

processing contract approved heretofore by the Commission (Minute Item 1, Page 288). The gas sales contract is for a term of five years, commencing January 5, 1953, with the option in the City of Long Beach to vary the commencement date to any date not later than March 1, 1953, upon notice. The general terms and conditions of the contract relating to delivery, price and measurement of gas are in conformance with the respective lease terms and general practice in the Huntington Beach fields. An interim letter contract, covering the delivery of gas to the City of Long Beach until completion of a new pipe line from the Huntington Beach field to the City of Long Beach, has also been submitted, to terminate not later than February 15, 1953, at a price of 20.5 cents per m.c.f. of gas delivered to the City of Long Beach. The principal contract, to become effective on the termination of the interim agreement, provides an initial sales price during the first two years of the contract of 18 cents per m.c.f., and an additional compression charge of 2 cents per m.c.f., which is neither credited nor charged to the State, with the price during the remaining period of the contract escalated in relation to the Standard Oil Company of California's posted price for bunker fuel oil at El Segundo. This 18 cents per m.c.f. initial price is to be compared with the price of 14.5 cents received for gas from the State leases under the last effective gas sales contract.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

The Executive Officer is authorized to approve the gas sales contract of December 1, 1952, between the Signal Oil and Gas Company and the City of Long Beach as the basis for sale and delivery by Signal Oil and Gas Company of all dry gas marketed from State Agreement for Easement 392 and Oil and Gas Leases P.R.C. 163, P.R.C. 425 and P.R.C. 426, Huntington Beach, subject to the express condition that the approval of the sales contract shall not be construed to modify or affect in any manner any of the lease terms, including full compliance by the lessee with all the terms and conditions of the aforesaid leases respectively and the Rules and Regulations of the Commission. The Executive Officer is further authorized to approve the interim gas sales contract of December 24, 1952, between the Signal Oil and Gas Company and the City of Long Beach, covering the sale and delivery of dry gas marketed from the aforesaid leases for a period terminating not later than February 15, 1953.

13. (PROPOSED GAS LEASE, GREY LODGE REFUGE, BUTTE COUNTY - W.O. 1125.) On December 18, 1952 (Minute Item 8, Page 1702), the Commission authorized the deferment of reoffering the Grey Lodge Refuge area, Butte County, for a gas lease, for a period of not to exceed 60 days, during which time a report is to be made to the Commission on the results of a conference with the oil industry relative to bases for future oil and gas lease offers. Two extended conferences have been held with a subcommittee of the Public Lands Committee of the Western Oil and Gas Association, at which oil and gas lease requirements have been reviewed in detail. A third and probably final conference has been scheduled tentatively, at which it is anticipated that agreement will be reached on bases for future oil and gas lease offers by the State which will be mutually advantageous to the State and to the industry.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

The Executive Officer is authorized to defer the reoffering of the Grey Lodge Refuge area, Butte County, for an oil and gas lease, for an additional period of 45 days, terminating not later than April 2, 1953, during which time recommendations are to be submitted to the Commission as to the bases for the re-offering of the lease.

14. (REVISION OF AGREEMENT FOR EASEMENT, LEASE P.R.C. 477, NOYO RIVER, MENDOCINO COUNTY, UNION LUMBER COMPANY - W.O. 607, P.R.C. 785.1.) On December 21, 1949, the Commission authorized the issuance to Union Lumber Company of an easement 227 feet in length across the Noyo River for the installation, maintenance and use of a water pipeline. Easement was to be for fifteen years at an annual rental of \$44.54. On June 30, 1952, the Commission was informed that Union Lumber Company had refused to sign the easement agreement, and the Commission thereupon authorized the Executive Officer to request the Attorney General to bring such action as was deemed proper. One reason for not signing the easement agreement was that the rental was excessive. The Commission will recall that on October 24, 1951, changes in the rental schedule were approved. Easement rental rates were revised from the previous annual rate of \$40 plus 2 cents per lineal foot of length to an annual rate of 0.6 cents per foot of length, or 15 cents per foot of length for a period of not to exceed 49 years, the minimum rental to be \$50. Because of the revision of the rental schedule the Attorney General was requested to discuss with the Union Lumber Company a two-year easement at the previously determined rental of \$44.54 annually, effective December 21, 1949, and an easement for a period of 49 years, effective December 21, 1951, at a total rental of \$50, the minimum rental under the schedule of October 24, 1951. This suggestion is acceptable to the Union Lumber Company.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

The action of December 21, 1949, as shown by Item 5, Pages 1040 and 1041 of the Minutes, and the action of June 30, 1952, as shown by Item 26, Pages 1577 and 1578, is rescinded; the Executive Officer is authorized to issue two easements to the Union Lumber Company, of San Francisco, covering the same area in Noyo River, Mendocino County, 30 feet in width and 227 feet in length; the first easement to run for two years from December 21, 1949, to December 21, 1951, at an annual rental of \$44.54; the second easement to run for a term not exceeding 49 years, effective December 21, 1951, at a total rental for the full period of \$50; no bond to be required in either case.

15. (APPLICATION FOR PERMIT, STATE LAND FOR TRAINING OPERATION, UNITED STATES OF AMERICA (MARINE CORPS, ELEVENTH NAVAL DISTRICT), KERN COUNTY - W.O. 1224, P.R.C. 1302.2.) The Eleventh Naval District has requested a permit to use the North half of Section 36, T. 12 N., R. 11 W., S.E.M.,