

A meeting of the State Lands Commission was held in Room 302 State Building, Los Angeles, March 26, 1942, at 10 o'clock A. M.

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

Absent Harry B. Riley, Member.

Minutes of the meetings of the Commission held in Sacramento on January 29 and February 17, 1942, and in Los Angeles on February 25, 1942, were, upon motion of Mr. Patterson, seconded by Mr. Killion, unanimously approved and confirmed as submitted.

Inasmuch as bonafide steps were taken to restore the wells to production, the Commission, upon motion duly made and carried, resolved that Agreements for Easements Nos. 314 and 318 of the Beloil Corporation should not be cancelled, and that no further action should be taken under the notices heretofore issued.

After a review of the opinion of the Attorney General dated March 14, 1942, and the facts relating to the cancellation of the easement relating to Well "W. K." No. 2 under Agreement for Easement No. 336, and finding that no error had occurred in the cancellation of the easement and that no authority exists to vacate the cancellation or reinstate the easement for Well "W.K." No. 2, the Commission, upon motion duly made and carried, adopted a resolution denying the request of January 24, 1942, of the W. K. Company, to reinstate the easement for said well.

Representatives of the Standard Oil Company, Southwest Exploration Company, Wilshire Oil Company and General Petroleum Corporation, appeared before the Commission in response to an invitation to all operators to attend the meeting to consider the retention, repeal or amendment, of Rule 500 of Regulation C of the rules and regulations. After full discussion, the following resolution (which was approved by the operators present) was, upon motion duly made and carried, adopted:

RESOLVED That 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 amend Regulation C of the Rules and Regulations by deleting therefrom the following:

"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 (perforated) 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."

and adopting in lieu thereof, the following rule:

"RULE 500. REDRILLING OPERATIONS OF WELLS.

No oil or gas well shall be redrilled except upon prior approval of the Commission. No application to redrill a well shall be approved unless it is shown that such redrill is necessary and in the public interest, and then only provided that -

(a) No point in the redrilled portion of the well, including the bottom thereof, shall be more than 100 feet from the original hole;

(b) No point in the redrilled hole shall be closer than 50 feet to the blanked off portion of any well, other than the well to be redrilled;

(c) All drilling within the oil zone shall be done with crude oil as circulating fluid;

(d) In case any point in the redrilled hole may come within 200 feet of the portion open to production of any well, other than the well to be redrilled, the applicant shall file with the Commission -

1. Written consents from the operator of each well, within said 200 feet, waiving any objection to the proposed redrilling operations;

2. For each well, within said 200 feet, a corporate surety bond, in an amount to be fixed by the Commission but in no instance less than \$25,000.00, indemnifying the State against any loss, damage, claim, demand or action caused by or connected with the redrilling operations."

Representatives of the Wilshire Oil Company appeared in support of the Company's request to redrill Well "H.B." No. 16 under Agreement for Easement No. 275, Huntington Beach. Upon motion duly made and carried, it was resolved that the Wilshire Oil Company be permitted to redrill said well provided that redrill operations were conducted in accordance with an approved program, the terms of the easement and the rules and regulations of the Commission; and provided, further, that bonds, for each well affected, in amounts to be fixed by the Executive Officer, together with the waivers of liability as provided by Rule 500, be filed.

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

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said approval being subject to a check of the acreage.

On motion duly made and carried, cancellation of Tideland Lease No. 33 (Chapter 69, Statutes of 1929), was confirmed and instructions given that the check in the sum of \$120.00 received on March 23, 1942, be returned to Antonio Dowrelio.

Consideration was given to certain piers located immediately north of Santa Monica adjacent to the Bel Air Bay Club. From the information available, it appeared advisable that before any action was taken in regard to such structures, an effort be made to effect a readjustment with the Bel Air Bay Club of the line or ordinary high water. The Commission issued instructions that a program to that effect be instituted.

Upon motion duly made and carried, it was resolved that the sum of \$500.00 be allocated to pay the costs incurred for a snow survey being made in connection with the pending action between the State and the City of Los Angeles in regard to the Owens Lake matter and that an appropriate contract be entered into with the Department of Public Works.

Upon being informed that the City of San Clemente had declined to execute an easement to cover the maintenance of a pier built on tidelands adjacent to that city, the Commission, upon motion duly made and carried, resolved that the matter be referred to the office of the Attorney General for appropriate action.

