the approved plans of the structure. Prompt notice of intention to repair or replace damaged structures shall be given the Commission.

ARTICLE 6. SIGNS AND MARKERS.

RULE 250. MARKER.

There shall be installed on the center line of each structure, with the face horizontal and in a position sheltered from the waves but visible without excavation, a substantial brass marker not less than 2½ inches in diameter inscribed "State Lands Commission (application file number), (Structure letter), (type of structure)".

RULE 251. WARNING SIGN.

Warning signs and appropriate markers to define the existence of partially or wholly submerged structures shall be installed and maintained at the seaward end thereof.

ARTICLE 7. PROCEDURE FOLLOWING APPROVAL OF APPLICATION.

RULE 260. APPROVAL OF PLANS.

The Commission may fix a date for the completion of any proposed work and may approve or disapprove any plans and specifications submitted. Approval of plans and specifications shall be indicated by endorsing "Approved_____(date) conditioned upon completion on or before _____(date). STATE LANDS COMMISSION, STATE OF CALIFORNIA, By_____ Executive Officer" thereon.

RULE 261. EXECUTION AND DELIVERY OF LEASE.

Upon approval of the application, the Commission shall fix the amount of bond, determine the term of occupancy, amount of rental or other consideration, and shall, subject to the deposit of a satisfactory bond and the payment of all fees, costs, rental or other consideration, authorize the execution and delivery of an appropriate instrument containing such terms and conditions as the Commission deems for the best interest of the State, and authorizing occupation of the land for the approved purposes. Such instrument shall be accepted in writing by the applicant prior to its execution and delivery by the State.

CITATIONS OF AUTHORITY PURSUANT TO WHICH RULES 100 TO 106 AND THE RULES CONTAINED IN REGULATION A WERE ADOPTED

PUBLIC RESOURCES CODE

Sections 6104-6105-6108-6218-6301-6321-6501-6501.2-6503-6897-6992.

R E G U L A T I O N B

RULES RELATING TO THE LEASING OF SCHOOL LANDS AND OTHER UPLANDS FOR GRAZING, AGRICULTURAL OR RECREATIONAL PURPOSES

ARTICLE 1. LEASES ISSUED SUBJECT TO CONDITIONS.

RULE 300. RESERVATION OF RIGHT TO EXTRACT MINERALS.

Any lease issued pursuant to this regulation is subject to the right of the State to grant permits to prospect for minerals other than oil or gas or to grant leases to extract minerals, including oil or gas, upon and from the leased lands and without compensation to the lessee.

RULE 301. LEASES SUBJECT TO TERMINATION.

Any lease issued pursuant to this regulation shall, upon notice thereof by registered mail, terminate ---

(a) In the case of sale, on the date the certificate of purchase or patent is issued, except that when an application is filed by an actual settler to purchase land suitable for cultivation the lease shall terminate on the date such application is filed.

(b) As to lands now or hereafter included within the exterior boundaries of a national reservation or reserve or within the exterior boundaries of land withdrawn from public entry on the date the State designates the lands as bases for indemnity selections.

RULE 302. DISPOSITION OF UNEARNED RENTAL: NEW LEASE FOR UNEXPIRED TERM.

(a) Upon the surrender of a lease terminated under Rule 301 the lessee shall receive a refund of the unearned rental.

(b) A new lease, covering any land described in the surrendered lease not disposed of by the State may be issued for the balance of the unexpired term and at the same annual rental, without payment of any additional fee.

RULE 303. DURATION OF LEASES.

(a) The term for which any grazing or agricultural lease may be issued shall not exceed five years.

(b) The term for which any recreational or campsite lease may be issued shall not exceed ten years.

RULE 304. RECREATIONAL LEASES RESTRICTED TO CERTAIN AREA.

No recreational or campsite lease shall be issued except for lots in Fish Canyon, Los Angeles County, California. (Section 16, T. 1 N., R. 10 W., S. B. B. & M.) and then only on the basis of the following annual rentals:

(a) For lots on which there is no cabin:

(1) All cabin sites in SE¼ of SE¼ of Section 16 - $30.00 per year;

(2) All cabin sites in NE¼ of SE¼ of Section 16 - $25.00 per year;

(3) All cabin sites in SE¼ of NE¼ of Section 16 - $20.00 per year;

(4) All cabin sites in N[illegible] of NE¼ of Section 16 - $15.00 per year.

(b) For any lot on which there is a cabin at the time of execution of a lease, $30.00 per year.

ARTICLE 2. APPLICATION AND PROCEDURAL REQUIREMENTS.

RULE 310. APPLICATION TO SACRAMENTO OFFICE.

(a) Applications under this regulation shall be addressed to the Commission at its Sacramento, California, office, on the form prescribed for that purpose. (Forms may be obtained from that office).

