

A meeting of the State Lands Commission was held in the office of the Department of Finance, State Building, Los Angeles, at 10:30 a.m., February 10, 1939.

Present were:

Phil S. Gibson, Ellis E. Patterson,  
Harry B. Riley

The Executive Officer reported the necessity of election of a Chairman for the Commission. Thereupon, Ellis E. Patterson nominated Phil S. Gibson be elected Chairman of the Commission, and upon unanimous vote of the members present, Mr. Gibson was elected Chairman of the Commission.

A report was placed before the Commission of measures heretofore taken by the Division of State Lands to establish the proportion of State lands included within the probable limits of the known gas field at Rio Vista. Mr. Atherton, Engineer of the Division, presented a map to the Commission showing the area owned by the State in the field, locations of privately owned wells thought to be draining gas from lands of the State, and recommendations of Dr. E. K. Soper, Consulting Geologist and Petroleum Engineer, for the development of the State lands. After discussion, upon motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, the Executive Officer was directed to report at the next meeting upon phases as follows:

- a. Whether the operators of wells drilled into privately owned lands in the area would be agreeable to make a compensatory agreement with the State upon condition that the State not authorize drilling of offset wells; or
- b. Whether the operators of wells drilled into privately owned land and now draining the State lands would be agreeable to shutting down their wells upon condition that the State not authorize offset drilling.

The Commission was furnished with a report of the area of State owned lands within the probable limits of the known gas field at McDonald Island, San Joaquin County, California. The Engineer of the Division showed the locations of privately owned wells upon a map and the probable extent of State ownership being drained by such wells. By motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, the Executive Officer was directed to confer with officers of the Standard Oil Company of California, operator of wells now draining State lands, in an endeavor to enter into an agreement to compensate the State on account of drainage from said State lands, and to report at the next meeting of the Commission.

A contract was presented to the Commission between Pacific Western Oil Corporation and Standard Oil Company of California, together with a letter from Pacific Western Oil Corporation to Standard Oil Company of California, with reference to sale of oil produced from

State Oil and Gas Lease No. 92 at Elwood. The Executive Officer recommended approval of the contract subject, however, to conditions as follows:

- a. That such approval shall not be construed as waiver on the part of the State of any rule or regulation concerning State oil and gas leases, of any provision of State Oil and Gas Lease No. 92, or any law of the State of California, inconsistent with one or more provisions of said contract;
- b. That approval of said contract shall not prevent the State from exercising its right to take, and to take, its royalty in kind in accordance with the terms of State Oil and Gas Lease No. 92;
- c. That the State's lessee, Pacific Western Oil Corporation, a corporation, shall report to the State of production from the area described in State Oil and Gas Lease No. 92 and pay to the State the royalty thereupon in accordance with the terms of said lease;
- d. That certain understanding or agreement between Pacific Western Oil Corporation and Bankline Oil Company mentioned in said communication dated January 15, 1939, shall in no manner modify or alter the terms of said State Oil and Gas Lease No. 92, subject, however, to the method now employed whereby the State's royalty on oil produced from said lease shall be paid on the basis of corrected volume and gravity measurements made at the time the oil is run from the leased premises at a price per barrel to be computed by the deduction of five cents per barrel from the prices quoted for oil of like gravity f.o.b. tanker in Elwood Field, by Standard Oil Company of California.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and unanimously carried, a resolution was adopted authorizing and directing the Executive Officer to approve said sales contract and letter, subject, however, to the conditions hereinbefore mentioned.

Upon presentation to the Commission of proposed assignment of State Oil and Gas Lease No. 82 from Rincon Oil Company to Rincon Development Company, and following discussion of the ability of the area to produce oil and gas, Mr. Patterson moved, Mr. Riley seconded, and it was unanimously carried, that Dr. E. K. Soper, make a survey of the area and vicinity to determine whether oil and gas deposits in commercial quantities are likely to be found there, and report to the Commission, and pending receipt of report, no action be taken upon the proposed assignment.

The Executive Officer reported the receipt of two bids to enter into agreement to extract chalk from certain state lands filed pursuant to notice of intention of the Commission adopted by resolution of the Commission on December 6, 1938. By motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, the time for the opening of the bids was extended from February 6, 1939, to this date, and the Executive Officer was directed to open the said bids. On opening

said bids, the Executive Officer reported a bid from T. A. McCall to pay the State of California a royalty of 20% of the value of the mineral produced from the  $\frac{1}{2}$  of  $SE\frac{1}{4}$  of Section 36, T. 27 N., R. 4 E., S. B. M., and a bid from George Bellis to pay the State a royalty of 20% of the value of the mineral produced from  $E\frac{1}{2}$  of  $SE\frac{1}{4}$  of Section 36, T. 27 N., R. 4 E., S. B. M. There being only one bid received for each 80 acre parcel, the Executive Officer was directed to refer said bids to the Division of Mines, Department of Natural Resources of the State of California for a report.

In response to inquiry from R. A. Perez Company to be advised the basis which the Commission would employ to calculate the state's one-sixteenth reservation of minerals contained in certain lands heretofore sold by the State, Mr. Riley moved, Mr. Patterson seconded, and it was unanimously carried, that the Executive Officer be directed to obtain an opinion from the Attorney General respecting the question.

The Executive Officer notified the Commission that notice had been given of termination of State Mineral Lease No. 71 issued to E. T. Grus on account of failure to pay annual rental due September 6, 1938. Upon motion of Mr. Riley, seconded by Mr. Patterson, and unanimously carried, the action of the Executive Officer taken in this connection was confirmed and approved.

By resolutions put by Mr. Patterson, seconded by Mr. Riley and adopted by unanimous vote, the Executive Officer was authorized and directed to perform the acts, and his acts were approved and confirmed, as follows:

1. Approval of Lease Application No. 717 of Rees T. Jenkins Land and Livestock Company to lease 3757.84 acres of school land in Lassen County at 10 cents per acre per year;
2. Continuance of Lease Application No. 718 of L. E. Williams pending completion of publication;
3. Rejection of Application No. 10249, Los Angeles Land District, of Leonard B. Hegger to purchase the  $NW\frac{1}{4}$  of  $SE\frac{1}{4}$  of Section 36 T. 6 S., R. 5 W., S. B. M., containing 40 acres, and directed that means be taken to return to the applicant the \$5 application fee plus \$3 deposited for publication;
4. Rejection of Applications Nos. 4492 and 4493, Sacramento Land District, of Walter Braddock and Theresa Ippolito to purchase the  $NE\frac{1}{4}$  and  $NE\frac{1}{4}$  of  $SE\frac{1}{4}$  of Section 36, T. 16 S., R. 28 E., M. D. M., and the  $NW\frac{1}{4}$  of  $NW\frac{1}{4}$ ,  $E\frac{1}{2}$  of  $NW\frac{1}{4}$ ,  $NE\frac{1}{4}$  of  $SW\frac{1}{4}$  and  $E\frac{1}{2}$  of Section 36, T. 31 S., R. 33 E., M. D. M., respectively;
5. Sale of, and issuance of deeds in the name of State of California through the State Lands Commission, covering Lot 9, Block 32, Delhi Townsite, containing .34 acres at \$60, to Lawrence K. Jones, and Lot 3, Block 32, Delhi Townsite, containing .18 acres at \$55, to Fred W. Carter;