Upon motion duly made and carried, it was resolved and ordered that due to default in the payment of rental, Special Lease No. 15 (Section 675 of the Political Code) in favor of John F. Meyer covering certain tidelands at Merro Bay, be cancelled.

The action taken (pursuant to the application of T. Mart Regan) in regard to the publication of notice of the State's intention to enter into mineral leases on the SW $\frac{1}{4}$ of Section 16, T. 16 S., R. 6 E., S. B. M., San Diego County, for the development of fluorspar, feldspar, silica, alumina, and other non-metallic minerals, was, upon proper motion, confirmed and the following notice as required by law approved:

NOTICE OF INTENTION OF THE STATE
LANDS COMMISSION TO RECEIVE OFFERS TO ENTER
INTO LEASES FOR THE EXTRACTION OF FLUORSPAR, FELDSPAR,
SILICA, ALUMINA AND OTHER NON-METALLIC MINERALS
FROM CERTAIN LANDS OF THE STATE SITUATE
IN SAN DIEGO COUNTY, CALIFORNIA.

Notice is hereby given by the State Lands Commission, acting pursuant to the Division 6 of the Public Resources Code of Intention to enter into leases for the purpose of extraction of fluorspar, feldspar, silica, alumina and other non-metallic minerals upon those certain parcels of real property situate in the County of San Diego, State of California, and more particularly described as follows, to wit:

Section 16, T. 6 S., R. 6 E., S. B. M.

Each bid submitted pursuant to this notice may include not more than eighty acres and shall be accompanied by certified or cashier's check of a responsible bank in California payable to the State of California in the sum of \$200.00 as a deposit of good faith, and except in the case of the successful bidder or bidders will be returned to the respective bidder. Each bid submitted shall be accompanied by citizenship qualifications or other qualifications required under Division 6 of the Public Resources Code. Should the successful bidder or bidders fail or refuse to execute the lease within fifteen (15) days of the award thereof by the Commission and fail to file with the Commission a good and sufficient corporate surety bond in the sum of \$1,000.00, the deposit shall be forfeited to the State of California, otherwise the amount of said deposit shall be applied upon the annual rental for the first year and the balance, if any, refunded to the lessee.

All bids made pursuant to this notice shall be addressed to the State Lands Commission, sealed and delivered to the State Lands Commission, Room 302 California State Building, Los Angeles, California, on or before 12 o'clock M. of the 25th day of March, 1942. Upon the sealed envelope containing such bid shall be written "Bid of (name of bidder) made pursuant to notice of intention of the State Lands Commission to enter into lease for extraction of fluorspar, feldspar, silica, alumina and other non-metallic minerals, from State lands in the County of San Diego, State of California."

Bids received pursuant to this notice will be publicly opened at 10 o'clock A.M., March 26, 1942, in Room 302 California State Building, Los Angeles, California, or at such other place, time and date, as the Commission shall determine.

Form of bid entitled "State Mineral Lease No. _____", may be obtained at the office of the Commission, Room 302 California State Building, Los Angeles, California.

The Commission reserves the right to reject any and all bids received pursuant to this notice.

STATE LANDS COMMISSION

By

J. M. Clifford
Executive Officer.

Pursuant to this notice, one bid was received which was opened and found to be that of T. Mart Regan and in the amount of "ten percent per ton on any and all ores removed from property". Upon motion duly made and carried, it was resolved that action on the bid be deferred until a report could be obtained from the State Mineralogist regarding the reasonableness of the bid.

Instructions were given to defer action on the problem of delinquent rentals on grazing and Fish Canyon leases until receipt of an opinion from the Attorney General.

Upon motion duly made and carried, the request of Robert S. Baldwin that the Commission waive the requirements of paragraph 8 of Lease No. 4 (Public Resources Code) was granted. This action was predicated upon the statement of Mr. Baldwin that he was unable to obtain the necessary materials to construct the contemplated radio station due to the action of the Defense Communication Board in issuing a so-called "freeze" order.

The Commission was informed that the Standard Oil Company had paid to a purchaser of certain school land in Fresno County, California, in which the State had reserved one-sixteenth interest in the minerals, the sum of \$480.00 as delayed drilling rental; and that there is some question as to whether the State is entitled to one-sixteenth of this amount or \$40.00. After considering the matter, it was the consensus of the Commission that the sum involved would not warrant the expenditure of the amount necessary to enforce its collection through court action. Instructions were therefore issued that no further action be taken in the matter.