(b) Applications relating to the same parcel of land shall take precedence in the order of their receipt.

RULE 311. PUBLICATION OF NOTICE OF APPLICATION FOR GRAZING OR AGRICULTURAL LEASE AND PROCEDURE RELATING THERETO.

(a) Notice of the filing of an application for an agricultural or grazing lease shall be published in one issue of a newspaper of general circulation in the county in which the land is situated and shall contain substantially the following:

S T A T E O F C A L I F O R N I A

LEASE OF STATE LANDS

NOTICE IS HEREBY GIVEN that application to lease the following described lands for grazing or agricultural purposes has been filed with the State Lands Commission, Sacramento:

SECTION_____, CONTAINING_____

ACRES_____COUNTY.

During a period of 10 days from date of publication of this notice, any other applicant may apply for a lease of said lands. Any such application must be in the form prescribed by the Commission and must be filed with the Commission before the expiration of the 10 day period.

_____PER ACRE PER YEAR

is the minimum rental at which this land will be leased by the State. Terms are cash within 15 days after receipt of lease by the lessee.

STATE LANDS COMMISSION
SACRAMENTO, CALIFORNIA

Date of Publication:

_____194_____

Write for form of application.

(b) The minimum annual rental set forth in such Notice shall be fixed by the Executive Officer or the Supervising Land Title Abstractor for an amount not less than that contained in the application. If the rental offered is less than the amount so fixed the application shall be rejected unless within 15 days after written notice the applicant shall increase his offer, in writing, to an amount at least equal to the minimum rental set forth in the Notice.

(c) During the period of 10 days from and after the date of publication of notice any other person may file an application to lease the same lands, subject to the rights of the prior applicant, as set forth in these rules.

(d) Subsequent to said 10 day period, the Commission shall fix the annual rental per acre for the lands involved in an amount not less than the highest amount set forth in any pending application. A lease providing for payment of the rental so fixed by the Commission shall thereupon be delivered to the first applicant. If the first applicant fails to execute and return the lease and pay the first annual rental as provided by Section 6504 of the Public Resources Code and in accordance with these rules, his right to a lease shall forthwith terminate, and a lease for the lands at the rental so fixed shall thereupon be delivered to the next applicant in order of precedence.

ARTICLE 3. FEES AND DEPOSITS.

RULE 320. FEES.

Each application shall be accompanied by a filing fee of $5.00.

RULE 321. DEPOSITS.

In addition to the filing fee required under Rule 320, each application for a grazing or agricultural lease shall be accompanied by a deposit of $5.00 to cover costs incident to the publication of notice as provided in Rule 311.

RULE 322. DISPOSITION OF DEPOSITS.

(a) The successful applicant for a grazing or agricultural lease shall pay the cost of publication of the notice.

(b) The deposit required under Rule 321, advanced by an unsuccessful applicant, shall be refunded.

CITATIONS OF AUTHORITY PURSUANT TO WHICH THE RULES CONTAINED IN REGULATION B WERE ADOPTED.

PUBLIC RESOURCES CODE

Sections 6106-6108-6218-6501.2-
6502-6503-6504.

R E G U L A T I O N C

RULES RELATING TO THE OPERATION OF OIL AND GAS WELLS AND THE PRODUCTION AND DISPOSITION OF OIL, GAS AND OTHER PETROLEUM PRODUCTS FROM LEASES AND AGREEMENTS FOR EASEMENT.

RULE 400. RECORDS OF DEVELOPMENT.

Maps and drawings of all development work and improvements on the leased lands, and other related operations, including all buildings, structures, or other works placed in or upon the leased lands and copies of logs, surveys and all other records of all wells; also maps and drawings of all development work related to the surface location of any well producing oil, gas or other petroleum products under a lease or agreement for easement including oil lines, gas lines, tankage, shipping points, facilities for shipping, dehydrator piping and all lines connecting into any of the foregoing lines shall be furnished to the Division of State Lands periodically upon request in the manner and form prescribed by the Commission.

RULE 401. ALTERATION OF FACILITIES

Any proposed change in, or addition to, pipe line systems or any proposed installation or removal of equipment shall be reported to the State representative giving the reason for such proposed change, addition, installation or removal twenty-four hours prior thereto. Plats and drawings showing the change shall be furnished to the Division of State Lands upon the request of the Commission.

RULE 410. TANKAGE.

(a) All oil shall be stored in tanks suitable for accepted methods of calibration, gauging and sampling as expressed by the A. P. I. Code.

(b) Tanks shall be equipped with such safety devices and fire walls as required in the area in which such tanks are located.

(c) Sufficient tankage shall be provided by the Grantee.

(d) Under no circumstances will tank trucks, trailers or tank cars be gauged.