6. Lease of, and execution of leases, in the name of the State of California, through the State Lands Commission, as follows:
  - a. To E. O. Voyles covering Lots 6 and 24, Revised Delhi Townsite, containing 48.79 acres, for the period of one year, at a rental of one-fourth of returns of crops including bean straw, with the privilege to the leases to use 12 acres thereof for pasture, for \$10 cash;
  - b. To E. O. Voyles covering approximately 5.78 acres in Revised Delhi Townsite, for the period of one year, at a rental of \$10 cash;
  - c. To C. V. Mendonca covering Lots 7 to 13, inclusive, Revised Delhi Townsite containing 3.12 acres, for the period January 16, 1939, to October 31, 1939, in consideration of keeping the leased premises free from weeds;
7. Writing off of obligation to the State of California of Thomas E. Craig in the sum of \$159, plus \$48.46 interest, which obligation arose on account of the execution of promissory note secured by deed of trust upon state property at Delhi State Land Settlement;
8. Additional investigation in connection with the establishment of ordinary high water mark at and near properties identified by Lighthouse Cafe and Will Rogers Estate, Santa Monica.
9. Continuation of application of Bel Air Bay Club, Ltd., for change in specifications in approval of plans heretofore given in connection with repair of a groin fronting property of the applicant at Santa Monica.
10. Check by consulting Seacoast Engineer of application or approval of plans for construction of groin at or near Pismo Beach, San Luis Obispo County.
11. Continuation of application of Southern Pacific Golden Gate Ferries, Ltd. for easement over certain lands near the foot of Broadway in Oakland.
12. Granting of easement to County of San Mateo over certain lands of the State constituting a portion of Guadalupe Canal, San Mateo County California, limited to landscaping, for a period of five years, and directed preparation of form of easement for consideration of the Director of Finance under Section 675 of the Political Code.
13. Designating Gertrude Larimer and Lois Daube and the Executive Officer to sign claims for presentation to the State Controller and directed the Executive Officer to sign card of State Controller in evidence thereof.
14. Retransfer of \$9,051.88 from State Park Maintenance and Acquisition Fund to General Fund to correct an error previously made.

15. Transfer of \$100,000 from the State Lands Act Fund to the General Fund and State Park Maintenance and Acquisition Fund in the proportion of 70% and 30% respectively.
16. Executive Officer to sign reports of performance for personnel in the Division of Lands.
17. Specifications for Consulting Seacoast Engineer.
18. Restating authorization for Executive Officer to certify earned vacation of Carl B. Sturzenacker of 22½ days and A. H. Alexander of 9¼ days.
19. Issuing duplicate Certificates of Purchase No. 2477 to Frank K. Prescott, Location 2863, Stockton Land District, for E½ of SE¼ of Section 6, T. 10 S., R. 23 E., M.D.M., Fresno County, and Certificate of Purchase No. 244 to Abram Humm under Tideland Location No. 233 for fraction in the NE¼ of NE¼ of Section 14, T. 4 N., R. 10 W., M.D.M., 21.80 acre, Marin County.
20. Issuing Patent No. 18824 for the SW¼ of SW¼ of Section 8, T. 18 N., R. 12 W., M.D.M., Mendocino County to Richard Hoddinott under Location No. 14895, San Francisco Land District; Patent No. 18822 for the NW¼ of NE¼ of Section 36, T. 9 N., R. 10 W., S.B.M., Kern County, to William F. Kerr under Location No. 8790, Los Angeles Land District; Patent No. 18223 for the E½ of SE¼ of Section 6, T. 10 S., R. 23 E., M.D.M., Fresno County, to Frank K. Prescott, Location No. 2863, Stockton Land District; and Patent No. 5121 for 21.80 acres of Tideland in the E½ of Section 11 and in the NE¼ of NE¼ of Section 14, T. 4 N., R. 10 W., M.D.M., Marin County, to Abram Huff under Tideland Location 223.
21. Directing further investigation of Lease No. 719 of O. J. McKinney to lease the SE¼ of SE¼ of Section 36, T. 7 N., R. 1 W., S.B.M., containing 40 acres in San Bernardino County, for the period of 20 years.  
of NW¼
22. State Selection in NW¼ of Section 15., T. 25 S., R. 18 E., M.B.M., No. 4490, to Sacramento Land District, and authorizing A. P. Ireland to sign necessary documents in connection therewith.

There being no further business to come before the Commission, the meeting was adjourned.

RULES AND REGULATIONS ADOPTED BY STATE LANDS COMMISSION ON JULY 12, 1938, GOVERNING THE SALE OF SCHOOL LANDS AND LIEU LANDS UNDER THE PROVISIONS OF AN ACT OF THE LEGISLATURE APPROVED MAY 17, 1933, CHAPTER 386, AND THE LEASING OF SUCH LANDS FOR GRAZING AND RECREATIONAL PURPOSES UNDER THE PROVISIONS OF AN ACT OF THE LEGISLATURE APPROVED JUNE 9, 1931, CHAPTER 673.

1. Applications for the purchase or lease of school and lieu lands shall be received at the State Lands Commission, Division of State Lands, Department of Finance, State Capitol, Sacramento. Form for application may be obtained by addressing the State Lands Commission at said address.

2. Applications presented to the State Lands Commission at said address will take precedence over those received in the mail.

3. Each application to purchase or lease must be accompanied with a filing fee of \$5.00 and a deposit of \$5.00 to cover the cost of publication as set forth in rule 10. of these rules and regulations.

4. No lands shall be subject to application until the description of the lands has been published in a list of vacant school lands; such lists will be published from time to time as circumstances may warrant. In cases where there are occupants of a sixteenth or thirty-sixth section at the time the township is sectionized, such occupants, if qualified to purchase State lands, shall be allowed three months after date of sectionizing within which to file an application to purchase the lands. In such cases publication of the description will not be necessary.

5. Lands of known mineral character will not be sold, but may be leased for grazing purposes, subject to the reservation to State of California to grant permits to prospect for minerals, including oil and gas, and leases and easements to extract minerals, including oil and gas upon and from the leased lands and without compensation to the lessee. The extraction of oil and gas, or any other minerals, from State lands, will be governed by rules and regulations adopted by the State Lands Commission, under the provisions of the Act of the Legislature approved March 24, 1938, Statutes of 1938, Extra Session, Chapter 5.

