

20. (Authorizations Required in Connection with Transfer of the Division Accounting System from Sacramento to Los Angeles) Upon motion duly made and unanimously carried, a resolution was adopted authorizing J. Stuart Watson, F. J. Hortig and Frank W. Porter to execute documents on behalf of the State Lands Commission for the following purposes in connection with the transfer of the Division Accounting System from Sacramento to Los Angeles:

1. Authorization to Execute State Personnel Board Forms as the Appointing Authority for the State Lands Commission; J. Stuart Watson, Acting Executive Officer, F. J. Hortig, Acting Assistant Executive Officer.

2. Authorization to Execute Claims submitted to the Controller's Office for Payment; J. Stuart Watson, Acting Executive Officer, F. J. Hortig, Acting Assistant Executive Officer, Frank W. Porter, Accountant Auditor.

3. Authorization of Signatures for following bank accounts:

Cash State Account, Revolving Fund Account and Account and Payroll Revolving Fund Account; J. Stuart Watson, Acting Executive Officer, F. J. Hortig, Acting Assistant Executive Officer, and Frank W. Porter, Accountant Auditor.

21. (Standard Oil Company Compensatory Agreement - Kirby Hills, No. P. R. C. 255) The Standard Oil Company of California made an original offer for a compensatory royalty agreement for State gas at Kirby Hills ranging from a minimum of $16 \frac{2}{3}$ percent to a maximum of $33 \frac{1}{3}$ percent with intermediate rates to be determined at one percent of the average daily production of the wells expressed in mcf. which may produce the subject gas. The Commission in discussing this matter with Standard countered Standard's royalty offer so that the maximum royalty would be 40 percent, but this was unacceptable to Standard. The Commission also required that there be an arbitration arrangement for settlement of any disagreements on determination of the State portion of the gas.

Subsequently, the Commission, by resolution on August 22, 1946 made a second offer to Standard whereby the State would enter into a compensatory agreement with Standard and accept a maximum royalty of 37 percent. By letter dated August 23, 1946, Standard accepted the Commission's terms and conditions for the Kirby Hills compensatory agreement as follows:

1. Standard Oil Company of California to pay to the State of California for gas drained from the State lands in the Kirby Hills Gas Field a royalty ranging from a minimum of $16 \frac{2}{3}$ per cent to a maximum of 37 per cent, with the intermediate rates to be determined at one per cent of the average daily production, expressed in mcf. of the wells which may produce the subject gas.

2. Standard Oil Company to furnish to the State engineering determinations as to the portion of the producible field and the total producible gas which underlies State lands, and in the event of a disagreement with the State upon such findings, to agree to the evaluation by an independent expert to be selected as mutually satisfactory to both the Standard Oil Company and the State.