



(g) F. Arterberry has admitted hauling oil from the wells in question but has admitted only smaller amounts.

(h) The records of the Boe Tunstall Company and the statements of Boe Tunstall show that his purchases involved numerous transactions where oil was purchased from individuals without any question as to the ownership of the oil. While Tunstall admits all of the 1940 and 1941 purchases of oil from Hudson, the source is attributed to two other wells (not under State easements) in Huntington Beach. However, the records of the Division of Oil and Gas and those of the Oil Administrator show that during the applicable period one of the purported source wells was inoperative while the other one was incapable of producing the quantities of oil actually transported.

After careful consideration of the foregoing evidence, the Commission, upon motion duly made and carried, resolved that the matter should be referred to the Attorney General with the recommendation that such actions (both civil and criminal) as may be necessary to protect the State and public interests be instituted.

In regard to the properties hereinafter described, the Commission, upon motion duly made and carried, adopted the following resolutions:

(a) Resolved that, inasmuch as the Division of Highways is paying from five to ten cents per ton for sand and gravel in Lassen County, the bids of Bressi and Bevanda Constructors, Inc., and A. Teichert & Son, Inc., of one cent per net ton for gravel and sand extracted from the property described as the N $\frac{1}{2}$  of SW $\frac{1}{4}$  and S $\frac{1}{2}$  of SW $\frac{1}{4}$  of Section 16, T. 28 N., R. 17 E., M. D. M., and NE $\frac{1}{4}$  of NW $\frac{1}{4}$  and NW $\frac{1}{4}$  of NE $\frac{1}{4}$  of Section 27, T. 26 N., R. 16 E., M. D. M., Lassen County, be rejected.

(b) Resolved further that the application of the Division of Highways made March 25, 1942, under Chapter 386, Statutes of 1933, be granted, and that the following described lands be conveyed to that department, subject to the reservation of all minerals, in consideration of payment of \$6.00 per acre:

<u>Fraction</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Base</u>
NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of SE $\frac{1}{4}$	22	26 N.	16 E.	M. D. B. & N.
SW $\frac{1}{4}$ of SW $\frac{1}{4}$ of SE $\frac{1}{4}$	"	"	"	"
SE $\frac{1}{4}$ of SW $\frac{1}{4}$ of SE $\frac{1}{4}$	"	"	"	"
NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of NW $\frac{1}{4}$	26	"	"	"
SW $\frac{1}{4}$ of SW $\frac{1}{4}$ of NW $\frac{1}{4}$	"	"	"	"
SE $\frac{1}{4}$ of SW $\frac{1}{4}$ of NW $\frac{1}{4}$	"	"	"	"
NW $\frac{1}{4}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"
SE $\frac{1}{4}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of SW $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"
SW $\frac{1}{4}$ of NE $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"
SE $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$	27	26 N.,	16 E.	"

<u>Fraction</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Base</u>
NE $\frac{1}{4}$ of NE $\frac{1}{4}$ of NW $\frac{1}{4}$	35	26 N.	16 E.	M. D. B. & M.
SE $\frac{1}{4}$ of NE $\frac{1}{4}$ of NW $\frac{1}{4}$	"	"	"	"
NW $\frac{1}{4}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
SW $\frac{1}{4}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
SE $\frac{1}{4}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of SW $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
SE $\frac{1}{4}$ of SW $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
SW $\frac{1}{4}$ of SE $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of SE $\frac{1}{4}$ of SE $\frac{1}{4}$	"	"	"	"
SW $\frac{1}{4}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$	36	26 N.	16 E.	"
SW $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"

(c) Resolved further that Section 16, T. 28 N., R. 17 E., and the NW $\frac{1}{4}$  of Section 27, T. 26 N., R. 16 E., M. D. B. & M., containing 800 acres, be exchanged for

<u>Fraction</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Base</u>
N $\frac{1}{2}$ of NE $\frac{1}{4}$	14	26 N.	16 E.	M. D. B. & M.
SE $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"
E $\frac{1}{2}$ of SE $\frac{1}{4}$	23	"	"	"
SW $\frac{1}{4}$ of SW $\frac{1}{4}$	6	"	17 E.	"
W $\frac{1}{2}$	7	"	"	"
N $\frac{1}{2}$ of NE $\frac{1}{4}$	"	"	"	"
NW $\frac{1}{4}$	34	27 N.	"	"

belonging to the Department of the Interior, in accordance with the application of the War Department dated May 2, 1942.

(d) Resolved further that easements in favor of the War Department providing for the exclusive and unrestricted use of Section 16, T. 28 N., R. 17 E., and the NW $\frac{1}{4}$  of Section 27, T. 26 N., R. 16 E., M. D. B. & M., be executed pending the completion of the exchange above noted.