6. Lands suitable for cultivation shall be sold only to actual settlers.

7. The applicant must state in his application to purchase lands, (a) whether or not the land is occupied, (b) whether or not the land is suitable for cultivation without artificial irrigation, (c) whether or not it is

known to be mineral in character, and (d) whether or not it is timbered land. The application must be subscribed and sworn to before a notary public or other officer qualified to administer oaths.

8. Applications to purchase lands by municipal corporations, public corporations, quasi public corporations or by the State Highway Commission, State Park Commission or other State body authorized to purchase and hold land must be made in the name of the organization and subscribed and sworn to (before a notary public or other officer qualified to administer oaths) by the authorized officer thereof, whose authorization must accompany the application. The seal of the organization must be affixed to the application.

9. Applications of citizens to purchase lands shall embrace lands in one county and one section only, but any one or more legal subdivisions thereof may be applied for, provided that any application may be rejected when only a portion of the vacant land in a section is applied for, if it appears that the interests of the State will best be served thereby.

10. When an application to purchase or lease lands has been filed, notice of the filing will be published in one issue of a newspaper of general circulation in the county wherein the land is situated. During a period of 30 days from and after the date of publication of said notice any other qualified applicant may file an application with the State Lands Commission at Sacramento, subject to the rights of the prior applicant. Each applicant may make as many different bids to purchase or lease the land as he may desire, which bids must be in writing, sealed and filed with the State Lands Commission before 4 P.M. of the 30th day from the date of the publication of the notice. When the price is fixed at which the land may be sold or leased, the first applicant shall have the first opportunity to make payment of the purchase price or rental as the case may be. Should he fail to make payment of the purchase price within the 20 days allowed by rule 11 hereof, or in the case of a lease should he fail to make payment of the first annual rental within 15 days after receipt of the lease as required by the leasing act, the next applicant in point of time will have the opportunity to make payment of the price fixed for the sale or lease of the land. If an application be filed subject to the rights of the prior applicant and the prior applicant makes payment, the fee for filing the subsequent application cannot be returned. The successful applicant will be required to pay the costs of publication of the notice.

11. When the application to purchase lands has been filed, the lands will be appraised and the applicant shall

have 20 days from approval of the application within which to make payment of the appraised price to the State Lands Commission at Sacramento. Copy of the approval of the application will be transmitted to the applicant who shall forward same to the State Lands Commission with the amount payable. If payment is not received by the State Lands Commission within the 20 days allowed, the application will become null and void. When payment has been made for the lands, the purchaser shall be entitled to a patent therefor upon payment to the State Lands Commission of the patent fees of five dollars plus one dollar for each one hundred sixty acres of land or fraction thereof described in the patent.

12. No fees are payable by a municipal corporation or State of California.

13. In all applications for grazing leases the applicant must state, (a) whether or not the land is timbered land, (b) the purpose to which said land is principally adapted, (c) whether or not it is known to contain valuable mineral deposits, and (d) the period for which the lease is desired and for what purpose. (While the leasing act provides in Section 4 that no lease shall be issued for a period longer than 10 years, no leases are now being executed for a period in excess of 3 years.)

14. Each application to lease State lands for grazing purposes shall be accompanied with a letter from the applicant, stating the maximum amount per acre per year he is willing to pay for the rental of said land.

15. When an application to lease State land for grazing purposes has been filed, the application will be suspended for a period of 30 days from the date of publication of notice as required by rule 10 hereof, to allow any other applicant an opportunity to apply. Each applicant may make as many different rental offers as he may desire, which offers must be in writing, sealed and filed with the State Lands Commission at Sacramento before 4 P.M. of the 30th day from and after the date of the publication of the notice.

16. At the expiration of the thirty-day period from and after the date of publication of the notice of the filing of the first application, all bids will be submitted to the State Lands Commission. The application accompanied with the highest bid will be approved, unless it should appear to the State Lands Commission that it would not be in the interest of the State to accept said bid, in which event all bids shall be rejected by the State Lands Commission, and a lease issued and forwarded to the applicant for execution. Said applicant shall have 15 days thereafter within which to execute and return such lease to the State Lands Commission at Sacramento and make payment of the first annual rental in advance. The State Lands Commission shall receive the money and



issue a receipt therefor. All subsequent annual payments of rental must be made to the State Lands Commission at Sacramento in like manner within 15 days after they become due. In case payments are not made as herein provided, the lease and all rights thereunder shall cease and terminate.

17. If any land, for which a lease has been issued, is sold by the state, the lease shall terminate upon completion of the sale and the lessee shall be entitled to a refund of the unearned rental upon surrender of the lease to the State Lands Commission at Sacramento.

18. Any lease for 16th or 36th sections or any portion thereof which may now or may hereafter be included within the exterior boundaries of a national reservation or within the exterior boundaries of land withdrawn from public entry, shall terminate whenever the State of California shall designate said lands as bases for indemnity selections as provided by law. The lessee shall be notified by the State Lands Commission whenever any such designation of bases for indemnity is made.

19. Leases for recreational lots in Fish Canyon shall be issued upon receipt of the application if accompanied with the first annual rental in addition to the five dollar filing fee. Recreational leases will be issued for a period not to exceed 10 years for any one lease, if desired by the applicant, but there will be no competitive bidding as the annual rental for the lots shall be fixed by the State Lands Commission. The minimum rental for any recreational site on which there is no cabin shall be fifteen dollars per annum, payable in advance, and the minimum rental for any site on which a cabin has been erected by a lease applicant other than the original lessee shall be twenty dollars per annum, but may be increased to not to exceed thirty dollars upon approval of the State Lands Commission.

20. The State Lands Commission reserves the right to reject all bids received pursuant to invitation.

SEE CHAPTER 5/1938 1st E.S.

AND

RULES AND REGULATIONS

FOLLOWING PAGE 12 of STATE LANDS COMMISSION

MINUTES OF JULY 12, 1938

AMENDED IN ASSEMBLY APRIL 28, 1937.

AMENDED IN SENATE APRIL 16, 1937.

AMENDED IN SENATE APRIL 7, 1937.

AMENDED IN SENATE MARCH 31, 1937.

AMENDED IN SENATE MARCH 17, 1937.

AMENDED IN SENATE MARCH 15, 1937.

SENATE BILL

No. 579

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INTRODUCED BY SENATOR OLSON,

January 21, 1937.

REFERRED TO COMMITTEE ON OIL INDUSTRIES.

