

"Operations were initiated under this permit on October 26, 1956 and an application has been received from the General Petroleum Corporation requesting extension of the term of the permit through April 30, 1957 to permit completion of the core drilling operations.

"On October 30, 1956 the Executive Officer granted a temporary extension of the permit to November 8, 1956 under executive authority pending Commission consideration of the extension application."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO ISSUE TO GENERAL PETROLEUM CORPORATION AN EXTENSION OF GEOLOGICAL SURVEY PERMIT P.R.C. 1717.1 TO TERMINATE APRIL 30, 1957, ALL OTHER TERMS AND CONDITIONS OF THE PERMIT TO REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT; FURTHER, THE COMMISSION CONFIRMS THE ACTION OF THE EXECUTIVE OFFICER IN EXTENDING THE PERMIT TERM FROM OCTOBER 31, 1956 TO NOVEMBER 8, 1956.

8. (CONFERENCE WITH FEDERAL REPRESENTATIVES CONCERNING LEASING OF OFFSHORE LANDS IN DISPUTED AREAS - W. O. 1835.) The following report was presented to the Commission:

"At the meeting of the State Lands Commission on April 12, 1956, a resolution was adopted by the Commission to the effect that representatives of the Attorney General's office and of the staff of the Commission were to prepare an outline covering proposed negotiations with the United States Department of the Interior as to leasing of submerged lands off the coast of California. The outline covering the proposed negotiations was presented to the State Lands Commission and approved on June 29, 1956. Subsequently Governor Knight sent a letter to the Assistant Secretary of the Interior, asking that arrangements be made for a meeting between representatives of the Department of the Interior and of the State of California.

"In accordance with arrangements which followed, a meeting was held in the office of the State Lands Commission on October 9, 1956 for the purpose of discussing policies and procedures for the leasing of lands for oil and gas production offshore the coast of California.

"Present at the meeting were:

On Behalf of the United States:

Earl G. Harrington, Cadastral Engineering Staff Officer for the Bureau of Land Management of the U. S. Department of the Interior.

Clarence Bradshaw, Associate Solicitor, U. S. Department of the Interior.

On Behalf of the State of California:

Edmund G. Brown, Attorney General, State of California  
 Frank J. Mackin, Assistant Attorney General  
 John F. Hassler, Deputy Attorney General  
 Jay Shavelson, Deputy Attorney General  
 Rufus W. Putnam, Executive Officer, State Lands Commission  
 J. Stuart Watson, Assistant Executive Officer, State Lands  
 Commission  
 F. J. Hortig, Mineral Resources Engineer, State Lands Commission

"LOUISIANA NEGOTIATIONS"

"In a preliminary discussion it was brought out by Mr. Bradshaw that at the present time the State of Louisiana takes the position that its boundary is three leagues into the Gulf. On two earlier publications by the Federal Government for oil leases within the three leagues, Louisiana did not take legal steps to prevent leasing by the United States. Louisiana did, however, on the third leasing, which took place on May 17, 1956, and asked for an injunction. The United States Supreme Court, as a result of injunctive proceedings, finally said that there should be no leasing in the disputed area pending further consideration by the Court. Mr. Bradshaw reported that along certain areas of the coast, the United States and the State of Louisiana were almost in agreement as to the State's boundary, but that within the area easterly from the delta of the Mississippi there is no agreement, Louisiana contending that the base line is a line drawn some years ago for U. S. Treasury purposes, which would mean from the standpoint of Louisiana that the boundary of Louisiana would be 19 miles beyond what the Federal Government considers the boundary to be on the basis of its contention that the boundary is three miles offshore. Mr. Bradshaw indicated that whereas, due to the Market Demand Conservation Act in Louisiana, the production in Louisiana is only about equal to California's tideland production, the State is capable of producing probably twice as much oil from its tidelands on a MER basis as does California.

"CONSIDERATION OF THE APPLICATION TO CALIFORNIA OF PUBLIC LAW 212, 83d CONGRESS, 1st SESSION"

"It was explained to Messrs. Harrington and Bradshaw that the following California conditions are pertinent, and generally different from those in the Gulf:

- (1) The United States' position is to the effect that the Continental Shelf begins three geographic miles from the sinuosities of our mainland coast. In most of the area southerly from Point Conception the water depths in this three-mile line vary from 150 feet to in excess of 600 feet.
- (2) The sea bottom is not mud, as in the Gulf, but is either sand, conglomerate, or, in many instances, rock. Thus there would be greater difficulty in anchoring structures to the continental border land along the California coast than along the Gulf coast.

(3) The concentration of population and the number of people using the beaches from Gaviota to San Diego is of such magnitude that development operations cannot be permitted without considering the effect on this population, whereas in most of the area along the Gulf no consideration needs to be given to the population on shore. In this connection it is brought out that a blowout of a well in this California area could cause restrictions to a development program not only on State-owned tide and submerged lands, but also on any of the disputed lands.