(e) Resolved further that due to the transfer of the property to the Federal Government, Grazing Lease No. 754 covering Section 16, T. 28 N., R. 17 E., M. D. B. & M., be cancelled.

(f) Resolved further that, due to the conveyance of such lands to the Division of Highways, the following be withdrawn from Grazing Lease No. 724:

<u>Fraction</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Base</u>
NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of SE $\frac{1}{4}$	22	26 N.	16 E.	M.D.B. & H.
SW $\frac{1}{4}$ of SW $\frac{1}{4}$ of SE $\frac{1}{4}$	"	"	"	"
SE $\frac{1}{4}$ of SW $\frac{1}{4}$ of SE $\frac{1}{4}$	"	"	"	"
NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of NW $\frac{1}{4}$	25	"	"	"
SW $\frac{1}{4}$ of SW $\frac{1}{4}$ of NW $\frac{1}{4}$	"	"	"	"
SE $\frac{1}{4}$ of SW $\frac{1}{4}$ of NW $\frac{1}{4}$	"	"	"	"
NW $\frac{1}{4}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"
SE $\frac{1}{4}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of SW $\frac{1}{4}$ of SE $\frac{1}{4}$	"	"	"	"
SW $\frac{1}{4}$ of NE $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"
SE $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of NE $\frac{1}{4}$ of NW $\frac{1}{4}$	35	"	"	"
SE $\frac{1}{4}$ of NE $\frac{1}{4}$ of NW $\frac{1}{4}$	"	"	"	"
NW $\frac{1}{4}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
SW $\frac{1}{4}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
SE $\frac{1}{4}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of SW $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
SE $\frac{1}{4}$ of SW $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
SW $\frac{1}{4}$ of SE $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of NE $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of SE $\frac{1}{4}$	"	"	"	"
NE $\frac{1}{4}$ of SE $\frac{1}{4}$ of SE $\frac{1}{4}$	"	"	"	"
SW $\frac{1}{4}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$	36	"	"	"
SW $\frac{1}{4}$ of SW $\frac{1}{4}$	"	"	"	"

Upon motion of Mr. Riley, seconded by Mr. Killion, a resolution was unanimously adopted authorizing the execution of an amendment to the compensatory agreement dated April 30, 1942, between the State and the Pacific Lighting Corporation, relating to the Goleta Gas Field in Santa Barbara County, which amendment provides for payment to the State of storage charges in the sum of \$34.31.

The Commission, after being informed that Pacific Lighting Corporation had deposited as collateral security to its bond (filed in connection with the compensatory agreement dated April 30, 1942,) Metropolitan Water District of Southern California Colorado River Waterworks 3% Refunding Bonds Nos. R 179017 to R 179026, inclusive, having a par value of \$10,000.00, adopted a resolution authorizing the acceptance of such bond and collateral provided a written opinion was received from the Attorney General to the effect that there is no statutory prohibition against such action.

Upon motion of Mr. Riley, 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.

Upon motion duly made and carried, a resolution was adopted approving amendments to crude oil purchase contracts relating to State Oil and Gas Leases Nos. 91 (C. J. Mahoney) and 98 (Wm. L. Appleford), subject to the condition that royalties due the State shall be computed upon the basis of posted prices f.o.b. ship at Elwood.

A resolution was adopted authorizing the execution of a contract with Frank Bonazzola for the demolition of a pier on the tidelands covered by cancelled State Oil and Gas Lease No. 170 at Capitan, at no net cost to the State.

Upon motion duly made and carried, the following resolution was 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 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."

and adopting in lieu thereof, the following rule:

"RULE 530. DILIGENCE OF OPERATION.

Unless written authorization is otherwise granted by the Commission, all wells, while capable of producing oil, gas or other petroleum products in commercial quantities, shall be operated continuously at the maximum efficient rate of recovery as determined by recognized engineering standards and/or in accordance with field production schedules acceptable to the Commission."

Representatives of the Bank of America N. T. & S. A. appeared before the Commission in connection with a proposed lease to the Bank of "Granger's Wharf" located on certain tide and submerged lands at Port Costa, Contra Costa County. After discussion, upon motion duly made and carried, the Commission adopted a resolution authorizing the execution of an agreement providing for the payment of a minimum

rental of \$400.00 per year plus 25% of the net proceeds derived from the operation of the properties provided an opinion was obtained from the Attorney General to the effect that the Commission has the authority to enter into such an agreement.