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*An act relating to certain State lands and the production and disposition of oil, gas and other hydrocarbon substances therefrom, providing for the condemnation of real property, rights of way, easements and other interests therein for the purposes of this act, repealing all acts or parts of acts inconsistent or in conflict therewith, DECLARING THE URGENCY THEREOF, AND PROVIDING THAT THIS ACT SHALL TAKE EFFECT IMMEDIATELY.*

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The State of California is the owner, in its
- 2 sovereign and proprietary capacities, of certain tide and
- 3 submerged lands at Huntington Beach, Orange County, con-
- 4 taining valuable deposits of oil, gas and other hydrocarbon
- 5 substances, which lands are described as follows:
- 6 The area bounded by a line beginning at the northeast cor-
- 7 ner of the northwest quarter of the northeast quarter of Sec-
- 8 tion 4, Township 6 South, Range 11 West, S. B. B. & M.;
- 9 thence easterly a distance of 14,520 feet, more or less, to the
- 10 northeast corner of the northwest quarter of Section 1, Town-
- 11 ship 6 South, Range 11 West, S. B. B. & M.; thence south
- 12  $41^{\circ} 20'$  west to the high water mark of the Pacific Ocean;
- 13 thence south  $41^{\circ} 20'$  west a distance of 5280 feet to a point in
- 14 the Pacific Ocean; thence north  $48^{\circ} 40'$  west a distance of
- 15 10,901 feet, more or less, to a point in the Pacific Ocean;
- 16 thence north  $41^{\circ} 20'$  east to the point of beginning, except

*Olson bill*

1 that portion thereof lying landward from the high water  
2 mark of the Pacific Ocean.

3 SEC. 2. The oil and gas deposits in said State lands are  
4 being constantly drained by oil wells drilled in and operating  
5 on privately owned lands adjacent thereto. The protection  
6 of the public interest requires the development, production,  
7 removal and disposition of the oil, gas and other hydrocarbon  
8 substances from said State lands for the benefit of the State.

9 SEC. 3. The Director of Finance is hereby authorized and  
10 directed to secure the development, extraction, removal and  
11 sale of oil, gas and other hydrocarbon substances from said  
12 lands for the benefit of the State in the manner hereinafter  
13 provided.

14 SEC. 4. The term "person," as herein used, means an  
15 individual, a corporation, a partnership, and association, a  
16 joint stock company, a trust, or any unincorporated organi-  
17 zation or association.

18 SEC. 5. The Director of Finance for and in behalf of  
19 the State, is authorized, empowered and directed to imme-  
20 diately condemn, acquire and possess, for and in the name  
21 of the State, any real property, and any right of way, ease-  
22 ment or other interest therein that may be necessary or desir-  
23 able for convenient access to said State lands for the develop-  
24 ment and production of oil, gas and other hydrocarbon sub-  
25 stances therefrom in the manner as herein provided, and for  
26 their removal, transportation, storage and sale, and for such  
27 purposes shall, in the name of the people of the State of Cali-  
28 fornia, institute condemnation proceedings pursuant to sec-  
29 tion 14 of Article I of the Constitution and the Code of Civil  
30 Procedure relating to eminent domain. The acquisition of  
31 such property is hereby declared a public necessity.

32 Any property or interest so acquired shall be made available  
33 to any person to whom an oil and gas lease may be awarded  
34 under this act; provided, that the cost and expense of such  
35 acquisition shall be paid by such lessee.

36 SEC. 6. For the purpose of prospecting, drilling for,  
37 extracting, producing, removing and disposing of oil, gas  
38 and other hydrocarbon substances from said lands, the area  
39 thereof shall be divided into eleven (11) parcels specifically  
40 described as follows:

41 Parcel A. The area bounded by a line beginning at the  
42 northeast corner of the northwest quarter of the northeast  
43 quarter of Section 4, Township 6 South, Range 11 West, S. B.  
44 B. & M.; thence easterly a distance of 1320 feet, more or  
45 less, to the northeast corner of said Section 4; thence south  
46  $41^{\circ} 20'$  west to the high water mark of the Pacific Ocean;  
47 thence south  $41^{\circ} 20'$  west a distance of 5280 feet to a point  
48 in the Pacific Ocean; thence north  $45^{\circ} 40'$  west a distance of  
49 991 feet, more or less, to a point in the Pacific Ocean; thence  
50 north  $41^{\circ} 20'$  east to the point of beginning; except that por-  
51 tion thereof lying landward from the high water mark of the  
52 Pacific Ocean.

1 Parcel B. The area bounded by a line beginning at the  
2 northeast corner of Section 4, Township 6 South, Range 11  
3 West, S. B. B. & M.; thence easterly a distance of 1320 feet,  
4 more or less, to the northeast corner of the northwest quarter  
5 of the northwest quarter of Section 3, Township 6 South,  
6 Range 11 West, S. B. B. & M.; thence south  $41^{\circ} 20'$  west to  
7 the high water mark of the Pacific Ocean; thence south  
8  $41^{\circ} 20'$  west a distance of 5280 feet to a point in the Pacific  
9 Ocean; thence north  $48^{\circ} 40'$  west a distance of 991 feet, more  
10 or less, to a point in the Pacific Ocean; thence north  $41^{\circ} 20'$   
11 east to the point of beginning; except that portion thereof  
12 lying landward from the high water mark of the Pacific Ocean.

13 Parcel C. The area bounded by a line beginning at the  
14 northeast corner of the northwest quarter of the northwest  
15 quarter of Section 3, Township 6 South, Range 11 West,  
16 S. B. B. & M.; thence easterly a distance of 1320 feet, more  
17 or less, to the northeast corner of the northwest quarter of  
18 Section 3, Township 6 South, Range 11 West, S. B. B. & M.;  
19 thence south  $41^{\circ} 20'$  west to the high water mark of the Pacific  
20 Ocean; thence south  $41^{\circ} 20'$  west a distance of 5280 feet to a  
21 point in the Pacific Ocean; thence north  $48^{\circ} 40'$  west a dis-  
22 tance of 991 feet, more or less, to a point in the Pacific Ocean;  
23 thence north  $41^{\circ} 20'$  east to the point of beginning; except  
24 that portion thereof lying landward from the high water mark  
25 of the Pacific Ocean.

26 Parcel D. The area bounded by a line beginning at the  
27 northeast corner of the northwest quarter of Section 3, Town-  
28 ship 6 South, Range 11 West, S. B. B. & M.; thence easterly a  
29 distance of 1320 feet, more or less, to the northeast corner of  
30 the northwest quarter of the northeast quarter of Section 3,  
31 Township 6 South, Range 11 West, S. B. B. & M.; thence  
32 south  $41^{\circ} 20'$  west to the high water mark of the Pacific Ocean;  
33 thence south  $41^{\circ} 20'$  west a distance of 5280 feet to a point in  
34 the Pacific Ocean; thence north  $48^{\circ} 40'$  west a distance of 991  
35 feet, more or less, to a point in the Pacific Ocean; thence north  
36  $41^{\circ} 20'$  east to the point of beginning; except that portion  
37 thereof lying landward from the high water mark of the Pacific  
38 Ocean.