(e) Sediment and other material deposited on or near the bottom of tanks shall be removed at the request of the State representative to permit proper gauging.

(f) All gauge tanks shall be strapped and calibrated by a disinterested party. The process shall be in accordance with that expressed in the A.P.I. Code.

(g) When tanks are to be strapped or restrapped, the State representative shall be notified at least 24 hours in advance to permit such representative to be a witness to the procedure.

(h) All tanks shall be calibrated in barrels (of forty-two gallons per barrel) and the volume expressed in barrels and hundredths of barrels for each 1/8 of an inch of tank height or in accordance with the procedure expressed in the A.P.I. Code.

(i) Gauge tables in duplicate for each gauge tank, computed by a disinterested party, shall be furnished to the Commission.

(j) Gauge tables shall be computed to the nearest 100th of a barrel for each 1/8 of an inch division in the height of a tank or in accordance with the procedure expressed in the A.P.I. Code.

(k) Revised or additional sets of gauge tables shall be furnished when required.

RULE 420. SEALING OF TANKS.

(a) At the time of taking the high gauge of a tank the State representative shall seal or lock all inlet lines to the tank and any seals on the tank outlet line shall be removed.

(b) At the time of taking the low gauge of a tank the State representative shall seal or lock all outlet lines from the tank and any seals on the inlet line shall be removed.

(c) Under no circumstances shall any person other than the State representative remove, break or alter, any seal or lock installed by the State unless the written consent of the State representative in charge of the field be first obtained.

(d) In the event any State seal shall be removed, except by those authorized to do so, the full capacity of the tank will be considered to have been run and payments shall be made to the State for this presumed run at the rate then prevailing for oil of the highest gravity run from the tank during the previous thirty days.

RULE 430. CONDITION OF OIL.

(a) Previous to a high or opening gauge all free water shall be drawn off the tank.

(b) All oil to be gauged and shipped shall be in a marketable condition i.e., the percentage of B. S. and W. as shown on test shall not exceed 3%.

(c) Where a tank sample shown a B.S. and W. content greater than 3% and the contents of the tank have been shipped the gravity of the wet oil shall be reduced to dry gravity and the dry gravity shall form the basis of payment of the State royalty.

(d) Where an adjustment is made from a wet gravity to a dry gravity, the adjustment shall be made by the calculation of the A.P.I. gravity of the oil in the mixture or emulsion or by means of the correction chart published by the Commission for that purpose, such chart being known as "Gravity of Oil in Mixtures or Emulsions of Oil and Water". In all adjustments of gravity by calculation, or the use of a correction chart, the specific gravity of the water in the mixture or emulsion shall be considered as 1.0000 at 60 degrees Farenheit unless prior written approval for another value of specific gravity as determined by tests of the water produced has been secured.

RULE 440. GAUGING AND SAMPLING OF OIL RUNS.

(a) All gauges shall be taken by a representative of the State in the company of a representative of the Grantee.

(b) Gauges shall be made with a plumb-bob and a standard steel tape graduated to 1/8 of an inch or lesser division, and shall be taken in the manner expressed in the A.P.I. Code.

(c) Temperature of the oil in a tank shall be taken at the time of gauging.

(d) A standard certified thermometer shall be used for the purpose and shall be immersed not less than 2 minutes at or about the mid point of the column of oil.

(e) Temperature of the oil in a tank shall be taken in the manner expressed in the A.P.I. Code and under no circumstances shall a thermometer be located less than 12 inches from the tank shell.

(f) Samples for laboratory testing shall be taken at the time of the high or opening gauge.

(g) The method of sampling shall correspond with the method expressed in the A.P.I.Code.

(h) A sample shall consist of one liquid quart and the means for taking such sample shall be furnished by the Grantee or Lessee.

RULE 450. LABORATORY TESTS.

(a) All laboratory tests shall be made in accordance with the procedure expressed in the A.P.I. Code and shall consist primarily of the gravity and B.S. & W. content determination. Any other test required for research or other purposes shall be made by the State from samples furnished by the Grantee or Lessee as required by the State.

(b) Samples shall be run not later than 24 hours after the time of taking the samples.

(c) The readings and results of tests of oil samples made by the State shall be binding upon the Grantee or Lessee.

RULE 460. RECORD OF OIL RUN.

(a) A memorandum of transfer shall be furnished the State for each run of oil from Grantee's or Lessee's gauged tanks within 24 hours of the completion of such run.

(b) For each run of oil from the Grantee's gauged tanks a copy of an official "Gauger's Report of Oil Run" will be furnished to the Grantee.

RULE 470. QUANTITY DETERMINATION.

The volume of oil run shall be the volume corrected to 60 degrees Farenheit according to the schedule "Abridged Volume Correction Table for Petroleum Oil" approved by the A.P.I.

