

28. (AMENDMENTS TO RULES AND REGULATIONS OF THE STATE LANDS COMMISSION - W.O. 1855.) The following report was presented to the Commission:

"At its meeting of June 13, 1955 the Commission adopted the following resolution:

'THE EXECUTIVE OFFICER IS AUTHORIZED TO INITIATE PROCEDURES UNDER THE PROVISIONS OF SECTIONS 11120-11127 OF THE GOVERNMENT CODE LOOKING TO THE AMENDMENT OF THE RULES AND REGULATIONS OF THE COMMISSION, SO AS (1) TO CLARIFY AND MAKE UNIFORM THE CITIZENSHIP QUALIFICATIONS OF LESSEES, PURCHASERS, OR OTHER OCCUPANTS OF LANDS UNDER THE JURISDICTION OF THE COMMISSION, (2) TO MAKE APPROPRIATE AMENDMENTS WITH RESPECT TO ACCEPTABLE MINIMUM OFFERS FOR THE PURCHASE OF LANDS, AND (3) TO CONFORM TO THE PROVISIONS OF A.B. 3402 PERTAINING TO OIL AND GAS DEVELOPMENT; THE EXECUTIVE OFFICER IS FURTHER AUTHORIZED TO CONDUCT THE NECESSARY HEARINGS, AND IS DIRECTED TO REPORT HIS CONCLUSIONS AND RECOMMENDATIONS TO THE COMMISSION AS SOON AS PRACTICABLE.'

"Pursuant to advertising as required by the Government Code, and to the resolution just quoted, the Executive Officer conducted a hearing at Room 115 State Building in Los Angeles, California, at 10 a.m. on July 25, 1955. A transcript of the hearing was taken, and all persons present were permitted to testify. The principal presentation was made by Mr. Paul A. Lower, representing the Public Lands Committee of the Western Oil and Gas Association. He made several suggestions for changes which became the subject of a conference with representatives of that committee on July 29, 1955. Several of the changes suggested were agreed to by the staff and have been incorporated in Exhibit 'A' attached hereto.

"The principal difference between the proposals of the representatives of the Western Oil and Gas Association and those of the staff lies in the suggestion of the former to incorporate in the Rules and Regulations the following:

'The permittee or joint permittees shall not be required to disclose to the Division of State Lands, the State Lands Commission or their representatives any geological or exploratory information obtained in the course of conducting operations under any permit, nor to permit the inspection or furnish copies of any core samples, core records, logs, or other data or information obtained in such operations.'

"Since the staff of the Commission is not disposed to recommend at this time the inclusion of such an item in the Rules and Regulations, it is being submitted to the Commission for consideration.

The amendments herein presented are intended to be complete as regards matters not related to Chapter 1724 of the Statutes of 1955. As to the latter, only minimum rules within present authority have been included so as to permit receipt of and

initial action on qualified applications for oil and gas leases and for geophysical and geological explorations, including core-drilling operations. Additional rules required to be made under the provisions of Chapter 1724 are proposed to be processed as soon after September 7, 1955 as practicable."

The question of confidential retention by a permittee of the information obtained from exploratory operations was discussed, with appearances by the following:

T. C. Moroney, Honolulu Oil Corporation, on behalf of Mr. A. C. Mattel, Chairman of the Public Lands Committee of the Western Oil and Gas Association

Paul Lower, Superior Oil Company, Chairman, Public Lands Subcommittee, Western Oil and Gas Association

J. G. Leovy, Western Gulf Oil Company

Donald Coye, Shell Oil Company

Paul Home, Standard Oil Company of California

J. K. Bridges, Humble Oil & Refining Company

E. E. Pyles, Monterey Oil Company

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE COMMISSION TOOK THE FOLLOWING ACTION:

PURSUANT TO AUTHORITY SET FORTH IN SECTION 6108 OF THE PUBLIC RESOURCES CODE, AND AFTER PROCEEDINGS HELD IN ACCORDANCE WITH THE PROVISIONS OF TITLE 2, DIVISION 3, PART 1, CHAPTER 4, OF THE GOVERNMENT CODE, AND UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING ACTIONS WERE TAKEN WITH RESPECT TO THE RULES AND REGULATIONS OF THE STATE LANDS COMMISSION AS CODIFIED IN THE CALIFORNIA ADMINISTRATIVE CODE, TITLE 2, DIVISION 3, CHAPTER 1:

- (1) BE IT RESOLVED THAT SECTIONS 1902, 2003, 2202(a), 2203(b), 2304, AND 2400 BE REPEALED, AND THAT THERE BE SUBSTITUTED THEREFOR THE AMENDMENTS TO SAID SECTIONS CONTAINED IN EXHIBIT "A" HEREOF BUT WITH NO SUBSTITUTION FOR SECTION 2304. BE IT FURTHER RESOLVED THAT THE COMMISSION FINDS THAT THE FOLLOWING EMERGENCY EXISTS WITH RESPECT TO SECTIONS 1902, 2003, 2202(a), 2203(b), 2304 AND 2400:

ON SEPTEMBER 7, 1955 CHAPTER 1724 OF THE STATUTES OF 1955 WILL BECOME EFFECTIVE; SAID CHAPTER, AMONG OTHER THINGS, AMENDS SECTION 6801 OF THE PUBLIC RESOURCES CODE WITH RESPECT TO THE CITIZENSHIP REQUIREMENTS OF PERSONS ENTITLED TO LEASES AND PROSPECTING PERMITS FOR STATE LANDS; PRESENT REGULATIONS OF THE COMMISSION CONCERNING SUCH CITIZENSHIP REQUIREMENTS WILL BE INADEQUATE WHEN CHAPTER 1724 BECOMES EFFECTIVE; THE ATTACHED PROPOSED AMENDMENT OF SECTION 1902 WILL RENDER THE RULES AND REGULATIONS OF THE COMMISSION

ADEQUATE WITH RESPECT TO CITIZENSHIP REQUIREMENTS OF CHAPTER 1724; THE ATTACHED PROPOSED AMENDMENTS OF SECTIONS 2003, 2202(a), 2203(b), 2304 AND 2400 ARE IN TURN NECESSITATED BY THE AMENDMENT OF SECTION 1902; IF ALL SAID AMENDMENTS ARE NOT MADE EFFECTIVE SEPTEMBER 7, 1955, THE COMMISSION WILL NOT BE IN A POSITION TO ISSUE LEASES OR PROSPECTING PERMITS OF STATE LANDS THEREAFTER UNTIL SAID AMENDMENTS DO BECOME EFFECTIVE; THE COMMISSION SHOULD BE IN A POSITION TO ISSUE SUCH LEASES AND PROSPECTING PERMITS IN ORDER TO MAINTAIN THE REVENUES OF THE STATE WHICH ARE DERIVED FROM THE SAME, PARTICULARLY INASMUCH AS SOME OF THE LANDS FROM WHICH OIL AND GAS LEASES MAY BE ISSUED IN THE PERIOD IMMEDIATELY FOLLOWING SEPTEMBER 7, 1955 ARE BEING DRAINED BY WELLS ON OTHER LANDS;

AND DECLARES THAT SAID CHANGES ARE NECESSARY FOR THE IMMEDIATE PRESERVATION OF THE GENERAL WELFARE, AND DIRECTS THAT SAID CHANGES BECOME EFFECTIVE SEPTEMBER 7, 1955, AND AUTHORIZES THE EXECUTIVE OFFICER TO TAKE SUCH STEPS, IN CONFORMANCE WITH LAW, AS MAY BE NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS RESOLUTION.

- (2) BE IT RESOLVED THAT SECTION 2100 BE REPEALED, AND THAT THERE BE SUBSTITUTED THEREFOR THE AMENDMENT TO SAID SECTION CONTAINED IN EXHIBIT "A" HEREOF. BE IT FURTHER RESOLVED THAT THE COMMISSION FINDS THAT THE FOLLOWING EMERGENCY EXISTS WITH RESPECT TO SECTION 2100:

THE SAID CHAPTER 1724 OF THE STATUTES OF 1955 DOES, AMONG OTHER THINGS, AMEND SECTION 6826 OF THE PUBLIC RESOURCES CODE WITH RESPECT TO GEOPHYSICAL OR GEOLOGICAL SURVEYS ON STATE LANDS, AND WITH RESPECT TO THE TAKING OF CORES AND OTHER SAMPLES FROM TIDE AND SUBMERGED LANDS OF THE STATE; THE COMMISSION HAS NO PRESENT RULES OR REGULATIONS ADEQUATE TO CARRY OUT THE PROVISIONS OF SECTION 6826 OF THE PUBLIC RESOURCES CODE AS AMENDED BY SAID CHAPTER 1724; THE ATTACHED PROPOSED AMENDMENT OF SECTION 2100 WILL CONSTITUTE ADEQUATE REGULATION OF THE SUBJECT OF GEOPHYSICAL AND GEOLOGICAL SURVEY PERMITS, INCLUDING CORE-DRILLING PERMITS; THE ENACTMENT OF ADEQUATE REGULATIONS CONCERNING SUCH PERMITS TO BE EFFECTIVE SEPTEMBER 7, 1955, IS ESSENTIAL INASMUCH AS SECTION 6826 OF THE PUBLIC RESOURCES CODE AS AMENDED BY CHAPTER 1724 WILL, AS OF THAT DATE, AUTHORIZE UNREGULATED TAKING OF CORES AND OTHER SAMPLES ON AND UNDER THE TIDE AND SUBMERGED LANDS OF THE STATE UNLESS THE COMMISSION, BY REGULATION, REQUIRES THE ISSUANCE OF A PERMIT THEREFOR; IT IS IN THE PUBLIC INTEREST THAT NO OPERATIONS CONDUCTED FOR THE PURPOSE OF OBTAINING GEOLOGICAL SAMPLES BY CORE-DRILLING METHODS FROM DEPTHS OF FIVE HUNDRED FEET OR MORE BELOW THE SURFACE OF THE OCEAN FLOOR OF TIDE OR SUBMERGED LANDS BE PERMITTED WITHOUT A PERMIT THEREFOR ISSUED BY THE COMMISSION;

AND DECLARES THAT SAID CHANGE IS NECESSARY FOR THE IMMEDIATE PRESERVATION OF THE GENERAL WELFARE, AND DIRECTS THAT SAID CHANGE BECOME EFFECTIVE SEPTEMBER 7, 1955, AND AUTHORIZES THE EXECUTIVE OFFICER TO TAKE SUCH STEPS, IN CONFORMANCE WITH LAW, AS MAY BE NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS RESOLUTION.

- (3) BE IT RESOLVED THAT SECTIONS 2000(b), 2300(a), AND 2401(a) BE REPEALED AND THAT THERE BE SUBSTITUTED THEREFOR THE AMENDMENTS CONTAINED IN EXHIBIT "A" HEREOF. BE IT FURTHER RESOLVED THAT THE COMMISSION FINDS THAT THE FOLLOWING EMERGENCY EXISTS WITH RESPECT TO SECTIONS 2000(b), 2300(a), AND 2401(a):

THE DIVISION OF STATE LANDS NO LONGER MAINTAINS AN OFFICE AT 1020 "N" STREET, SACRAMENTO 14, CALIFORNIA; THE FUNCTIONS FORMERLY PERFORMED AT THAT ADDRESS ARE NOW PERFORMED AT THE OFFICE OF THE DIVISION AT 1103 TWELFTH STREET, SACRAMENTO 14, CALIFORNIA; THE PROVISION IN THE AFORE-MENTIONED SECTIONS OF THE RULES AND REGULATIONS THAT CERTAIN APPLICATIONS MENTIONED THEREIN SHOULD BE ADDRESSED TO 1020 "N" STREET, SACRAMENTO 14, CALIFORNIA, IS ERRONEOUS AND, IF NOT IMMEDIATELY CORRECTED, WILL LEAD TO CONFUSION IN THE WORK OF THE DIVISION AND MAY CAUSE DELAY IN THE FILING OF APPLICATIONS BY PERSONS ENTITLED SO TO FILE, WITH A POSSIBLE LOSS OF THE PRIORITIES WHICH SUCH APPLICATIONS WOULD CARRY IF CORRECTLY FILED;

AND DECLARES THAT SAID CHANGES ARE NECESSARY FOR THE IMMEDIATE PRESERVATION OF THE GENERAL WELFARE, AND DIRECTS THAT SUCH CHANGES BECOME EFFECTIVE IMMEDIATELY UPON FILING WITH THE SECRETARY OF THE STATE, AND AUTHORIZES THE EXECUTIVE OFFICER TO TAKE SUCH STEPS, IN CONFORMANCE WITH LAW, AS MAY BE NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS RESOLUTION.

- (4) BE IT RESOLVED THAT SECTIONS 2103(d), 2301, AND 2401(b) BE REPEALED AND THAT THERE BE SUBSTITUTED THEREFOR THE AMENDMENTS CONTAINED IN EXHIBIT "A" HEREOF, AND THAT THE EXECUTIVE OFFICER IS HEREBY AUTHORIZED TO TAKE SUCH STEPS, IN CONFORMANCE WITH LAW, AS MAY BE NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS RESOLUTION.