39 Parcel E. The area bounded by a line beginning at the  
40 northeast corner of the northwest quarter of the northeast  
41 quarter of Section 3, Township 6 South, Range 11 West, S.  
42 B. B. & M.; thence easterly a distance of 1320 feet, more or  
43 less, to the northeast corner of Section 3, Township 6 South,  
44 Range 11 West, S. B. B. & M.; thence south  $41^{\circ} 20'$  west to  
45 the high water mark of the Pacific Ocean; thence south  $41^{\circ}$   
46  $20'$  west a distance of 5280 feet to a point in the Pacific  
47 Ocean; thence north  $48^{\circ} 40'$  west a distance of 991 feet, more  
48 or less, to a point in the Pacific Ocean; thence north  $41^{\circ} 20'$   
49 east to the point of beginning; except that portion thereof  
50 lying landward from the high water mark of the Pacific  
51 Ocean.

1 Parcel F. The area bounded by a line beginning at the  
2 northeast corner of Section 3, Township 6 South, Range 11  
3 West, S. B. B. & M.; thence easterly a distance of 1320 feet,  
4 more or less, to the northeast corner of the northwest quarter  
5 of the northwest quarter of Section 2, Township 6 South,  
6 Range 11 West, S. B. B. & M.; thence south  $41^{\circ} 20'$  west to  
7 the high water mark of the Pacific Ocean; thence south  $41^{\circ}$   
8  $20'$  west a distance of 5280 feet to a point in the Pacific  
9 Ocean; thence north  $48^{\circ} 40'$  west a distance of 991 feet, more  
10 or less, to a point in the Pacific Ocean; thence north  $41^{\circ} 20'$   
11 east to the point of beginning; except that portion thereof  
12 lying landward from the high water mark of the Pacific  
13 Ocean.

14 Parcel G. The area bounded by a line beginning at the  
15 northeast corner of the northwest quarter of the northwest  
16 quarter of Section 2, Township 6 South, Range 11 West,  
17 S. B. B. & M.; thence easterly a distance of 1320 feet, more  
18 or less, to the northeast corner of the northwest quarter of  
19 Section 2, Township 6 South, Range 11 West, S. B. B. & M.;  
20 thence south  $41^{\circ} 20'$  west to the high water mark of the  
21 Pacific Ocean; thence south  $41^{\circ} 20'$  west a distance of 5280  
22 feet to a point in the Pacific Ocean; thence north  $48^{\circ} 40'$   
23 west a distance of 991 feet, more or less, to a point in the  
24 Pacific Ocean; thence north  $41^{\circ} 20'$  east to the point of begin-  
25 ning; except that portion thereof lying landward from the  
26 high water mark of the Pacific Ocean.

27 Parcel H. The area bounded by a line beginning at the  
28 northeast corner of the northwest quarter of Section 2, Town-  
29 ship 6 South, Range 11 West, S. B. B. & M.; thence easterly a  
30 distance of 1320 feet, more or less, to the northeast corner of  
31 the northwest quarter of the northeast quarter of Section 2,  
32 Township 6 South, Range 11 West, S. B. B. & M.; thence  
33 south  $41^{\circ} 20'$  west to the high water mark of the Pacific  
34 Ocean; thence south  $41^{\circ} 20'$  west a distance of 5280 feet  
35 to a point in the Pacific Ocean; thence north  $48^{\circ} 40'$  west  
36 a distance of 991 feet, more or less, to a point in the Pacific  
37 Ocean; thence north  $41^{\circ} 20'$  east to the point of beginning;  
38 except that portion thereof lying landward from the high  
39 water mark of the Pacific Ocean.

40 Parcel I. The area bounded by a line beginning at the  
41 northeast corner of the northwest quarter of the northeast  
42 quarter of Section 2, Township 6 South, Range 11 West,  
43 S. B. B. & M.; thence easterly a distance of 1320 feet, more  
44 or less, to the northeast corner of Section 2, Township 6  
45 South, Range 11 West, S. B. B. & M.; thence south  $41^{\circ} 20'$   
46 west to the high water mark of the Pacific Ocean; thence  
47 south  $41^{\circ} 20'$  west a distance of 5280 feet to a point in the  
48 Pacific Ocean; thence north  $48^{\circ} 40'$  west a distance of 991 feet,  
49 more or less, to a point in the Pacific Ocean; thence north  
50  $41^{\circ} 20'$  east to the point of beginning; except that portion  
51 thereof lying landward from the high water mark of the  
52 Pacific Ocean.

1 Parcel J. The area bounded by a line beginning at the  
2 northeast corner of Section 2, Township 6 South, Range 11  
3 West, S. B. B. & M.; thence easterly a distance of 1320 feet,  
4 more or less, to the northeast corner of the northwest quarter  
5 of the northwest quarter of Section 1, Township 6 South,  
6 Range 11 West, S. B. B. & M.; thence south  $41^{\circ} 20'$  west  
7 to the high water mark of the Pacific Ocean; thence south  
8  $41^{\circ} 20'$  west a distance of 5280 feet to a point in the Pacific  
9 Ocean; thence north  $48^{\circ} 40'$  west a distance of 991 feet, more  
10 or less, to a point in the Pacific Ocean; thence north  $41^{\circ} 20'$   
11 east to the point of beginning; except that portion thereof  
12 lying landward from the high water mark of the Pacific  
13 Ocean.

14 Parcel K. The area bounded by a line beginning at the  
15 northeast corner of the northwest quarter of the northwest  
16 quarter of Section 1, Township 6 South, Range 11 West,  
17 S. B. B. & M.; thence easterly a distance of 1320 feet, more or  
18 less, to the northeast corner of the northwest quarter of Sec-  
19 tion 1, Township 6 South, Range 11 West, S. B. B. & M.;  
20 thence south  $41^{\circ} 20'$  west to the high water mark of the Pacific  
21 Ocean; thence south  $41^{\circ} 20'$  west a distance of 5280 feet to  
22 a point in the Pacific Ocean; thence north  $48^{\circ} 40'$  west a dis-  
23 tance of 991 feet, more or less, to a point in the Pacific Ocean;  
24 thence north  $41^{\circ} 20'$  east to the point of beginning; except  
25 that portion thereof lying landward from the high water mark  
26 of the Pacific Ocean.

