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TRANSCRIPT OF
MEETING

OF
STATE LANDS COMMISSION
SACRAMENTO, CALIFORNIA

July 19, 1962

PARTICIPANTS:

- Hon. Hale Champion, Director of Finance
- Mr. Charles S. Hurley, Administrative Assistant
to Alen Cranston, State Controller
- Mr. Alan Sieroty, Executive Secretary to
Glenn M. Anderson, Lieutenant Governor
- Mr. Francis J. Hortig, Executive Officer,
State Lands Commission

1 MR. HORTIG: Mr. Chairman, the first item on the agenda
2 before you is the proposal for correction of Commission
3 Minutes of March 29, 1962, wherein it has been found by a
4 review of the agenda item, as originally presented and the
5 verbatim transcript of the Commission's meeting, that
6 language authorized to be adopted by the Commission which
7 was set forth in the agenda item and discussed was not
8 actually copied into the form of the resolution as reported
9 for the Commission. Therefore, it is proposed at this time
10 that Minute Item 28, page 7, paragraphs 3 and 4 of the
11 Minutes of March 29, 1962, be corrected to read as follows:

12 "The bid-lease form to be utilized for the parcel shall
13 be the form approved and adopted by the Commission on
14 November 15, 1960, and shall contain the following modifi-
15 cation to Section 8 of Exhibit "A":

16 "No permanent filled lands, platforms, or other fixed or
17 floating structures for well sites or other operations for
18 oil and gas development from the area leased hereunder shall
19 be constructed, used, maintained or operated at any location
20 less than one statute mile seaward of the ordinary high
21 water mark of the Santa Barbara Channel. Provided, however,
22 that this section shall not apply to drilling and completion
23 of a submerged ocean-floor oil or gas well; and provided
24 further that this section shall not apply to filled lands,
25 platforms or fixed or floating structures in, on or over
26 tide and submerged lands constructed prior to the date of

1 this lease with respect to which the State or other owner
2 thereof has consented to such use."

3 For your information, Mr. Chairman, the underscored
4 language in the agenda item, last paragraph, was the language
5 not reported in the prior Minute transcript, but is included
6 in the verbatim transcript.

7 MR. HURLEY: I move the Minutes be so corrected.

8 MR. CHAMPION: Do I hear a second?

9 MR. SIEROTY: I don't think I can second it.

10 MR. CHAMPION: I can second it. Unless there is any
11 comment, it will stand approved.

12 I suppose we better get the record clear on the
13 situation here: I am acting as Chairman in the absence of
14 Lieutenant Governor Anderson; Mr. Hurley is representing the
15 Controller; and Mr. Sieroty is representing the Lieutenant
16 Governor on resolutions. However, Mr. Hurley and I are
17 voting. Is that clear?

18 MR. HORTIG: That completes the record, Mr. Chairman.
19 The second agenda item, Section 6834 of the Public Resources
20 Code provides in part that: "Whenever the Commission
21 determines the lands shall be leased for oil and gas as
22 provided in this chapter, and when the form of lease therefor
23 has been prepared by the Commission, the Commission shall
24 give notice of intention to lease such lands."

25 Section 6835, Public Resources Code, requires that bids
26 be submitted in the form of a lease prepared in accordance

1 with the chapter of the code.

2 The Commission has previously approved and adopted a
 3 combined bid-lease form for tide and submerged oil and gas
 4 lease offers in Santa Barbara County (November 15, 1960,
 5 Minute Item 18, page 6473), inclusive of operating conditions
 6 specified in Exhibit "A" thereto, royalty rate provisions
 7 specified in Exhibit "B", and cash-bonus payment specified in
 8 Exhibit "C" thereto, applicable to areas west of Gaviota,
 9 Santa Barbara County. Also, on March 29, 1962 (Minute Item
 10 28, page 7870), the Commission authorized the amendment of
 11 Section 8, Exhibit "A", of the bid-lease form applicable
 12 to areas east of Gaviota, to assure complete mutual under-
 13 standing as to the bases for employing ocean-floor
 14 installations closer than one mile from shore in oil and gas
 15 leases to be offered by the Commission in the tideland areas
 16 between Gaviota and Elwood. The combined bid-lease form
 17 approved November 15, 1960, and Exhibits "A", "B", and "C"
 18 (east of Gaviota) amended March 29, 1962, were utilized in
 19 lease offers authorized for Parcel 8 (April 26, 1962, Item
 20 18, page 7940), and Parcel 9 (May 24, 1962, Item 28, page
 21 8023).

22 A question has been raised by some prospective bidders
 23 as to these bid-lease offers, indicating the desirability of
 24 Commission approval of a lease form with Exhibit "A"
 25 specifically applicable to areas east of Gaviota as a
 26 complete unit.

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Review of this problem with the Office of the Attorney General has disclosed the desirability for clarification of the Commission's records relative to the aforesaid pending offers. Therefore, oil and gas lease offers for Parcels 8 and 9 have been canceled, and:

It is recommended that the Commission approve and adopt, pursuant to Division 6, Part 2, Chapter 3, Articles 2 and 4, of the Public Resources Code, the combined bid-lease form attached hereto as Attachment "1" to be utilized for tide and submerged land lease offers in the area lying between Gaviota and the westernmost existent oil and gas lease in the Elwood Field, Santa Barbara County (Lease No. P.R.C. 208.1).