The Commission authorized the sale of the NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 20, T. 6 N., R. 12 E., S. B. M., San Bernardino County, containing 40 acres, to the Division of Highways, for \$5.00 an acre. Such sale is conditioned upon the acquisition of the property from the Federal Government through the Department of the Interior.

The exchange of 194.44 acres in the Honey Lake Military Withdrawal in Lassen County was approved. This acreage is in addition to the 6640.10 heretofore selected by the Federal Government.

The Commission, upon motion duly made and carried, resolved that any grazing leases covering those lands included within the lands recently selected for exchange by the Federal Government should not be cancelled until the Government specifically requests that the lessees be removed.

Inasmuch as the discoveries made during the past year by Mr. C. A. Logan would not appear to warrant a further survey, the Commission, on proper motion, resolved that the contract with the Division of Mines relating to his services should not be renewed.

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

RESOLVED That the salary of J. Stuart Watson, Petroleum Production Auditor, is increased to \$320.00 per month effective as of March 1, 1942;

That the salary of J. M. Clifford, Executive Officer, is increased to \$500.00 per month effective as of March 1, 1942; and

That a new classification for the position of Secretary, State Lands Commission, with a salary range of \$200.00 to \$260.00 per month, is hereby established, and that the necessary and proper steps be taken through the Personnel Board to arrange for a promotional examination for Geneva Harvey, Senior Stenographer-Clerk, effective as of March 1, 1942.

Upon motion duly made and carried, a resolution approving the following forms of the State Lands Commission was adopted:

- a. Card listing counties in which there are vacant school lands;
- b. State mineral lease;
- c. Application for lease at Corte Madera;
- d. Lease form for Corte Madera property;
- e. Bond form;
- f. Form No. 3 (Lessee's Monthly Statement of Oil and Gas Runs and Royalty);
- g. Form No. 11 (Grantee's Monthly Statement of Oil and Gas Runs and Royalty);
- h. Form No. 9A (Lessee's or permittee's Quarterly Report of Operations);
- i. Form No. 10 (Lessee's or permittee's Statement of Sales and Shipments);
- j. Application to lease State lands;
- k. Lease of State lands.

The Commission was informed that Rules 420 and 450 (c) of Regulation C recently adopted for uniform administration of all oil and gas operations present administrative difficulties in the Rincon, Elwood and Capitan Fields; that these difficulties were anticipated prior to the promulgation of Regulation C and do not affect the necessity or desirability thereof but arise from lack of personnel and equipment; and that the limited income from these fields, the lack of equipment and personnel, and the manner of operation, would appear to preclude the possibility of any substantial loss or defalcation. Upon motion duly made and carried, it was resolved that said rules should apply to the fields named only insofar as practicable with the present staff and equipment.

The Commission, on proper motion, confirmed the authorization given the Attorney General to institute proper action to protect the State's interests in the property described as Section 36, T. 14 N., R. 15 E., S. B. M. This action was based on information to the effect that evidence had been obtained indicating the illegal removal of tungsten ore from the lands described.

The Commission approved the sale of the property described as a 4.70 acre fraction of the SE $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 26, T. 29 N., R. 3 E., M. D. M., Tehama County, to the Division of Highways for \$260.00 if and when said property is acquired from the Federal Government.

After having reviewed the opinion received from the office of the Attorney General relating to the matter, the Commission adopted a resolution to accept the quitclaim deed of the Honolulu Oil Corporation covering 47.07 acres of lands described in State Oil and Gas Lease No. 90, Elwood.

Applications of the Department of Public Works for grants or rights-of-way over the NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 36, T. 14 S., R. 1 W., S. B. M., and Section 36, T. 5 S., R. 14 E., S. B. M., for highway purposes in accordance with Section 4 of Chapter 672, Statutes of 1931, were approved.

It was decided to hold the next meeting in Sacramento for the purpose of hearing persons in Northern California who may have matters to place before the Commission.

Approval was given to the substitution of operators of Agreements for Easements Nos. 330, 278, 279 and 281, upon submission of bonds and other necessary materials.

Approval was given for the execution of a lease with J. P. Mortensen covering the premises at Rio Vista for a period of one year from March 1, 1942, at the sum of \$15.00 per month.