27 SEC. 7. Each parcel described in section 6 hereof shall be  
28 offered for lease in the manner as hereinafter provided, to  
29 that qualified bidder offering by bid to pay to the State the  
30 highest per centum in amount and value of oil, gas and other  
31 hydrocarbon substances produced from wells drilled under  
32 such lease; but no two parcels contiguous to each other shall  
33 be leased to the same person, nor shall any lease be made of  
34 any parcel to any person that has an interest, direct or indirect,  
35 equal to or exceeding twenty (20) per cent in value in the  
36 lease of any contiguous parcel. It is the intention of this act,  
37 in the event leases are made as herein provided, to develop the  
38 parcels described in section 6 competitively with leases of con-  
39 tiguous parcels made to distinct persons who have no interest  
40 equal to or exceeding twenty (20) per cent in a lease of a  
41 contiguous parcel.

42 SEC. 8. The Director of Finance shall immediately after  
43 the effective date of this act cause to be published twice a week  
44 for three consecutive weeks in a daily newspaper of general  
45 circulation published in the county of Orange and in three  
46 daily newspapers of general circulation published in the city  
47 of Los Angeles and in two daily newspapers of general cir-  
48 culation published in the city of San Francisco, notice that  
49 the parcels described in section 6 will be leased and that per-  
50 sons desiring to bid for leases thereof shall fill out and file,  
51 within fifteen days from the last date of publication of said  
52 notice, a questionnaire with the Director of Finance; pro-

1 vided, that the time for filing said questionnaire may be  
2 extended by the director an additional ten days. Said notice  
3 shall contain a description of each of said parcels and shall  
4 specify the minimum royalty requirements herein established,  
5 and such additional information with reference to the loca-  
6 tion of said lands and the provisions and purposes of this act  
7 as the director may include in said notice for the purpose of  
8 informing the prospective bidders and the public generally  
9 of the purpose of the State to lease said lands under the pro-  
10 visions of this act. Said questionnaire shall be immediately  
11 prepared on a standard form by the Director of Finance,  
12 copies of which shall be available to all persons desiring to  
13 qualify as bidders for leases on any or all of said parcels, and  
14 shall contain questions calling for the following information:

15 1. The exact name in which the person filing the question-  
16 naire intends to bid;

17 2. Whether the person filing the questionnaire is an indi-  
18 vidual, partnership, unincorporated association, business trust,  
19 corporation, or joint stock company. In case of a person  
20 filing a questionnaire as an individual he shall give his resi-  
21 dence and business address for five years last past. In case  
22 of a partnership or unincorporated association, the names,  
23 addresses, and residence for five years last past for all mem-  
24 bers shall be given. In case of a corporation, the names of  
25 the directors shall be set forth, together with all stockholders  
26 holding stock or other interest in the corporation equal to or  
27 exceeding twenty (20) per cent, or more. Like informa-  
28 tion as to managing officers or trustees and beneficiaries shall  
29 be filed in the case of business trusts and joint stock associa-  
30 tions.

31 3. In the case of business trusts, corporations, joint stock  
32 associations, or partnerships, the name of the State or other  
33 sovereign power under which the filer is organized or incorpo-  
34 rated and the period of time that said filer has been qualified  
35 to do and has done business in the State of California.

36 4. The period of time the filer has engaged in the oil busi-  
37 ness in this State and in what branch thereof.

38 5. The number of producing wells, if any, being operated  
39 by such person in California, the location and average daily  
40 production of each.

41 6. The name and address of any other company or person  
42 who controls or is controlled by the filer, and all affiliates and  
43 subsidiaries of the filer.

44 7. Such other information as the Director of Finance may  
45 require.

46 SEC. 9. Such statement of information shall be verified  
47 under oath as pleadings in a civil action. All statements  
48 shall be accompanied by a certified or cashier's check pay-  
49 able to the order of the State Treasurer in the sum of \$100,  
50 as an examination fee, which in no case shall be returned.  
51 Statements so filed shall be public records and shall be open  
52 to inspection by any person or his duly authorized agent



1 filing statements hereunder. Immediately upon receipt of  
2 said statements the Director of Finance shall proceed to  
3 examine the same for the purpose of carrying out the pro-  
4 visions of this act. If such questionnaire be deemed insuffi-  
5 cient by the Director of Finance he shall, within ten (10)  
6 days from receipt of said questionnaire, notify in writing the  
7 person filing the same of his objections, and such person shall,  
8 within ten (10) days thereafter, file an amended statement  
9 setting forth the information requested.

10 SEC. 10. Within ninety (90) days after the effective  
11 date of this act, the Director of Finance shall prepare a list  
12 of persons who shall have filed said questionnaire and paid  
13 the examination fee provided for in section 9, and all such  
14 persons shall be deemed qualified and entitled to bid for  
15 a lease of any or all of said parcels described in section 6;  
16 provided, that any corporation filing such questionnaire must  
17 be qualified to do business in the State of California.

18 SEC. 11. The list of the Director of Finance of persons  
19 qualified and entitled to bid shall specify and group together  
20 those persons who by common control of interlocking inter-  
21 ests are entitled to have only one person in the group secure  
22 a lease on contiguous parcels. Each person in said group,  
23 however, shall be entitled to bid on any or all of said parcels  
24 without restriction. A copy of the list so prepared by the  
25 Director of Finance shall be sent by him to all persons who  
26 have qualified as bidders hereunder.

27 SEC. 12. Within ten (10) days after the preparation  
28 of said list of qualified bidders, the Director of Finance  
29 shall send out to each person qualified and entitled to bid, a  
30 form of lease for each parcel, the only difference in said leases  
31 being the description of the parcel.

32 SEC. 13. No bid shall be accepted and no lease shall be  
33 made unless the same provides for payment to the State of  
34 more than thirty per cent (30%) of the amount or value of  
35 the production of oil and gas from any wells drilled there-  
36 under, when the average daily production thereof *during a*  
37 *period of thirty consecutive producing days* exceeds 200 barrels  
38 of oil.

39 SEC. 14. Any lease made under authority of this act shall  
40 be for a term of ten (10) years with the right of renewal  
41 given to lessee for an additional five (5) year term, and as  
42 long thereafter, as wells drilled thereon are producing oil  
43 and gas in commercial quantities, not exceeding twenty-five  
44 (25) years from the date of said lease.