Upon motion of Mr. Riley, seconded by Mr. Killion, resolutions were adopted approving issuance of ark site leases at Corte Madera as follows:

Harry Winter  
Lillian R. Mosher  
Fred E. Moore  
Mrs. Sam M. Hawkins

Upon motion duly made and carried, the Commission adopted a resolution authorizing the execution of a 15 year lease to the Pacific Telephone and Telegraph Company covering  $\frac{1}{4}$  acre of lieu land in Section 33, T. 27 N., R. 16 E., M. D. B. & M., (Honey Lake area - Lassen County), for the purpose of constructing a repeater station thereon. The consideration for such lease to be \$50.00 and to provide for the right of renewal for an additional 15 year period.

Upon motion duly made and carried, a resolution was adopted approving the issuance of a three year easement to the Southern California Telephone Company covering  $7\frac{1}{2}$  acres in the SW $\frac{1}{4}$  of SW $\frac{1}{4}$  of NE $\frac{1}{4}$  of NW $\frac{1}{4}$  and the W $\frac{1}{2}$  of NW $\frac{1}{4}$  of SE $\frac{1}{4}$  of NW $\frac{1}{4}$  of Section 36, T. 5 S., R. 14 E., S. B. B. & M., in Riverside County, for the purpose of constructing a temporary building to provide telephone service at the army camp in the Shaver Summit Desert Center and Iron Mountain districts, for the consideration of \$50.00.

Upon being informed that the Attorney General's opinion No. NS4165 held that Fish Canyon leases must be cancelled if rentals are not paid within fifteen days after due date, a resolution was adopted confirming the cancellation of the following leases:

<u>Lease No.</u>	<u>Lessees</u>
629	Pasadena Presbyterian Church
636	James C. Owen
640	Norman W. Gardner
643	George H. Barron
644	August Bohn
645	W. G. Roach
647	Roy H. Robertson

In view of the opinion referred to, a resolution was also adopted rescinding the action of the Commission on January 29, 1942, relating to the rental paid by Robert M. Sherwood, and authorizing the cancellation of Lease No. 693 as of December 8, 1942. (1941)

Upon motion duly made and carried, resolutions were adopted authorizing the cancellation for non-performance under the following mineral leases:

<u>Lease No.</u>	<u>Lessee</u>
396	T. A. McCall
397	George Bellis
399	E. F. Dunn

Upon motion duly made and carried, a resolution was adopted authorizing the execution of Grazing Lease No. 1014 to George A. Clough, % Tobin & Tobin, Hibernia Bank Building, San Francisco, covering the  $\frac{1}{2}$  of NW $\frac{1}{4}$ ,  $\frac{1}{2}$  of SW $\frac{1}{4}$ , SW $\frac{1}{4}$  of NE $\frac{1}{4}$ , E $\frac{1}{2}$  of NE $\frac{1}{4}$ , SE $\frac{1}{4}$  of Section 16, T. 33 N., R. 12 E.; all of Section 16, T. 33 N., R. 14 E.; NE $\frac{1}{4}$  of NW $\frac{1}{4}$ , S $\frac{1}{2}$  of NW $\frac{1}{4}$ , SW $\frac{1}{4}$ , NE $\frac{1}{4}$ , NW $\frac{1}{4}$  of SE $\frac{1}{4}$ , SE $\frac{1}{4}$  of SE $\frac{1}{4}$  of Section 36, T. 34 N., R. 11 E.; S $\frac{1}{2}$  of NW $\frac{1}{4}$ ,  $\frac{1}{2}$  of SW $\frac{1}{4}$ , NE $\frac{1}{4}$ , NE $\frac{1}{4}$  of SE $\frac{1}{4}$  of Section 16, T. 34 N., R. 12 E.;  $\frac{1}{2}$ , N $\frac{1}{2}$  of NE $\frac{1}{4}$ , NE $\frac{1}{4}$  of SE $\frac{1}{4}$ , S $\frac{1}{2}$  of SE $\frac{1}{4}$  of Section 36, T. 34 N., R. 12 E.; all of Section 36, T. 34 N., R. 13 E., M. D. M., containing 3120 acres in Lassen County, for five years at ten cents per acre per year.

The Commission issued instructions that a Model T-4 Tele-Stereoscope, Serial No. 143, be purchased from Fairchilds Aerial Survey Inc., for the sum of \$95.00 and adopted a resolution to the effect that such sum should be included in a deficiency appropriation.

The purchase estimate issued to cover the purchase of one Dodge pickup truck for use in the Huntington Beach Field at an approximate cost of \$700.00 was, upon motion duly made and carried, confirmed.

In connection with the proposed development in the eastward extension of the Huntington Beach tideland pool, the Commission issued instructions to the Executive Officer to proceed to Washington, D. C. for the purpose of filing the necessary applications to obtain permission from the Petroleum Coordinator for National Defense to drill a well in that area. The Commission appropriated the sum of \$350.00 to cover the expenses of such trip, and, upon motion duly made and carried, adopted a resolution to the effect that such sum should be included in a deficiency appropriation.

