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TRANSCRIPT OF
SPECIAL MEETING
of
STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA
FEBRUARY 11, 1959 - 10:30 A. M.

PARTICIPANTS:

THE COMMISSION:

Messrs. Bert W. Levit, Director of Finance, Chairman
Glenn M. Anderson, Lieutenant Governor
Alan Cranston, Controller

F. J. Hortig, Executive Officer

SPECIAL MEETING TO CONSIDER COOPERATIVE
AGREEMENT, WATERFLOOD PROGRAM, RANGER ZONE,
FAULT BLOCK VI, WILMINGTON OIL FIELD

and

AGREEMENT SUPPLEMENTING DRILLING AND OPERATING
CONTRACTS, RICHFIELD OIL CORPORATION, WILMINGTON
OIL FIELD

REPORTER:
Louise H. Lillico
Division of Administrative Procedure

1 MR. LEVIT: This is a special meeting of the State
2 Lands Commission and all the members of the Commission are
3 present. Suppose you tell us, Mr. Hortig, what the calen-
4 dar items are.

5 MR. HORTIG: The Commission will recall that in
6 supplement to the last regular meeting presentations of
7 applications were made by the City of Long Beach relating
8 to (one) a desired approval of a form of cooperative agree-
9 ment between the City of Long Beach, Richfield Oil Corpora-
10 tion, and an organization known as Producing Properties,
11 Inc., which agreement would establish the principle of
12 desirability of repressuring operations to be conducted in
13 a segment of the Wilmington Oil Field designated as Fault
14 Block VI; (second), to implement this agreement for which
15 approval was sought, approval was also requested for amend-
16 ment of an existing operating contract between the City of
17 Long Beach and Richfield Oil Corporation, in order that
18 Richfield might undertake operations beyond the scope of
19 the original contract but necessary to implement this desired
20 repressuring project which was to be endorsed in principle
21 under the form of the cooperative agreement.

22 At the time of review with the Commission there
23 had not been time for a review by the staff as to engineer-
24 ing and economic feasibility of the desired programs, nor
25 for review as to legal formation by the office of the
26 Attorney General.

1 Both of these reviews have now been completed.
2 The staff is recommending that the programs desired to be
3 placed in operation by the City of Long Beach be granted
4 approval and that they do have engineering and economic
5 feasibility; and the office of the Attorney General has
6 written informal opinion reports as to the legal suffi-
7 ciency of the documentation offered. These opinion reports
8 are attached as exhibits to your calendars.

9 MR. LEVIT: Now, you are recommending - - let's
10 go over this recommendation here - - that we rescind the
11 conditional approval of December 11 of the cooperative
12 agreement between Long Beach and Richfield and so on;
13 secondly, that we make a finding that entering into and
14 performing the so-called cooperative agreement dated
15 January 16 between the same parties is in the public inter-
16 est; and this agreement is the modified agreement that was
17 before us at the last meeting.

18 MR. HORTIG: That was presented for the first time
19 at the last meeting, yes sir. I might add there, sir, be-
20 fore we go further, the agreement which had been approved
21 on December 11 by the Commission had not been executed by
22 any of the parties thereto. The modified agreement which
23 was presented at the last meeting of the Commission had
24 already been executed by the parties thereto, other than
25 approval by the State Lands Commission; and hence it is felt
26 that in order to keep the record clear as to which agreements

1 were approved and which were not, it is desirable to
2 rescind the prior approval which extended to an agreement
3 that had never been executed, being certain that the
4 approval is extended only to the latest modified form of
5 the agreement.

6 MR. LEVIT: Yes. Now, thirdly, you are proposing
7 a finding that the cooperative agreement provides for
8 prohibition of any impairment of any public interest in
9 commerce, navigation and fisheries.

10 MR. HORTIG: Yes, for the reason that Section 6879
11 of the Public Resources Code requires that approval of a
12 cooperative agreement by the Commission shall be only upon
13 findings by the Commission as detailed in our Recommenda-
14 tions (2) and (3).

15 MR. LEVIT: And, finally, you are asking that we
16 approve the cooperative agreement subject to the Public
17 Resources Code.

18 MR. HORTIG: Yes.

19 MR. LEVIT: What about the other agreement?

20 MR. HORTIG: The amendment to the drilling contract --
21 that is Item 2, about 3 - 4 - 5 pages up from the bottom
22 of the file.

23 MR. LEVIT: They both go together, don't they?

24 MR. HORTIG: Well, they are two separate agreements
25 and require separate approvals, although they are required
26 as a package if operations are to be conducted.

1 MR. LEVIT: Actually, that's the main reason we
2 didn't want to take action last time.

3 MR. HORTIG: Separately ...

4 MR. LEVIT: Do you have anything to add? You were
5 pretty well prepared to approve the amendment last time.

6 MR. HORTIG: Not the amendment to the operating
7 agreement. We had relatively few reservations, but we
8 weren't in a position to recommend it. Having previously
9 recommended the agreement, we couldn't foresee many ques-
10 tions, but we had not had an opportunity to review the
11 engineering behind the proposed amendment to this drilling
12 contract; and as you gentlemen recall, it was suggested
13 that there be a further staff meeting the next day with the
14 City of Long Beach, which meeting was held; and for the
15 first time the City of Long Beach presented this engineer-
16 ing report which contained the answers to the questions
17 that the staff had and felt they must have before they could
18 recommend modification of the drilling contract. Having
19 now received and having had an opportunity to review the
20 engineering report, the staff is now in a position to
21 recommend that the drilling contract be approved. Amend-
22 ments to any operating contract require approval of the
23 Commission under Chapter 6879.

24 MR. LEVIT: Anyway, you are recommending that we
25 approve Item 2, the amendment to the operating agreement.
26 What is the pleasure of the Commission?

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GOVERNOR ANDERSON: I so move.

MR. LEVIT: The motion is to approve Calendar Items 1 and 2 in accordance with the recommendations of the staff.

MR. CRANSTON: Second the motion.

MR. LEVIT: If there is no objection that will be the order by unanimous consent of the Commission. Is there anything else to come before us?

MR. HORTIG: No further business from the staff.

MR. LEVIT: When is our next meeting?

MR. HORTIG: February 24th -- Tuesday, February 24, at 10 a. m., sir.

MR. LEVIT: That was the one we took on an unusual day, wasn't it? Is it contemplated that meeting will last longer than the morning?

MR. HORTIG: No sir, it is not.

MR. LEVIT: Anything further?

MR. CRANSTON: No.

MR. LEVIT: If not, the meeting will be adjourned.

ADJOURNED 10:45 A.M.

CERTIFICATE OF REPORTER

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I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing five pages contain a full, true and correct transcript of the shorthand notes taken by me at the special meeting of the State Lands Commission of the State of California held on February 11, 1959 at 10:30 a.m. in Sacramento, California.

Dated: Sacramento, California February 11, 1959

Louise H. Lillico