RULE 480. TESTS AND MEASUREMENTS OF GAS.

(a) Immediately after the running of a test for the determination of the gasoline content of casinghead gas the Grantee shall supply the State representative with a copy of the results of such tests.

(b) Gasoline content tests shall be made at least twice a month and at such other intervals as appear to be necessary in the opinion of the Commission.

(c) A state representative shall be permitted to witness any tests for the gasoline content of casinghead gas.

(d) All tests and measurements of gas shall be made in accordance with the procedure expressed by the C.N.G.A. in Bulletins T. S. 351, T. S. 353, T. S. 354, and any revisions thereof.

RULE 490. REPORTS.

(a) A daily production report in the form prescribed by the Commission shall be furnished to the Division of State Lands.

(b) Monthly reports shall be furnished to the Division of State Lands as required by the Commission.

RULE 500. REDRILLING OPERATIONS OF WELLS.

No permit or consent for redrilling existing oil and gas wells will be granted unless the following conditions can be met;

1. No point in the redrilled portion of the well shall be farther than 100 feet from the old hole. The redrilled hole shall be restricted to a cylinder of 100 feet radius with the old hole as the axis of said cylinder.

2. The bottom of the redrilled hole shall be located not more than 100 feet from the bottom of the old hole.

3. No part of the redrilled hole not open to production (blanked off) shall come closer than 50 feet to the blanked off portion of any existing well other than the abandoned well being redrilled, nor closer than 200 feet to the producing (perforated) portion of any existing well.

4. No part of the redrilled hole open to production (performed) shall come closer than 200 feet to the perforated portion of any existing well other than the abandoned well being redrilled.

5. All drilling within the oil zone shall be done with crude oil as circulating fluid.

6. No application for redrilling will be considered unless it is shown that the proposed redrilling is necessary or desirable because of the poor mechanical condition of the old well.

RULE 510. ACCOUNTING FOR ROYALTY.

(a) Allowance for the dehydration of crude oil will be granted only after the operator has filed with the Division of State Lands an application in duplicate requesting the right to make deduction for dehydration setting forth the method proposed to be employed and listing the equipment and value thereof installed exclusively for the dehydration of oil. After approval of the application, each operator shall file with the Division of State Lands before the tenth of the month subsequent to that for which dehydration deduction is requested, a detailed statement of cost proposed to be deducted from the gross royalty payable for the preceding month. Such reported cost of dehydration shall be shown as a deduction on the operator's monthly statement of oil and gas runs and royalty but shall not in any event exceed 5 cents per net barrel of oil so dehydrated.

(b) Tank bottoms and sump oil shipments are to be reported on the following value basis;

Shipments of 0.0% to 3.0% cut -- quoted market price for applicable dry gravity.

Shipments of 3.1% to 15.0% -- quoted market price for applicable dry gravity less 5 cents per gross barrel at 60 degrees Fahrenheit.

Shipments of 15.1% cut and up -- quoted market price for applicable dry gravity less 15 cents per gross barrel at 60 degrees Fahrenheit.

(c) All transfers of dry gas "Returned to Lease" or elsewhere made by an operator directly or indirectly for the use or benefit of third parties without approval in writing by the State Lands Commission will be considered as sales at the reasonable market value of the gas as fixed by the Commission.

RULE 520. ACCESS TO PROPERTIES.

Any representative of the Division of State Lands shall be permitted free access to all parts of the properties of a Grantee when in the performance of duties required by the State Lands Commission.

RULE 530. DILIGENCE OF OPERATION.

Production operations of all wells shall be continuous and at full capacity while oil, gas and other petroleum products can be obtained in paying quantities unless written permission is given by the Commission for the modification of the rate of production or the suspension of operations. Production operations shall include necessary repairs.

CITATIONS OF AUTHORITIES PURSUANT TO WHICH RULES CONTAINED IN REGULATION C WERE ADOPTED

The terms and conditions set forth in agreements for easement executed pursuant to the authority contained in Chapter 593, Statutes of California, 1933; Sections 654 and 675 of the Political Code; Chapter 402, Statutes of California, 1931, as amended; Chapter 303, Statutes of California, 1921, as amended; and Chapter 5, Statutes of California, Extra Session, 1938. The authority contained in leases issued in accordance with the provisions of Chapter 303, Statutes of California, 1921, as amended.

PUBLIC RESOURCES CODE

Sections 6108, 6216, 6301, 6501.2, 6812, 6828, 6829, 6830, 6831 and 6873.

