

A special meeting of the State Lands Commission was held in Room 180, Business and Professions Building, Sacramento, California, on January 18, 1951, at 11:00 a.m.

This meeting was called under the provisions of Section 1902 of Article I of the Rules of the State Lands Commission, issued under the provisions of the California Administrative Code, at the instance of Messrs. Dean and Kuchel,

Present: Honorable James S. Dean, Chairman
Honorable Goodwin J. Knight, Member
Honorable Thomas H. Kuchel, Member

In attendance were:

Attorney General Edmund G. Brown
Everett W. Mattoon, Esq., Asst. Attorney General
Charles W. Johnston, Esq., Chief Deputy
Legislative Counsel
Ralph McCarthy, Esq., Adm. Advisor,
Controller's Office

1. (U.S. VS. CALIFORNIA-OPERATING STIPULATION - W.O. 721) The Commission reopened the matter covered by Item 6 of the minutes of the meeting of the Commission of January 4, 1951 which had to do with legislation authorizing the Controller to comply with the terms of the Stipulation of August 21, 1950 in the case of the United States vs. California. The legislation approved by the Commission at the meeting on January 4, 1951, had been found by the office of the Legislative Counsel and by the legal advisor to the Controller to be inadequate in certain respects. As a result, a re-draft of the proposed legislation was presented to the Commission and discussed thoroughly. Certain amendments were made to the legislation as proposed by the Controller's advisors and the Legislative Counsel, with the result that the following is the proposed act as finally drafted:

ASSEMBLY BILL

California Legislature - 1951 Regular Session No. 1878

An act relating to revenues from tide and submerged lands, including provisions to establish a special deposit fund in the State Treasury for the deposit of revenues from tide and submerged lands, providing for the transfer thereof, and making an appropriation, declaring the urgency thereof, to take effect immediately.

The people of the State of California do enact as follows:

SECTION 1. Notwithstanding the provisions of Section 6816 of the Public Resources Code, pending determination or settlement of the case of United States v. California, proceedings in which are now pending in the United States Supreme Court pertaining to the use of tide and submerged lands along the coast of California, the terms of that certain stipulation therein entered into by the Attorney General of California and the Attorney General of the United States, upon recommendation of the Secretary of the Interior of the United States, dated August 21, 1950, are hereby ratified and confirmed, and moneys received under leases by the State of California referred to in said stipulation, shall be held and disposed of as in this act provided. The State Lands Commission shall carry out the provisions of this act and of said

stipulation, and may authorize the extension or modification of the terms of said stipulation from time to time pending ultimate determination of the issues. The provisions of this act shall apply equally to any such extension or modification.

SEC. 2. All moneys received in the period between June 23, 1947, and September 30, 1950, inclusive, under leases of such tide and submerged lands by the State of California referred to in said stipulation, shall continue to be segregated and held in a separate account in the Special Deposit Fund in the State Treasury, in trust, pending final determination by the United States Supreme Court, by Act of Congress, or other settlement, of the entitlement thereto. Upon such determination or settlement, the moneys so held in trust, or such portion the entitlement, whereof may be so determined or settled, shall be paid to the beneficiaries entitled thereto, upon claim filed with the State Controller by the State Lands Commission.

SEC. 3. All moneys received on and after October 1, 1950, under said leases shall be deposited in the Special Deposit Fund in the State Treasury, in trust. During such time as said stipulation or any extension or modification thereof is in effect and so provides, moneys deposited in the Special Deposit Fund under this section shall be transferred quarterly to the Treasurer of the United States, to be by him segregated and held in a special fund in trust, pending final determination by the United States Supreme Court, by Act of Congress, or other settlement, of the entitlement thereto. Such transfers shall be made by warrant of the State Controller payable to a national bank within this State for the credit of the Treasurer of the United States, and delivered to the Secretary of the Interior of the United States, as soon as practicable after receipt of the moneys from said leases for the quarter ended December 31, 1950, and quarterly in like manner thereafter, upon claims filed by the State Lands Commission with the State Controller.

No such money shall be transferred as herein provided unless the Treasurer of the United States agrees to deposit said money in a national bank of its choice within this state, subject, if authorized by federal law, to investment by the Treasurer of the United States in bonds or other obligations of the United States and withdrawals as provided in Section 5.

SEC. 4. Anything to the contrary notwithstanding, upon order of the State Controller there shall be transferred from the money held in the Special Deposit Fund under Section 2 of this act, to the State Lands Act Fund, amounts not to exceed twelve thousand dollars (\$12,000) per month commencing with the month of October, 1950, and continuing monthly thereafter so long as said stipulation or any extension or modification thereof, so providing, may be in effect, to defray the expenses of the State Lands Commission in administering its duties respecting operations under said leases.

SEC. 5. Anything to the contrary notwithstanding, the United States may use not to exceed fifty thousand dollars (\$50,000) per annum of the moneys transferred to the Treasurer of the United States under Section 3 of this act, during such time as said stipulation or any extension or modification thereof is in effect, and so provides, to reimburse the Geological Survey and other agencies of the Department of the Interior for their expenses on and after October 1, 1950, under said stipulation. A state purpose in such expenditures is hereby found and declared.

SEC. 6. Transfers for expenditures as in Sections 4 and 5 of this act provided shall be charged, upon final accounting, to the distributees of the trust moneys in the same proportion as they share in the distribution of the whole.

SEC. 7. All moneys received under said leases and deposited in the Special Deposit Fund are hereby appropriated, without regard to fiscal years, to carry out the provisions of this act.

SEC. 8. This act is an urgency measure necessary for the immediate preservation of the public peace, health or safety within the meaning of Article IV of the Constitution, and shall go into immediate effect. The facts constituting such necessity are:

It is of the greatest importance that the development and production of oil and gas from the tide and submerged lands along the coast of California continue uninterrupted, and with the same degree of efficiency as heretofore, under the leases made by the State of California to its lessees, during such period as shall elapse until final adjudication of the issues now pending in the United States Supreme Court in the case of United States v. California under the proceedings before the special master appointed by said court, or until permanent legislation is enacted by the Congress determining the rights of this State in and to said lands. The reason for this is that such uninterrupted and efficient development and production is vital to the needs of public health, industry, transportation, and many domestic uses of hydrocarbon products in this State. Under the provisions of the stipulation entered into by the Attorney General of the United States and the Attorney General of California on August 21, 1950 in the action heretofore referred to, it was agreed that all rentals, royalties and other payments received by the State of California from these said leases in the tide and submerged lands along its coast, beginning on and subsequent to October 1, 1950, would be segregated and held in a special fund and paid quarterly to the order of the Treasurer of the United States and delivered to the Secretary of the Interior, the United States agreeing to segregate and hold all moneys so paid in a special fund until such time as the proprietary rights in any particular area of said lands shall be finally judicially determined, or shall be agreed to by the parties thereto; such agreement not to preclude any other proper disposition by reason of an order of the Supreme Court of the United States or of an Act of Congress.

The legislative provision contained in this act is necessary for the immediate carrying out of the provisions of this stipulation and the aforesaid uninterrupted and efficient production and development of hydrocarbon substances from the aforesaid lands.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED APPROVING THE ABOVE DRAFT OF LEGISLATION.

2. (UNITED STATES VS. CALIFORNIA - OPERATING STIPULATION - W.O. 721) Mr. Kuchel advised that the proposed legislation which the Commission had approved in Item 1 of these Minutes might require amendments of the Operating Stipulation between the Attorney General of the United States and the Attorney General of