37. (Request for Deferment of Drilling Requirements - Honolulu-Signal-Macco, Coal Oil Point Area, Santa Barbara County - P.R.C. 309) The Commission was informed that on September 15, 1949, (Minute Page 995, Item 4), the Commission authorized the deferment of drilling and operating requirements under Oil and Gas Lease P.R.C. 309 for a period of ninety days until November 1, 1949. Honolulu Oil Corporation as the operator under Lease P.R.C. 309 has requested an additional deferment of drilling and operating requirements of ninety days until January 29, 1950, within which time to complete the analysis of accumulated geological information and to formulate plans for future exploration on the lease.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to grant Honolulu-Signal-Macco, lessees under State Oil and Gas Lease No. P.R.C. 309, a deferment of drilling and operating requirements until January 29, 1950.

38. (Proposed Amendment to Crude Oil Sales Contract - Southwest Exploration Company - Huntington Beach, Agreement for Easement No.392 (303-21) The Commission was informed that a request has been received from the Southwest Exploration Company, lessee under Agreement for Easement 392, Huntington Beach, for approval of a modification to the oil sales contract with the Standard Oil Company of California, which will permit the addition of a small amount of solvent in the performance of the quality test on crude oil to determine sand, water and other foreign substances.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to inform the Southwest Exploration Company that modification of testing procedure in the crude oil sales contract with the Standard Oil Company of California under State Agreement for Easement No. 392 by the addition of the following language is approved:

"In making the gasoline test it shall be permissible to add a small amount of some other solvent or demulsifying agent such as Trete-o-lite, such amount, however, not to exceed over one-quarter cubic centimeter in a 100 cubic centimeter centrifuge tube, in addition to the use of gasoline and refined bisulphide of carbon in the making of the gasoline test for determination of sand, water and other foreign substances contained in crude oil produced from the above indicated State lease."

39. (Application for Modification of Royalty Rate - Well "H.B. 19" - Wilshire Oil Company, Inc., Agreement for Easement No. 275 (303-21) - Huntington Beach-W.O.407) The Commission was informed that on July 26, 1949, (Minute Page 991, Item 12) it authorized a request to the Attorney General as to what legal grounds exist for the cancellation of modification of the agreement of August 31, 1944, relating to royalties payable on Well "H.B. 19" under Agreement for Easement No. 275, and authorizing the Executive Officer to cancel said amendment if the opinion holds that such change can legally be made.

The Commission was further informed that the informal opinion received from the office of the Attorney General under date of October 14, 1949, states that under the circumstances set forth and in view of the constitutional prohibition against gifts of State property as stated in Article IV, Section 31 of the Constitution, any cancellation or modification of the amendment of August 31, 1944, pertaining to royalty rates would be extremely inadvisable and might constitute a violation of the Constitutional prohibition.