45 SEC. 15. Any lease made under authority of this act shall  
46 provide for the drilling of at least ten (10) wells on the strip  
47 or area embraced in said lease from and by means of piers,  
48 groins or islands constructed upon the surface of said leased  
49 area, and that the first wells drilled thereunder shall be so  
50 spaced as to properly and most effectively offset wells on lit-  
51 toral or adjacent lands that are or may be draining oil and  
52 gas from the subsurface of said leased area. Upon the

1 completion of the required number of offset wells, the  
2 lessee shall be required to proceed with the drilling of  
3 additional wells oceanward therefrom, with one or more strings  
4 of tools, until a total of at least ten wells shall have been  
5 drilled to the oil zone from the surface of the leased parcel.  
6 The producing portion of the pipe or casing of any well drilled  
7 under said lease shall be so spaced as not to be nearer than 330  
8 feet from the producing portion of the pipe or casing of any  
9 other well drilled under said lease, nor any nearer than 330  
10 feet from the boundary line of any other parcel described in  
11 section 6 hereof, in so far as it is practicable to so space the  
12 same. At any time after the drilling of the offset or first  
13 wells required to be drilled under such lease, the lessee may  
14 quitclaim to the State said leased premises, except that portion  
15 on which any well shall have been drilled and is producing oil  
16 and gas in commercial quantities and a space of 330 square feet  
17 square evenly surrounding the same; provided, that said lessee  
18 shall also grant to any subsequent lessee of such quitclaimed  
19 area, on such terms and conditions as the Director of Finance  
20 may prescribe, a right to the joint use with said original lessee  
21 of rights of way, easements or other interests in real property  
22 acquired in connection with the operation of said original  
23 lease as may be necessary or convenient in connection with  
24 operations on said quitclaimed area under a subsequent lease.  
25 The Director of Finance may thereupon lease to the highest  
26 bidder such quitclaimed portion of said leased area in sub-  
27 stantially the same manner as is herein provided for making  
28 such original lease.

29 **SEC. 16.** In addition to other provisions required by this  
30 act, any lease under this act shall also include provisions:

31 (a) That piers, groins or islands shall be so constructed  
32 as to afford public access to and from the beach for bathing,  
33 fishing or other recreational purposes, and that drilling and  
34 production operations shall be conducted and the equipment  
35 therefor shall be constructed with precaution to prevent any  
36 pollution of the waters of the ocean and any unnecessary  
37 interference with public use of the beaches for such purposes.

38 (b) Such terms, conditions and provisions as shall protect  
39 the interests of the State with reference to securing the pay-  
40 ment to the State of the proper amount or value of production;  
41 the proper spacing of wells for the purpose of securing maxi-  
42 mum production and offsetting the drainage of oil and gas  
43 from said State lands by wells drilled and operated on and  
44 within privately owned lands; diligence on the part of the  
45 lessee in drilling the same to the oil sands and requirements  
46 as to the depth of such wells for the purpose of reaching the  
47 oil sands and producing oil and gas therefrom in commercial  
48 quantities; methods of operations and standard requirements  
49 for carrying on operations in proper and workmanlike man-  
50 ner; prevention of waste; protection of safety and health of  
51 workmen; protection of any valid existing rights or easement  
52 in the premises; liability of lessee for personal or property

1 damage; prohibiting assignment of the lease or subletting  
2 without written consent of the Director of Finance; security  
3 for faithful performance by the lessee, including reasonable  
4 provisions for a forfeiture of said lease for violation of any of  
5 its covenants by the lessee, and the requirement that the lessee  
6 shall within twenty days after the acceptance of his bid fur-  
7 nish a good and sufficient bond in the sum of \$100,000 in favor  
8 of the State, guaranteeing ~~favorable~~ *faithful* performance by  
9 the lessee of the terms and covenants and his compliance with  
10 the conditions of the lease, and such other covenants, conditions,  
11 requirements and reservations as may be deemed advisable by  
12 the Director of Finance, in executing the purposes of this act,  
13 and not inconsistent with any of its provisions.

14 SEC. 17. Every qualified bidder desiring to bid on any or  
15 all of said parcels shall fill out the blank space indicated in  
16 said lease for fixing the percentage of amount or value of pro-  
17 duction of oil, and the percentage of amount or value of pro-  
18 duction of gas and casinghead gasoline proposed to be paid or  
19 to be delivered to the State as royalty, and sign and execute  
20 the lease as lessee and return it to the Director of Finance,  
21 State Capitol, Sacramento, California, at a date specified not  
22 later than twenty (20) days from the date of the mailing of  
23 the same by the Director of Finance. All bids shall, in this  
24 form, be presented under sealed cover and shall be accom-  
25 panied by a certified or cashier's check of a responsible bank  
26 in California made payable to the State Treasurer in the sum  
27 of \$10,000. The amount thereof shall be deposited as security  
28 for the faithful performance by the bidder of the terms and  
29 covenants of and compliance with the conditions of said  
30 lease in the event the bid offered by him is accepted. Upon  
31 his furnishing good and sufficient bond to the State in the  
32 sum of \$100,000 for such faithful performance as shall be pro-  
33 vided for in the lease, said cash deposit shall be returned to  
34 the lessee. Failure of a successful bidder to furnish such bond  
35 within twenty days after acceptance of his bid will constitute  
36 a forfeiture of his lease and a forfeiture to the State of said  
37 deposit of \$10,000. If his bid is not accepted, said deposit  
38 shall be returned to the bidder with notice of its rejection. No  
39 bid shall be considered unless such certified or cashier's check  
40 is inclosed therewith.

41 SEC. 18. On the date specified for the return of said bids,  
42 at the hour of 12 o'clock M., the Director of Finance shall  
43 proceed to open publicly said sealed bids and list for each  
44 parcel therein the name of the bidder and the percentages of  
45 amount or value of production bid for each parcel.

46 SEC. 19. If one person bidding on two or more contiguous  
47 parcels is the highest bidder for each of said parcels, said  
48 person shall have his choice of the noncontiguous parcels to  
49 be leased to him and after exercise of such choice, his bid  
50 shall not be considered on any of the other parcels. Likewise,  
51 if any person belonging to a group is the highest bidder on

1 any of said parcels so as to be entitled to a lease thereof, all  
2 bids by other persons in the same group to which said person  
3 to whom the lease is to be executed belongs, shall not be con-  
4 sidered with reference to any contiguous parcel, and said per-  
5 son shall be disqualified from having a lease thereof.

6 SEC. 20. In the event two or more persons in a group which  
7 is entitled to receive hereunder only one lease bid on any one  
8 or more of said parcels at the same percentage and have dupli-  
9 cate bids thereon, said persons shall immediately determine  
10 by lots cast by the Director of Finance which one of said  
11 persons shall receive said lease, and after such determination,  
12 which shall be final; all other persons in said group shall be  
13 disqualified from receiving any lease hereunder of a contigu-  
14 ous parcel and their bids shall not be considered with refer-  
15 ence to any contiguous parcel.

16 SEC. 21. Any bid may be withdrawn at any time prior to  
17 the hour for the opening of said bids, said withdrawal to be as  
18 follows and not otherwise: A request in writing for the with-  
19 drawal of such bid must be filed with the Director of Finance,  
20 which request must be executed by the bidder or his duly  
21 authorized representative. The withdrawal of a bid shall not  
22 prejudice the right of the bidder to file a new bid. Nothing  
23 in this section contained shall authorize the withdrawal of  
24 any bid at the hour fixed herein for the opening of such bid  
25 and no bid shall be received at or after such hour, regardless  
26 of whether or not such bids are opened exactly at the hour set  
27 or thereafter.