R E G U L A T I O N D

RULES RELATING TO THE ISSUANCE OF (a) PROSPECTING PERMITS AND MINERAL LEASES PURSUANT TO CHAPTER 3, PART 2, DIVISION 6 OF THE PUBLIC RESOURCES CODE: (b) LEASES FOR THE EXTRACTION OF MINERALS OTHER THAN OIL AND GAS FROM TIDE AND SUBMERGED LANDS, AND (c) LEASES FOR TAKING MINERALS FROM STREAMS OR LAKES AND CERTAIN LANDS PURSUANT TO CHAPTER 4.1, PART 2, DIVISION 6 OF SAID CODE.

ARTICLE 1. GENERAL PROVISIONS RELATING TO PROSPECTING PERMITS AND LEASES.

RULE 600. RESTRICTIONS AS TO ISSUANCE OF PERMITS AND LEASES.

No prospecting permit shall be issued for tide or submerged lands or lands subject to lease under Chapter 4.1, Part 2, Division 6 of the Public Resources Code, nor shall a prospecting permit or lease be issued for lands owned by the State and dedicated to a public use.

RULE 601. STATEMENTS AND REPORTS REQUIRED.

On or before the 15 day of each month, each permittee and each lessee shall deliver to the Commission a statement in such form as the Commission may prescribe, showing the work performed upon the area described in the permit or lease, the amount, quality, and value of all mineral produced, shipped or sold during the preceding calendar month. The Commission may permit longer intervals for such reports and longer periods to be covered thereby, but such permission shall be granted only in writing and may be revoked or changed at any time upon written notice to the permittee or lessee.

RULE 602. RIGHT OF ACCESS AND INSPECTION OF RECORDS.

Any member or representative of the Commission shall be permitted free access to all parts of the property of any permittee or lessee when in the performance of duties required by the Commission, and may at any time inspect any and all books, records, and accounts of any permittee or lessee.

ARTICLE 2. PROSPECTING PERMITS

RULE 610. APPLICATION REQUIREMENTS.

Each application for a prospecting permit shall be duly acknowledged and contain the following:

1. Name and address of the applicant. If a corporation, the proper corporate name together with the name of the president and secretary.

2. A description of the lands desired to be included in the permit, described by legal subdivisions if in surveyed territory. The beginning point of the description of the lands involved shall be connected with a record survey by courses and distances.

3. The nature of the mineral deposits or ores for which a prospecting permit is desired.

4. Sufficient information to show that the applicant is qualified to receive a permit, as provided by law.

5. Three references as to the applicant's reputation and business standing.

6. If the applicant has posted a notice on the lands and recorded a copy thereof, as provided by Section 6892 of the Public Resources Code, the application shall so state, describing the monument erected on the lands, giving the location thereof, and stating the dates of posting and recording. The recorded copy of the notice shall be attached to the application.

RULE 611. DEFERMENT OF ACTION ON APPLICATION.

Each application for a prospecting permit shall be held for not less than thirty days and for such longer period as the Commission may deem necessary. Thereafter the Commission shall either accept or reject the application.

RULE 612. PROCEDURE FOLLOWING ACCEPTANCE OF APPLICATION.

(a) Upon the acceptance of an application, the Commission shall determine the royalty rate to be paid under any preferential lease that may be entered into covering any portion of the lands proposed to be included in the permit. Such royalty rate shall be fixed in an amount which in the opinion of the Commission represents a fair rate of compensation to the State under the known and anticipated circumstances.

(b) The applicant shall within thirty days after written notification of the acceptance of the application pay a sum equal to $1.00 an acre for each acre included in the permit and deliver a surety bond approved by the Commission in the sum of $1,000.00 conditioned upon the faithful performance of the terms and conditions of the permit. If the required payment is not made and an acceptable bond is not deposited within the time limit specified, the application shall be forthwith cancelled and any rights thereunder terminated.

(c) Upon payment of the amount required and delivery of the bond within the time specified, a permit containing such terms and conditions as the Commission deems for the best interest of the State shall be executed and delivered.

RULE 613. FEES.

Each application for a prospecting permit shall be accompanied by a filing fee of $5.00.

ARTICLE 3. PREFERENTIAL LEASES.

RULE 620. TIME IN WHICH PERMITTEE MAY APPLY FOR PREFERENTIAL LEASE.

At any time during the life of a permit, the permittee may apply for a preferential lease of not to exceed 40 acres of the lands included in the permit as provided by Section 6895 of the Public Resources Code.

RULE 621. APPLICATION REQUIREMENTS.

An application for a preferential lease shall contain a description of the lands sought to be leased and shall be accompanied by an affidavit of some person having knowledge of the facts averring that a commercially valuable mineral deposit has been discovered within the limits of the permit.

RULE 622. DEPOSIT REQUIRED IF LANDS ARE UNSURVEYED.

If any lands to be included in the preferential lease are unsurveyed, the applicant shall deposit sufficient funds to cover the Commission's costs in surveying such lands. No lease shall be issued unless such lands have been surveyed and the entire cost of the survey paid to the Commission.

