

A regular meeting of the State Lands Commission was held in Room 5100 State Capitol, Sacramento 14, California, on Tuesday, August 16, 1955, at 9:10 a.m.

Present: Robert C. Kirkwood, Chairman  
Harold J. Powers, Member  
John M. Pearce, Member

Staff Members in Attendance:

Rufus W. Putnam, Executive Officer  
J. Stuart Watson, Assistant Executive Officer  
F. J. Hortig, Mineral Resources Engineer  
Kenneth C. Smith, Supervising Land Title Abstractor  
Julia T. Stahl, Secretary

Others in Attendance:

For Oil and Gas Matters, and Amendments to Rules and Regulations of the Commission:

Continental Oil Company  
C. M. Gurb

General Petroleum Corporation  
Robert A. Gallison

Honolulu Oil Company  
Tom Moroney

Humble Oil & Refining Company  
John S. Bell  
J. K. Bridges  
William R. Gardner

Monterey Oil Company  
Martin N. Erck  
E. E. Fyles

For Edwin W. Pauley, an individual  
J. Barton Hutchins  
J. Paull Marshall

Richfield Oil Company  
J. LeConte  
K. M. Cook  
F. E. McPhillips  
Mervyn Phelan

Shell Oil Company  
Donald S. Coye

Signal Oil & Gas Company  
Paul Ottoson  
James K. Wootan

Standard Oil Company of California  
Paul Home  
Warren Lawrence

Superior Oil Company  
Paul Lower

The Texas Company  
James F. Gale

Western Gulf Oil Company  
James G. Leary  
William A. McEachin

1. UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE MINUTES OF THE MEETING OF THE STATE LANDS COMMISSION HELD IN SACRAMENTO ON JULY 6, 1955 WERE CONFIRMED.
2. UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED THAT THE NEXT MEETING OF THE STATE LANDS COMMISSION WOULD BE HELD AT THE CALL OF THE CHAIRMAN.
3. (REQUEST FOR AMENDMENT OF OIL AND GAS LEASE P.R.C. 735.1, STANDARD OIL COMPANY OF CALIFORNIA, MONTALVO AREA, VENTURA COUNTY.) The following report was presented to the Commission:

"Oil and Gas Lease P.R.C. 735.1, issued pursuant to competitive public bidding June 30, 1952, provides in part as follows:

'25. In the event it should become necessary to dehydrate or clean the oil produced from wells drilled in the demised premises, the Lessee shall be entitled to an allowance of actual costs not to exceed 2½ cents per barrel of net royalty oil so dehydrated or cleaned, or at such other rate per barrel as the parties hereto may mutually agree.'

"Since the initiation of required dehydration operations under Lease P.R.C. 735.1 in October, 1954, the Lessee has reported actual dehydration costs per barrel of oil as follows: October, 1954 - \$.056, November - \$.048, December - \$.049; January, 1955 - \$.055, February - \$.075, March - \$.041.

"Section 2118(a) of the Rules and Regulations provides:

'No allowance shall be made for cost of dehydration unless specifically authorized in an existing lease, in which event the allowance shall be the actual cost of dehydration not to exceed 5 cents per net barrel of oil so dehydrated, or the allowance as specified in the lease, whichever is the lesser.'