28 SEC. 22. On the opening of said bids, and after determina-  
29 tion of the highest qualified bidder entitled to the same, the  
30 Director of Finance, after such bid is accepted, shall execute  
31 in the name of the State of California the lease executed and  
32 used as a bid by said successful bidder, and thereafter a dupli-  
33 cate of said lease shall be executed, both by the successful  
34 bidder and the Director of Finance; provided, that the Direc-  
35 tor of Finance, with the approval of the Governor, may reject  
36 any and all bids and call for new bids on any or all parcels.  
37 One copy of an accepted bid or lease, after its execution by the  
38 Director of Finance for and on behalf of the State, shall be  
39 recorded in the county of Orange and shall be filed with the  
40 Secretary of State.

41 SEC. 23. Neither the right to bid for nor any lease  
42 awarded hereunder shall be capitalized for the sale of any  
43 interest thereunder or for the issuance or sale of stock in any  
44 corporation or any unit of interest in any trust or other  
45 entity or person holding such right or lease.

46 SEC. 24. In the event bids for leases of any of said parcels,  
47 are not received by the Director of Finance in accordance  
48 with the foregoing requirements, the Director of Finance shall  
49 *may* and he is hereby authorized ~~and directed~~ *to again call for*  
50 *bids for leases thereof in the manner provided for in this act,*  
51 *or the Director of Finance may*, with the consent and approval  
52 of the Governor, ~~to~~ proceed immediately with the drilling of

1 wells on each of said parcels *thereon* for and on behalf  
2 of the State, for the production, removal and disposal of oil,  
3 gas and other hydrocarbon substances therefrom. The work  
4 of drilling and construction work in connection therewith,  
5 *if done by the State*, may be performed under contract or award  
6 to the lowest responsible bidder or by day labor; provided, that  
7 if done by contract the Director of Finance may reject any  
8 and all bids and call for new bids.

9 SEC. 25. In the event the development of any or all of  
10 said parcels by drilling and other operations is carried on  
11 directly by the State, the same shall be done in accordance with  
12 the requirements of this act and of lease requirements herein  
13 with reference to the location and number of wells to be drilled,  
14 methods of development and other provisions so far as applic-  
15 able. All necessary equipment and materials for the prosecu-  
16 tion of said work, construction of piers, groins or islands,  
17 drilling, producing and other operations, shall be purchased  
18 by the Director of Finance.

19 All oil, gas and other hydrocarbon substances produced shall  
20 be sold by the Director at best obtainable prices and at such  
21 times as he shall deem proper for securing maximum cash  
22 returns to the State therefor. All funds received from opera-  
23 tions under this act shall be immediately reported to the Con-  
24 troller and paid into the general fund, except as otherwise  
25 provided by law.

26 SEC. 25a. *The lands described in sections 1 and 6 of*  
27 *this act are located to a large extent within or near the bound-*  
28 *aries of the city of Huntington Beach. Operations under this*  
29 *act will require additional expense to the city of Huntington*  
30 *Beach in the administration and enforcement of its ordinances*  
31 *relating to police and fire protection. Use by the State or its*  
32 *lessees of the streets of said city of Huntington Beach will be*  
33 *incidental to the development of said lands in the production,*  
34 *removal storage and marketing of oil, gas and other hydro-*  
35 *carbon substances produced from said State lands, as provided*  
36 *for in this act, and easements and rights of way over, across,*  
37 *through and on lands owned by, under the control of or in*  
38 *which said city has an interest may be required therefor. As*  
39 *full consideration to said city of Huntington Beach for all such*  
40 *uses of the property of said city and for all easements, fran-*  
41 *chises, rights of way over, across, through and on lands owned*  
42 *by, under the control of or in which said city has an interest,*  
43 *required in connection with the operations of the State or any*  
44 *of its lessees under this act, the Director of Finance is author-*  
45 *ized and directed to contract and agree that there shall be*  
46 *paid to said city of Huntington Beach not to exceed two-*  
47 *thousandths of the proceeds of production of oil, gas and other*  
48 *hydrocarbon substances produced from said lands and received*  
49 *by the State as royalties under leases made pursuant to the*  
50 *provisions of this act; provided, that all moneys paid to the*  
51 *city of Huntington Beach under this provision shall be*  
52 *exclusively used by said city for police and fire protection and*

1 for acquiring, constructing, repairing or maintaining public  
2 parks, playgrounds, piers and streets, such use being hereby  
3 declared to be for the public interest, welfare and convenience  
4 of the State.

5 SEC. 26. If any section, subsection, sentence, clause or  
6 phrase of this act is for any reason held to be unconstitutional,  
7 such decision shall not affect the validity of the remaining  
8 portions thereof. The Legislature hereby declares that it  
9 would have passed this act, and each and every section, sub-  
10 subsection, sentence, clause and phrase thereof, irrespective of  
11 the fact that any one or more other sections, subsections, sen-  
12 tences, clauses or phrases be declared unconstitutional.

13 SEC. 27. All acts and parts of acts inconsistent or con-  
14 flicting with this act are hereby repealed.

15 SEC. 28. This act is hereby declared to be an urgency  
16 measure necessary for the immediate preservation of the public  
17 peace, health and safety, within the meaning of section 1,  
18 Article IV of the Constitution of the State of California, and  
19 as such shall take effect immediately. The following is a state-  
20 ment of the facts constituting such necessity:

21 That portion of tide and submerged lands of the State  
22 described in sections 1 and 6 of this act contains oil and gas  
23 and other hydrocarbon substances of great value. Many oil  
24 wells are now drilled, operating and producing oil and gas upon  
25 privately owned lands that are constantly draining said oil,  
26 gas and other hydrocarbons from said State lands for the sole  
27 benefit of the operators of said wells and the owners of said  
28 privately owned land. Other wells drilled on privately owned  
29 lands are extended into said State lands and are producing  
30 oil and gas therefrom. This condition results in the daily  
31 depletion of this valuable resource of the State, making it  
32 imperative, if the interests of the State therein are to be pre-  
33 served and the revenues available to the State therefrom are  
34 to be saved, that immediate action be taken to drill for, extract,  
35 produce and remove the oil and gas so known to exist in said  
36 lands and to dispose of the same for the benefit of the State  
37 as in this act provided. Unless said emergency is thus met,  
38 the State will suffer great and irreparable loss and be deprived  
39 of revenues needed to preserve the public peace, public health  
40 and public safety. The development of said State lands in  
41 the manner herein provided is also necessary for the immediate  
42 preservation of public health and public safety in the use of  
43 the ocean beaches upon and in the vicinity of said tide and  
44 submerged lands.