RULE 623. ADDITIONAL DATA REGARDING DISCOVERY OF MINERAL DEPOSIT.

In addition to the affidavit required by Rule 621, the Commission may require such other evidence as it deems necessary to establish the fact that a commercially valuable mineral deposit has been discovered.

RULE 624. PROCEDURE RELATING TO EXECUTION AND DELIVERY OF LEASE.

Upon determination by the Commission that a commercially valuable mineral deposit has been discovered and that the applicant is entitled to a preferential lease, the Commission shall, subject to the payment of the rental for the first year and delivery of a satisfactory bond in the amount of $1,000.00, authorize the execution and delivery of an appropriate lease containing such terms and conditions as the Commission deems for the best interest of the State. Such instrument shall be accepted in writing by the lessee prior to its execution and delivery by the State.

ARTICLE 4. MINERAL LEASES OTHER THAN OIL AND GAS.

RULE 630. APPLICATION AND DEPOSIT REQUIREMENTS.

Any person who is qualified to be a lessee may file an application under this regulation for a lease to extract minerals, other than oil and gas, from certain State lands. Lands subject to such application include those classified as non-mineral lands, lands embraced within a prospecting permit not subject to preferential lease and certain lands and waters as provided in Chapter 4.1, Part 2, Division 6 of the Public Resources Code. The application may include any number of acres not in excess of 80 acres and shall sufficiently describe the lands sought

to be leased. The applicant shall deposit with his application the sum of $50.00 to cover the costs of advertising for bids.

RULE 631. INCLUSION OF ADDITIONAL ACREAGE.

In addition to the lands described in an application, the Commission may include in its offer to lease areas in excess of 80 acres should it determine that such additional areas contain commercially valuable mineral deposits.

RULE 632. PROCEDURAL AND NOTICE REQUIREMENTS.

(a) Within sixty days after the application is filed, the Commission shall prepare a form of lease, divide the lands involved into parcels of such size and shape as it may determine, fix the amount to be deposited by each bidder as security for the execution of the lease and cause notice to be published of its intention to offer such lands for lease.

(b) The notice shall describe the lands offered for lease, state the amount required to be deposited by each bidder as security for the execution of a lease as provided by his bid, state the time for receiving and opening bids and indicate that forms for bidding (which shall be in the form of a lease) may be obtained at the office of the Commission. Such notice shall be published at least once in a newspaper of general circulation published in the county in which the lands are situated and at least once in a newspaper of general circulation published in the city of Los Angeles or San Francisco.

(c) At the time and place specified in the notice, the Commission shall publicly open the sealed bids and shall award the lease for each parcel to the highest responsible, qualified bidder, unless in the opinion of the Commission, the acceptance of the highest bid for any parcel or parcels is not for the best interests of the State, in which event the Commission may reject the bids for such parcel or parcels. Thereupon new bids may be called for such parcels or the Commission may by resolution refuse to call for new bids until a new application is made and a new deposit to cover the costs of advertising is deposited with the Commission. The Commission may require any bidder to submit information regarding his experience, equipment and financial status and expressly reserves the right to reject the bid of any person if it appears that such person may be unable, because of lack of experience, equipment or financial assets, adequately to carry out the provisions of a lease under this regulation.

(d) The successful bidder shall within fifteen days after notice of the award, deposit a good and sufficient corporate surety bond in the sum of $1,000.00 conditioned upon the faithful performance of the terms and conditions of the lease, pay the cost of advert ising for bids or his proportionate share thereof, together with the first annual rental as required and execute and deliver the lease to the Commission.

RULE 633. IMPOSITION OF COSTS.

The successful bidder shall be charged the advertising costs. If the applicant is not the successful bidder, or the successful bidder for all parcels if more than one parcel is leased, his deposit or a proportionate share thereof shall be refunded.

RULE 634. REQUIREMENTS AS TO SITES AND RIGHTS-OF-WAY.

The Commission may as a condition precedent to the consideration of any bid require that the prospective bidder present satisfactory evidence of his present ability to furnish all necessary sites and rights-of-way for all operations contemplated under the provisions of the proposed lease. In the event of such requirement, the Commission shall reject the bids of all persons who fail to qualify as provided.

RULE 635. ADDITIONAL DEPOSIT IN CASE OF APPLICATION RELATING TO TIDE OR SUBMERGED LANDS.

In the case of an application for a lease to extract minerals, other than oil and gas, from tide or submerged lands, the Commission may require that the applicant deposit, in addition to the sum specified in Rule 630, such amount as it may fix to cover the cost of any hearing or investigation the Commission deems necessary to determine whether the leasing of the lands involved is in the public interest.

CITATIONS OF AUTHORITY PURSUANT TO WHICH THE RULES CONTAINED IN REGULATION D WERE ADOPTED.