MR. CHAMPION: What is your pleasure?

MR. HURLEY: I am ready if you are. I had this explained to me.

MR. CHAMPION: All right. I have, too. Do you want to make any further explanation? I think it's pretty clear.

MR. HORTIG: Unless there are any questions.

MR. CHAMPION: Any question or comment? All right, let's proceed.

MR. HURLEY: I will move we approve and adopt pursuant to Division 6, Paragraph 2, Chapter 3, Articles 2 and 4 of the Public Resources Code, the combined bid-lease form attached hereto as Attachment "1" to be utilized for tide and submerged land lease offers in the area lying between

1 Gaviota and the westernmost existent oil and gas lease in
2 the Elwood Field, Santa Barbara County.

3 MR. CHAMPION: Seconded, and without objection it is
4 unanimously approved.

5 MR. HORTIG: If you gentlemen will refer to the next
6 item following the bid-lease form. It is recommended that
7 the Commission:

8 1. Rescind the April 26, 1962, authorization (Minute
9 Item 18, Page 7940) for the Executive Officer to offer a
10 parcel of tide and submerged lands, Work Order 4360 (Parcel
11 8), in Santa Barbara County, for oil and gas lease;

12 2. Approve the cancellation by the staff of the offer
13 of a parcel of tide and submerged lands, designated as Work
14 Order 4360 (Parcel 8), in Santa Barbara County, for oil and
15 gas lease;

16 3. Authorize the Executive Officer to offer a parcel of
17 tide and submerged lands, designated as Work Order 4480
18 (Parcel 8A) --- parenthetically, this is the identical
19 parcel of land originally offered under Parcel 8 --- in Santa
20 Barbara County, for oil and gas lease, pursuant to Division
21 6 of the Public Resources Code, and in accordance with
22 sequential bidding procedures previously established by the
23 Commission.

24 This recommendation is to be executed subject to the
25 conditions that the lease award is to be made to the qualified
26 bidder offering the highest cash-bonus payment in consideration

1 of the issuance of an oil and gas lease.

2 The bid-lease form to be utilized for the parcel shall
3 be the form approved and adopted by the Commission in Item 2
4 of this agenda, designated as Work Order 3770 -- which was
5 the subject of your last previous motion.

6 MR. CHAMPION: I don't think we need a description.

7 MR. HURLEY: I so move.

8 MR. CHAMPION: I will second. Any question or comment?
9 Approved.

10 MR. HORTIG: There is a further comment for the record,
11 Mr. Chairman. In view of this approval it is the intent
12 of the staff to proceed immediately with the re-advertising
13 of Parcel 8A for the minimum period of time required by
14 statute, which will result in a new date for receipt of
15 bids for Parcel 8A, set as August 9, 1962. Bids on Parcel 8
16 were originally due before cancellation today, this 19th day
17 of July, so that the operating sequence of the Commission
18 will again be fully in effect and will have been displaced in
19 time only and not as to substance from July 19 to August 9.

20 The same recommendation, Mr. Chairman, is being made
21 with respect to the processing of the parcel originally
22 offered as Parcel 9, which offer was cancelled, and it is
23 requested that the same action with the Commission as adopted
24 for Parcel 8 also be adopted for Parcel 9, and the re-offering
25 of the same area as Parcel 9A.

26 MR. HURLEY: I so move.

1 MR. CHAMPION: Seconded. Any question or comment? It
2 stands approved.

3 MR. STEROTY: For when will that be scheduled, August 9?

4 MR. HORTIG: No, sir, approximately thirty days there-
5 after. It originally was to follow Parcel 8 approximately
6 thirty days later, and in maintenance of the sequential
7 bidding procedures, this would be the normal practice.

8 The last item relates to Parcel 10A inasmuch as there
9 was an authorization by the Commission to offer a Parcel 10,
10 but this offer had not yet been published. There is no need
11 to, no requirement for confirmation of a cancellation, but
12 only the requirement for rescission of the original
13 authorization and a re-authorization to re-offer the parcel
14 under the designation 10A, and subject again to utilizing
15 the bid-lease form authorized here today.

16 MR. HURLEY: I so move.

17 MR. CHAMPION: Seconded. Any question or comment? It
18 stands approved.

19 Is there any further business to come before the
20 Commission?

21 MR. HORTIG: Not before this session, Mr. Chairman,
22 from the staff.

23 MR. CHAMPION: All right. The next date of meeting has
24 been set?

25 MR. HORTIG: Next Thursday.

26 MR. CHAMPION: Very well, the meeting stands adjourned.
(Adjourned at 4:55 p.m.)

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CERTIFICATE OF REPORTER

I, Henry A. Paolucci, reporter for the Office of Administrative Procedure, hereby certify that the foregoing seven pages contain a full, true and correct transcript of the shorthand notes taken by me at the meeting of the State Lands Commission at Sacramento, California, on July 19, 1962.

Henry A. Paolucci

Dated: July 20, 1962, at
Sacramento, California