

A meeting of the State Lands Commission was held in Room 308, State Capitol, Sacramento, On January 12, 1945 at 2:30 P.M.

Present: Hon. James S. Dean, Chairman  
Hon. Frederick F. Houser, Member

Absent: Hon. Harry B. Riley, Member.

1. Upon motion duly made and carried, the minutes of the regular meeting of the State Lands Commission held in Sacramento on November 15, 1944 were unanimously approved and confirmed with the following change:

Revised the last paragraph of Item 10 on Pages 4 and 5 to read as follows: "Drill sites shall be located either upon existing jetties constructed on the submerged land within the boundaries of the leased areas provided that any derricks located on such jetties shall not be closer than 1000 feet from any point on the uplands, or drill sites shall be located landward of Alternate Highway U.S. 101 or landward of Ocean Boulevard in the area lying between the Los Angeles County-Orange County line and the point where said Ocean Boulevard intersects Alternate Highway U. S. 101."

2. Upon motion duly made and unanimously carried, it was decided to hold the next meeting of the Commission in Room 302, State Building, Los Angeles, on February 20, 1945 at 2:00 P.M.
3. (Publication of Notice of Intention to Receive Bids for Gas Leasing, Suisun, Grizzley and Honker Bay Areas - Solano County) Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to advertise notice of intention to receive bids for natural gas leases on approximately 3,000 acres of State tide and submerged lands in the Suisun, Grizzley and Honker Bay Areas of Solano County. The Executive Officer was further authorized to request an opinion of the Attorney General concerning the legality of certain tideland sales which were made in this area several years ago.
4. (Publication of Notice of Intention to Receive Bids for Gas Leasing, Kirby Hills Area - Solano County) Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to advertise notice of intention to receive bids for a natural gas lease on approximately 300 acres of State tide and submerged lands in the Montezuma and Nurse Slough areas adjacent to Kirby Hills, Solano County.
5. (Adoption and Addition of Rule 504 - Regulation C - Washing Perforations of Producing Wells) Upon motion duly made and unanimously carried, the following Rule, to be known as Rule 504, was adopted:

Whenever the production of a well is determined to have been decreased because of the plugging of the well's perforations by paraffine or other substances, the State

may require the operator to wash the well with light refined oil, such as kerosene distillate, or high gravity crude.

6. (Adoption and Addition of Section "d" of Rule 510 - Regulation C - Accounting for Royalty) Upon motion duly made and unanimously carried, the following amendment to be known as Section "d" of Rule 510 was authorized:

(d) Whenever the State shall invoke Rule 503 (Drilling Fluid Requirements), the operator shall be allowed a credit of twenty-five percent of the volume of any foreign circulating oil used in the drilling of the first well. This credit shall only be deducted from the total number of barrels produced from the well during the immediate thirty-day period following the well's completion.

7. (Adoption and Addition of Section "e" of Rule 510 - Regulation C - Accounting for Royalty) Upon motion duly made and unanimously carried, a resolution was adopted authorizing the following amendment to be known as Section "e" of Rule 510:

(e) Whenever the State shall invoke Rule 504 (Washing Perforations of Producing Wells) and require the operator to use foreign oil to wash perforations of a producing well, the operator shall be allowed credit of fifty percent of the volume of the oil used in such washing as a deduction from the total number of barrels produced from the well during the period of thirty days immediately succeeding such operations. The value of said oil shall be the market price currently being paid for the quality and gravity of the oil so produced from said well.

8. (Pure Oil Company - Lease No. P.R.C. 115) Upon motion duly made and unanimously carried, a resolution was adopted confirming the acceptance by the Executive Officer of the quitclaim tendered by the Pure Oil Company for the Imperial County land described under Lease No. P.R.C. 115. The Executive Officer was further authorized to record said quitclaim with the Recorder of Imperial County in order to remove any record of encumbrance.

9. (State Oil and Gas Leases Nos. P.R.C. 91, 144 and 145) Upon motion duly made and unanimously carried, the Executive Officer was authorized and empowered to grant the State's consent to assignments previously