Attachment: Exhibit "A"

## EXHIBIT "A"

AMENDMENTS TO THE  
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SECTION 1902 IS AMENDED TO READ AS FOLLOWS:

Application Requirements. (a) Only the following may purchase state school lands, swamp and overflowed lands, or vacant United States lands:

- (1) Persons or associations of persons who are citizens of the United States or who have declared their intention of becoming such;
- (2) Any corporation 90 per cent or more of the shares of which are owned by persons eligible to purchase lands or to hold a lease or permit under subdivision (1) of this subsection (a); or any corporation 90 per cent of the shares of which are owned either by a corporation eligible to purchase lands or to hold a lease or permit hereunder, or by any combination of such eligible persons or corporations, or both.

(b) Applications to purchase lands by corporations must be made in the name of the purchaser, subscribed and sworn to by the authorized officer thereof, whose authorization must accompany the application. The seal of the purchaser, if any, must be affixed.

(c) Applications for the purchase or lease of state lands by the United States or any agency thereof, by the State of California or any agency thereof, or by local agencies of the state including county, city and county, city, district, or other public agency of the state, are excepted from compliance with subsections (a) and (d) of this section.

(d) Applications for a geological or geophysical survey permit, including core-drilling permits, or a request under the provisions of Section 6871.3 of the Public Resources Code that lands be offered for bidding for an oil and gas lease, or applications for permits to prospect for minerals other than oil or gas, or for the leasing, or use, or occupancy under a permit or easement, of any lands under the jurisdiction of the commission, may be made only by the following:

- (1) Persons or associations of persons who are citizens of the United States or who have declared their intention of becoming such, or who are citizens of any country, dependency, colony, or province, the laws, customs, and regulations of which permit the grant of similar or like privileges to citizens of the United States.

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- (2) Any corporation or corporations organized and existing under and by virtue of the laws of the United States or of any state or territory thereof; or any corporation or corporations 90 per cent or more of the shares of which are owned by persons eligible to hold a lease or permit under subdivision (1) or (3) of this subsection (d); or any corporation or corporations 90 per cent or more of the shares of which are owned either by a corporation eligible to hold a lease or permit hereunder, or by any combination of such eligible persons or corporations, or both.
- (3) Any alien person entitled thereto by virtue of any treaty between the United States and the nation or country of which the alien person is a citizen or subject.

(e) Applications may not be received for oil and gas leases or non-preferential leases for other minerals. Such leases may be issued only pursuant to proceedings initiated by the commission. (See Section 2100 hereof.)

(f) In every case of joint bidding, the names of all persons, firms, or corporations interested in a particular joint bid shall be specified.

(g) Other requirements for applications are specified in the separate articles hereof.

SUBPARAGRAPH (b) OF SECTION 2000 IS AMENDED TO READ AS FOLLOWS:

(b) Applications for grazing and agricultural leases shall be addressed to the Division of State Lands, 1403 Twelfth Street, Sacramento 14, California. Applications for other leases under this article shall be addressed to the principal office at 217 West First Street, Los Angeles 12, California.

SECTION 2003 IS AMENDED TO READ AS FOLLOWS:

Application Requirements. (a) Forms for grazing and agricultural leases may be obtained from the Sacramento office of the Division of State Lands.

(b) No special forms are required for applications for other uses within the purview of this article.

(c) Applications for authority to construct or maintain structures enumerated in Section 2001 hereof, and to construct and maintain commercial structures covered by Section 2002 hereof shall include:

- (1) Name, address, and status of citizenship of applicant; if applicant is a corporation, the corporate name and the name of the president, secretary, and officer authorized to execute contracts and leases.

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- (2) A description of the state lands involved.
  - (3) A statement of the use proposed.
  - (4) A plat of the area desired, showing:
    - (A) Boundaries of parcel applied for, connected to a record survey by courses and distances.
    - (B) The outline of each existing structure on the property, each appropriately identified.
  - (5) Name and address of each record owner of adjoining property, with a statement of the character and use of such property.
  - (6) Plans and cross sections of the proposed structure or copies of drawings which may have been submitted to the Corps of Engineers, Department of the Army.
- (d) The applicant may be required to furnish such additional information and supporting data as the Division of State Lands may deem applicable.

SECTION 2100 IS AMENDED TO READ AS FOLLOWS:

(a) No prospecting permit shall be issued for oil, gas, or other hydrocarbons. However, geophysical or geological survey permits, including core-drilling permits, may be issued. Leases for oil, gas, other hydrocarbons, and nonpreferential leases for other minerals are issued only pursuant to published notice of intention to receive bids, subject to qualification as to citizenship under the provisions of Section 1902(d). (See Section 1908.)