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

Upon motion of Mr. Patterson, 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.

After having determined there was no loss to the State, the Commission, on proper motion, waived the eight day delay which occurred in the work of abandoning Well 170-1.

With respect to the proposed contract with Mr. L. E. Stokes for the abandonment of the pier on the premises of former State Oil and Gas Lease No. 16, the Commission was informed that Mr. Stokes had refused to execute the contract which had been prepared in accordance with his previous understanding. Instructions were thereupon issued that an attempt be made to obtain other bids.

Approval was given to support the claim of Katherine Bell Cheney in the sum of \$57.47 for refund of royalty paid under protest under the rescinded May 1 rule.

Upon motion of Mr. Patterson, seconded by Mr. Killion, and carried, it was resolved that the action on the applications of the California & Hawaiian Sugar Company for leases on tidelands in Contra Costa, covering the lands described in Tideland Leases Nos. 31 and 32, cancelled, should be deferred until additional information relative to the reasonable rental value of the premises could be obtained.

After having reviewed the opinion received from the office of the Attorney General relating to the matter, the Commission adopted a resolution to accept the quitclaim deed of Neil C. Needham, covering 54.15 acres of lands described in State Oil and Gas Lease No. 55, Rincon.

The Commission received a report to the effect that an attempt was being made to obtain additional revenue from the gas produced under the Huntington Beach easements. The proposed form of modification agreement to be used, if the program is accepted by the individual operators, was approved.

The application of Messrs. Bressi and Bevanda Constructors, Inc., and A. Teichert & Son, Inc., that the State publish notice of its intention to enter into mineral leases on Section 16, T. 28 N., R. 17 E., M.D.M., and the N $\frac{1}{2}$ of Section 27, T. 26 N., R. 16 E., M.D.M., Lassen County, for the development of gravel and/or sand was, upon proper motion, granted, and the following notice as required by law approved:

NOTICE OF INTENTION OF THE STATE LANDS
COMMISSION TO RECEIVE OFFERS TO ENTER INTO LEASES FOR
THE EXTRACTION OF GRAVEL AND/OR SAND FROM CERTAIN LANDS OF THE
STATE, SITUATE IN LASSEN COUNTY, CALIFORNIA.

Notice is hereby given by the State Lands Commission, acting pursuant to Division 6 of the Public Resources Code of intention to enter into leases for the purpose of extraction of gravel and/or sand upon those certain parcels of real property situate in the County of Lassen, State of California, and more particularly described as follows, to wit:

All of Section 16, T. 28 N., R. 17 E., and the N $\frac{1}{2}$ of
Section 27, T. 26 N., R. 16 E., M. D. M.

Each bid submitted pursuant to this notice may include not more than eighty acres and shall be accompanied by certified or cashier's check of a responsible bank in California payable to the State of California in the sum of \$200.00 as a deposit of good faith, and except in the case of the successful bidder or bidders will be returned to the respective bidder. Each bid submitted shall be accompanied by citizenship qualifications or other qualifications required under Division 6 of the Public Resources Code. Should the successful bidder or bidders fail or refuse to execute the lease within fifteen (15) days of the award thereof by the Commission, and fail to file with the Commission a good and sufficient corporate

surety bond in the sum of \$1,000.00, the deposit shall be forfeited to the State of California, otherwise the amount of said deposit shall be applied upon the annual rental for the first year and the balance, if any, refunded to the lessee.

All bids made pursuant to this notice shall be addressed to the State Lands Commission, sealed and delivered to the State Lands Commission, Room 302 California State Building, Los Angeles, California, on or before 12 o'clock M. of the 22nd day of April, 1942. Upon the sealed envelope containing such bid shall be written "Bid of (name of bidder) made pursuant to notice of intention of the State Lands Commission to enter into lease for extraction of gravel and/or sand from State lands in the County of Lassen, State of California".

Bids received pursuant to this notice will be publicly opened at 10 o'clock A. M., April 23, 1942, in Room 302 California State Building, Los Angeles, California, or at such other place, time and date, as the Commission shall determine.

Form of bid entitled "State Mineral Lease No. _____", may be obtained at the office of the Commission Room 302 California State Building, Los Angeles, California.

The Commission reserves the right to reject any and all bids received pursuant to this notice.

STATE LANDS COMMISSION,
By

J. M. CLIFFORD,
Executive Officer.

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