PUBLIC RESOURCES CODE

Sections 6108-6218-6301-6891-6897-6900-6992

(See also Sections 6892 to 6896, Incl.)

; and

Does hereby resolve that such rules and regulations shall supersede all former rules and regulations heretofore adopted; and

Does further resolve that all prior rules and regulations in conflict with or not herein included are hereby repealed.

Preceding the adoption of the rules and regulations as hereinbefore set forth, the Commission discussed the feasibility of retaining Rule 500 of Regulation C relating to the redrilling operations of wells. It was the concensus of the members present before any change was made in the rule, the matter should be further considered and all interested persons given an opportunity to express their opinions. Instructions to that effect were issued.

Mr. Erskine of the law firm of Keyes and Erskine, together with Mr. C. V. Anderson, appeared in regard to the lease in favor of the Bank of America N. T. & S. A., covering certain State land in Contra Costa County authorized by the Commission at its meeting of January 29, 1942. It was the contention of these gentlemen that the valuation fixed by Mr. Edwin A. Freeman in his appraisal was erroneous and that the rental fixed in the lease was excessive. These gentlemen stated that the property involved had no general utility value, was a one purpose building, and that, although it was presently leased for $1500.00 per month, the fixed overhead and maintenance costs incurred since the bank acquired the property would result in a net loss unless it was possible to renew the lease upon the expiration of its one year term. They further stated that the likelihood of again leasing the property was remote. Figures taken from the bank records were submitted to support these statements. The Commission was further informed that the lease submitted to the Bank of America for signature would not be signed nor would the demand for back rental in the amount of $37,500.00 be paid. After due consideration, upon motion of Mr. Patterson, seconded by Mr. Killion, it was resolved that, pending the filing of another application by the bank, no further action be taken in the matter; and that, upon receipt of such additional application, an attempt be made to effect a settlement under an equitable lease which would provide for a minimum rental to be agreed upon, together with a percentage of not less than twenty-five percent of the net proceeds to be derived from the property.

Upon motion duly made and carried, the Commission confirmed its previous action in authorizing the selection of property, as follows:

			Acres
Section 2	All	-	970.16
4	"	-	962.30
10	"	-	640
12	"	-	640
14	E½	-	320
20	SW¼	-	160
22	SW¼	-	160
34	All	-	640

T. 35 N., R. 4 W., M. D. M.

		Acres
Section 4 All (except 20 acres for Sugarloaf Lookout)	-	894.59
10 N½	-	320
22 W½, W½ of NE¼, NE¼ of NE¼, W½ of SE¼, SE¼ of SE¼	-	560
T. 35 N., R. 5 W., M. D. M.		
Section 10 All	-	640
12 "	-	640
14 "	-	640
18 "	-	643.35
20 "	-	640
22 "	-	640
24 "	-	640
26 "	-	640
30 N½, E½ of SE¼	-	401
32 NE¼ of NE¼	-	40
34 All	-	640
T. 36 N., R. 4 W., M. D. M.		
Section 14 N½ of NW¼, SW¼ of SW¼ E½ of SW¼, SE¼	-	360
24 All	-	640
26 "	-	640
T. 36 N., R. 5 W., M. D. M.		
Section 18 All		
T. 35 N., R. 3 W., M. D. M.	-	634.87
Section 32 W½ of NE¼		
T. 36 N., R. 4 W., M. D. M.	-	80
Section 4, Lots 1, 2, 3, 4, S½ of N½, SE¼,		
T. 32 N., R. 6 W., M. D. M.	-	477.18
Section 10 All	-	640
12 N½ of NW¼, NE¼, E½ of SE¼	-	320
14 N½ of NW¼, SW¼ of NW¼, W½ of SW¼, SE¼ of SW¼, NW¼ of NE¼, S½ of SE¼	-	360
24 N½ of NW¼, NW¼ of NE¼, S½	-	440
26 W½ of NW¼, SE¼ of NW¼, SW¼ of NE¼, S½	-	480
30 Lots 1, 2, 3, 4, E½ of W½	-	321.98
32 N½ of NW¼, S½ of SW¼, NE¼	-	320
2 Lots 1, 2, 3, 4, SW¼ of NW¼, W½ of SW¼, SE¼ of SW¼	-	321.69
T. 33 N., R. 6 W., M. D. M.		