(4) It was brought out that the geology of the California oil fields is such that closer spacing of wells is needed in California than is required in the Gulf where the sand thickness is less. There the permeability and porosity of the oil zones are greater than in California. Thus the spacing in California for reasonable development of zones under 6,000 feet would be one well to ten acres to each zone, rather than one well to forty acres as in the Gulf. This consequently would call for greater concentration of wells in California at particular locations, for this reason, and also for the reason that the drilling locations would be limited because of navigational requirements.

(5) Mr. Harrington seemed to agree with the California position that because of depth of water and other physical considerations it was not the time to open the whole of the disputed area up for lease. This position was countered to some extent by Mr. Bradshaw's stating that it was the duty of the Department of the Interior to see greater reserves developed for defense purposes.

"DISCUSSION WITH RESPECT TO AN AGREEMENT BETWEEN THE UNITED STATES AND THE STATE FOR OPERATIONS UNDER PUBLIC LAW 212"

(1) It seemed to be the consensus that nominations for development in the disputed area should be as a result of a separate agreement for each nomination.

(2) In considering the nominations, no attempt would be made to set any boundaries, and the State would not be required to make any concessions with respect to its claims for bays or for the Santa Barbara Channel.

(3) California suggested that any leases in the disputed area be issued by California pursuant to California law, through an agreement with the United States.

(4) Mr. Bradshaw questioned the ability of the United States or of the State to split revenue in the disputed area on a fifty-fifty basis, as suggested by California. He assumed that the laws of both the United States and of the State would require impounding of revenues pending adjudication or an act of Congress.

(5) With respect to impounded monies, it was brought out that the United States cannot put money out at interest for the benefit

of the ultimate owner. It was further brought out that California's act (Chapter 7 of the Statutes of 1951) did provide for the earning of interest on the money impounded, with the credit going to the impound. However, as the 1951 act was tied to a then existing stipulation in the case of the United States v. California, which has expired, it probably would take a new act of the Legislature to permit impounding and investments for earning of interest.

#### SUMMARY

"It seemed to be the conclusion by both the State and the representatives of the Department of the Interior that each side would present to its respective superior officers a plan taking into consideration the above items, and that at a later date a further conference would be held."

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

THE STATE LANDS COMMISSION AUTHORIZES THE STAFF OF THE COMMISSION, IN CONJUNCTION WITH REPRESENTATIVES OF THE ATTORNEY GENERAL'S OFFICE, TO PURSUE FURTHER THE NEGOTIATIONS WITH REPRESENTATIVES OF THE DEPARTMENT OF THE INTERIOR LOOKING TOWARDS THE LEASING OF SUBMERGED LANDS L. AREAS IN DISPUTE WITH THE UNITED STATES AS SPECIFIC NOMINATIONS ARE MADE EITHER TO THE UNITED STATES OR TO THE STATE OF CALIFORNIA, AND THAT EACH CASE BE CONSIDERED ON ITS INDIVIDUAL MERITS WITHOUT IN ANY WAY DISTURBING THE PRESENT CLAIMS OF CALIFORNIA TO JURISDICTION OVER SUCH LANDS; REVENUE TO BE OBTAINED IS TO BE DIVIDED EQUALLY BETWEEN THE UNITED STATES AND CALIFORNIA OR IMPOUNDED FOR APPROPRIATE DISTRIBUTION AS A RESULT OF FINAL ADJUDICATION OR AN ACT OF CONGRESS.

9. (AUTHORIZATION FOR EXTRACTION OF SAND AND GRAVEL, SAN FRANCISCO BAY AND VICINITY, DIVISION OF HIGHWAYS - W. O. 2413, P.R.C. 1822.9.) The following report was presented to the Commission:

"An application has been received from the Division of Highways pursuant to Section 101.5 of the Streets and Highways Code for an authorization to remove not to exceed 1,100,000 cubic yards of material from the Fort Knox and Presidio Shoal areas of San Francisco Bay and the Potato Patch Shoal area offshore from San Francisco for use in freeway construction in San Mateo County. Authorization has been granted by the Commission heretofore, April 27, 1954 (Minute Item 20, pages 2073-2074) for the removal by the Division of Highways of a maximum amount of 700,000 cubic yards of material from the Fort Knox and Presidio Shoal areas. No material has been removed under this authorization. Removal of sand and gravel from the same area is also authorized under nonexclusive mineral extraction Lease P.R.C. 709.1, issued February 14, 1952 to Construction Aggregates Corporation. No materials have been extracted under this lease to date.

"Section 101.5 of the Streets and Highways Code provides that the Department of Public Works may file for record with the State Lands Division such maps as are necessary to furnish an accurate