(b) The taking of cores and other samples may be freely conducted on and under tide and submerged lands of the State; provided however, that a core-drilling permit issued by the commission must be obtained for any operations conducted for the purpose of obtaining geological samples by core-drilling methods from depths of 500 feet or more below the surface of the ocean floor of tide or submerged lands.

(c) A person who possesses the qualifications required in Section 1902(d) hereof may make application to the commission for a geophysical or geological survey permit, including a core-drilling permit, or a written request under the provisions of Section 6871.3 of the Public Resources Code that lands be offered for bidding for an oil and gas lease. Such written request shall contain the following:

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- (1) A description of the state lands involved.
- (2) Name, address, and status of citizenship of requestor; if requestor is a corporation, the corporate name and name of president, secretary, and officer authorized to execute contracts and leases.

(d) Applications for geophysical or geological survey permits, including core-drilling permits, shall specify the period of time during which it is proposed to conduct the survey.

(e) Each geophysical or geological survey permit, including each core-drilling permit, may contain such additional conditions as the commission shall specify, depending upon the time, place, and type of operation contemplated.

SUBPARAGRAPH (d) OF SECTION 2103 IS AMENDED TO READ AS FOLLOWS:

(d) No tank trucks, trailers, tank cars, or vessels will be gauged unless proper certified gauge tables or other adequate evidence of container capacity is presented to the inspector and approved by him in advance of use.

SUBPARAGRAPH (a) OF SECTION 2202 IS AMENDED TO READ AS FOLLOWS:

(a) Applications. Any person desiring to apply for a prospecting permit on any land under the jurisdiction of the commission, shall file with the commission a written application containing:

- (1) Name, address, and status of citizenship of applicant; if applicant is a corporation, the corporate name and name of president, secretary, and officer authorized to execute contracts and leases.
- (2) A description of the state lands involved.
- (3) A statement of the use proposed.
- (4) A statement of the character and use of adjoining lands.
- (5) A statement of the nature of the deposits proposed to be developed.

SUBPARAGRAPH (b) OF SECTION 2203 IS AMENDED TO READ AS FOLLOWS:

(b) An application under this section shall contain, in addition to the data required in Section 2202(a), an affidavit of some responsible person having knowledge of the facts averring that a commercially valuable mineral deposit has been discovered within the permit area.

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SUBPARAGRAPH (a) OF SECTION 2300 IS AMENDED TO READ AS FOLLOWS:

(a) Lists of public lands which may be sold by the State Lands Commission can be obtained from the office of the Division of State Lands at 1403 Twelfth Street, Sacramento 14, California.

SECTION 2301 IS AMENDED TO READ AS FOLLOWS:

Applications. To qualify as a bona fide applicant, and obtain the rights enumerated under Section 2302(d), a person shall tender to the Sacramento office of the commission his complete application on the form prescribed, accompanied by a filing fee and an expense deposit of \$100 (see Section 1903) and the full amount of his offer. The minimum acceptable offer shall be \$2 per acre for lands not within the exterior boundaries of a national forest, national park, or national monument, or not within the exterior boundaries of lands withdrawn from public entry for forest purposes; for the excepted classes of lands the minimum acceptable offer shall be \$5 per acre; provided, however, that should the lands applied for have been appraised by the state prior to the filing of the application at a value in excess of the amounts stated above, the minimum acceptable offer shall be such appraised value.

SECTION 2400 IS AMENDED TO READ AS FOLLOWS:

Qualification of Applicant. Vacant United States Government lands which have been surveyed and are nonmineral, unappropriated and unreserved may be purchased from the state by qualified applicants.

SUBPARAGRAPHS (a) AND (b) OF SECTION 2401 ARE AMENDED TO READ AS FOLLOWS:

(a) Applications under this article shall be submitted to the Division of State Lands, 1403 Twelfth Street, Sacramento 14, California.

(b) An applicant desiring to purchase such lands shall accompany his application, which shall include a legal description of the land, with all papers and documents on forms prescribed by the Division of State Lands and the Department of Interior. He shall furnish a certified check or money order, payable to the Treasurer of the United States, in the amount of \$2 for each 160 acres or fraction thereof applied for. In addition, the application must be accompanied by a filing fee and an expense deposit of \$100 (see Section 1903), and the amount of the initial offer of \$5 per acre for the lands applied for, or the appraised value, whichever is greater.

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