			Acres
Section 4	All	-	643.82
6	N½, SE¼, E½ of SW¼. N½ of Lot 6	-	572.74
8	N½, N½ of S½, SE¼ of SE¼		520.00
10	W½, NE¼	-	480
20	N½, SW¼, E½ of SE¼, SW¼ of SE¼	-	600
22	N½ of NW¼, SW¼ of NW¼	-	120
30	Lots 2, 3, 4, SE¼ of SW¼, NE¼ of NE¼	-	203.24
32	NE¼ of NW¼, NE¼, E½ of SE¼	-	280

T. 33 N., R. 6 W., M. D. M.

Section 6	Lots 6, 7, E½ of SW¼, SE¼	-	321.25
8	N½, NE¼ of SW¼, NW¼ of SE¼, E½ of SE¼	-	560
10	W½, NE¼, N½ of SE¼, SW¼ of SE¼	-	600
12	W½, NE¼, N½ of SE¼	-	560
26	N½, SE¼, N½ of SW¼	-	560
28	All	-	640
30	Lots 1, 2, 3, 4, E½ of W½, W½ of NE¼	-	404.20

T. 33 N., R. 7 W., M. D. M.

Section 2	All	-	629.03
4	"	-	634.38
6	"	-	605.41
8	"	-	640
10	"	-	640
12	"	-	640
14	"	-	640
18	"	-	617.21
20	"	-	640
22	"	-	640
24	"	-	640
26	"	-	640
28	N½	-	320
30	"	-	621.44
34	"	-	640

T. 34 N., R. 6 W., M. D. M.

Section 12	S½, S½ of NW¼, E½ of NE¼,	-	480

T. 34 N., R. 7 W., M. D. M.

Section 2	All	-	638.78
4	Lot 1, S½ of NE¼, SE¼	-	280.36
10	All	-	640
24	E½, E½ of W½, NW¼ of NW¼	-	520
26	NE¼, NW¼ of SE¼, SW¼ of SW¼	-	240
30	Lots 1, 2, 3, 4, E½ of SW¼, S½ of SE¼	-	326.80
32	S½ of NW¼, S½ of NE¼	-	160
T. 33 N., R. 8 W., M. D. M.			
Section 8	E½, SW¼, E½ of NW¼	-	560
12	NE¼, N½ of NW¼, N½ of SE¼	-	320
14	W½	-	320
20	All	-	640
22	N½ of NW¼, N½ of NE¼, SE¼ of NE¼, SW¼	-	360
24	S½ of SW¼	-	80
26	SE¼ of NE¼, E½ of SE¼	-	120
T. 33 N., R. 9 W., M. D. M.			
Section 6	All	-	611.19
8	N½, W½ of SW¼, N½ of SE¼, SE¼ of SE¼	-	520
20	N½, N½ of SW¼, N½ of SE¼	-	480
T. 34 N., R. 5 W., M. D. M.			
Section 24	W½, W½ of SE¼, SE¼ of SE¼	-	440
T. 33 N., R. 7 W., M. D. M.			
Section 18,	All	-	630.65
T. 34 N., R. 5 W., M. D. M.			
Section 28	W½ of NW¼, SE¼ of NW¼	-	120
T. 34 N., R. 5 W., M. D. M.			
Section 28	NE¼ of NE¼	-	40
T. 34 N., R. 5 W., M. D. M.,			

and issued instructions that steps be taken immediately to effect such exchange.

Upon motion duly made and carried, it was resolved that the War Department be granted a permit for the duration of the War and six months thereafter to use those lands owned by the State of California located in the southeastern portion of the State and lying within the area outlined in green on the map submitted by the United States Engineer's Office. The legal description of the land involved is as follows:

Those certain lands of the State of California situated in the Counties of San Bernardino, Riverside and Imperial, State of California, and lying within the exterior boundaries of that certain area more particularly described as follows:

Beginning at a point at the intersection of the township line between Townships 15 and 16 North and the State boundary line between California and Nevada; thence West to a point at Townships 15 and 16 North, Ranges 12 and 13 East; thence South to a point at Townships 10 and 11 North, Ranges 12 and 13 East; thence South to a point at Townships 5 and 6 North, Ranges 11 and 12 East; thence South to a point at Townships 2 and 3 North, Ranges 11 and 12 East; thence South to the San Bernardino Base between Ranges 13 and 14 East; thence south to a point at Townships 4 and 5 South, Ranges 13 and 14 East; thence West to a point at Townships 4 and 5 South, Ranges 9 and 10 East; thence south to a point at Townships 6 and 7 South, Ranges 9 and 10 East; thence East to a point at Townships 6 and 7 South, Ranges 16 and 17 East; thence South along the line between Ranges 16 and 17 East to the intersection of said line with the northerly right-of-way line of the Southern Pacific Railroad from Niland, California, to Yuma, Arizona; thence southeasterly along the northerly right-of-way line of the Southern Pacific Railroad to the west bank of the Colorado River; thence northerly following the West bank of the Colorado River to its intersection with the California-Nevada boundary line; thence northwesterly along said California-Nevada boundary to the point of beginning, the points described being at the intersection of the respective township and range lines all referred to the San Bernardino Base and Meridian.

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