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

RESOLVED That the salary of F. J. Hertig, Supervising Petroleum Production Inspector is increased to \$290.00 per month effective as of June 1, 1942; and

That a new classification for the position of Intermediate Stenographer-Clerk, with a salary range of \$110.00 to \$150.00 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 June Fleming, Junior Typist-Clerk, effective as of June 1, 1942.

Upon motion of Mr. Riley, seconded by Mr. Killion, it was resolved that, subject to effecting proper arrangements with the Department of Finance, all accounting incident to the operations of the State Lands Commission should be done in Los Angeles.

On motion duly made and carried, it was resolved that, due to the lack of transportation facilities from the Elwood Field and the hazards involved in storing large quantities of oil under present war conditions, the following lessees should be billed for oil in storage:

<u>Lease No.</u>	<u>Operator</u>
88	Barnsdall Oil Company
89	Bankline " "
90	Honolulu Oil Corporation
91	Signal Oil & Gas Company
92	Pacific Western Oil Company
93	" " "
98	Signal Oil & Gas Company

A letter was read from the State Controller in which he stated that the sum of \$65,000.00 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. Riley, seconded by Mr. Killion, and unanimously carried, a resolution was adopted directing the transfer from the State Lands Act Fund in accordance with the suggestion of the State Controller.

A resolution was adopted authorizing the execution of a contract with a financial rating firm for reports on the defendants in the case of People vs. Bestmi Petroleum Corporation, et al., the cost of which will be approximately \$2.00 per person.

The Commission was informed that T. Mart Regan, the successful bidder for a mineral lease, had not filed a bond within the required 15 days after notification, and that Mr. Regan had requested an extension. Upon motion duly made and carried, a resolution was adopted extending the time for filing of the bond to June 7, 1942.

Upon motion duly made and carried, a resolution was adopted approving the execution of Fish Canyon leases as follows:

<u>Name</u>	<u>Lot No.</u>	<u>Date of Commencement</u>	<u>Rental</u>
N. W. Gardner, et al.	16	January 1, 1942	\$30.00 per month
G. C. Compton	17	" " "	" " "
Geo. H. Barrow	20	" " "	" " "
Robert M. Sherwood	41	December 8, 1941	" " "



Upon motion duly made and carried, a resolution was adopted authorizing the inclusion in a deficiency appropriation of the following items:

- 1 - \$9,000.00 covering services of a mineralogist and assistant for period April 4, 1942, to June 30, 1943;
- 2 - \$50,000.00 to cover purchase of equipment for installation of land index in the Sacramento office;
- 3 - \$9,000.00 plus \$2.50 for each description furnished for installation of land index in the Sacramento office.

Upon motion duly made and carried, a resolution was adopted approving the execution of a lease covering the premises used as an office and laboratory at Huntington Beach for the period of one year from April 1, 1942, for the sum of \$20.00 per month, with a provision for cancellation upon a thirty day notice.

The Commission, upon motion duly made and carried, approved the map prepared in connection with the survey of Corte Madera Creek, Marin County, and instructed that it be officially filed.

A memorandum from Mr. A. E. Boicelli, Chairman of the Veterans' Welfare Board, relative to the Commission charging war veterans only a nominal rental for ark sites at Corte Madera Creek was considered. The Commissioners present expressed the view that under the law and the rules and regulations, no exception could be made to war veterans and a resolution to that effect was adopted.

Senator De Lap appeared before the Commission relative to the purchase of a small piece of land located between Swamp and Overflowed Land Survey No. 150 and Tideland Survey No. 8. Action on the matter was deferred pending the filing of a written application and the conclusion of an investigation to determine whether the property was of the kind and character which would permit its sale by the Commission.

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

A meeting of the State Lands Commission was held in Room 302 State Building, Los Angeles, June 4, 1942, at 11 o'clock A. M.

Present were

George Killion, Chairman  
Ellis E. Patterson, Member

Absent was

Harry B. Riley

Mr. Links appeared before the Commission and explained that the accountants of the Department of Finance had made a careful study of the proposed installation of equipment and records in the Sacramento office of the State Lands Commission and had recommended that the Remington Rand system be installed. He further stated that this company was the only one which could furnish the necessary equipment at this time. Upon motion of Mr. Patterson, seconded by Mr. Killion, the following resolution was adopted:

Resolved that the State Lands Commission should, subject to the approval of Mr. Riley, enter into a contract with Remington Rand, Inc., covering the installation of a lands index system.

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

Subsequent to the meeting, Mr. Riley verbally confirmed the action taken.