

A meeting of the State Lands Commission was held in the office of the Department of Finance, State Capitol, Sacramento, at 10:00 o'clock A. M., January 21, 1941.

Present were:

George Killion, Chairman,
Ellis E. Patterson, Member,
Harry B. Riley, Member.

Absent was:

None.

The Executive Officer stated that minutes of the Commission of December 14, 1940, had been submitted to the Commission for consideration.

Upon motion of Mr. Patterson, seconded by Mr. Riley, and un-animously carried, resolution was adopted approving and confirming the minutes of the meeting of December 14, 1940.

Dr. E. K. Soper, Consultant to the Commission, presented his report entitled "Report to the State Lands Commission of the State's interest in Oil, Gas, and Natural Gasoline Production in the Elwood Oil Field, Santa Barbara County" dated December 26, 1940. At the request of the Chairman, Dr. Soper read his recommendations and conclusions on pages 25, 26 and 27 of the report. Following the reading of said portion of the report by Dr. Soper, a motion was made by Mr. Riley, seconded by Mr. Killion, and unanimously adopted, that action be taken as follows:

1. The recommendation of Dr. Soper contained in paragraphs numbers 4 and 5 on page 26 be adopted, and that action be taken as recommended;

2. That a conference with the Attorney General be held, the Commission to be represented by Dr. Soper, Ernest Aronstein, and the Executive Officer, to determine whether actions could be instituted to establish trespass of upland wells in lands of the State, under paragraph 6 of recommendations;

3. Approved negotiations now going forward with respect to recommendation contained in numbers 2, 3 and 8.

Dr. Soper reported to the Commission that he had been unable to get surveys of wells drilled upon tidelands in the Elwood Field. Mr. Killion made a motion, seconded by Mr. Riley, and unanimously carried, that the Executive Officer make a request in writing to all lessees in the Elwood Field that surveys be furnished for the study of Dr. Soper.

Ernest Aronstein discussed with the Commission the survey now under way in the office of the State Lands Commission at Sacramento and particularly the program heretofore outlined for indexing. He advised the Commission that he doubted whether the State would

be able to obtain skilled help under the WPA at this time on account of heavy draft being made by defense and other industries. Upon motion of Mr. Riley, seconded by Mr. Killion, and unanimously carried, that the WPA of the Federal Government, be advised that the State Lands Commission has decided to go forward with the work in the office at Sacramento without the aid of WPA and that Mr. Aronstein, if and when it is determined that additional moneys will be required, appear before the Commission for presentation of the request.

Mr. Killion made a motion, seconded by Mr. Riley, and un-animously carried, that a map be prepared showing the oil and gas fields and all other lands under the jurisdiction of the State Lands Commission and that said map be kept up to date.

The Chairman again brought to the attention of the Commission the application of the Petrol Corporation for reinstatement of Agreement for Easement No. 323, Huntington Beach. The Executive Officer was requested to notify Mr. Edwin Pauley, President of the Petrol Corporation, of the next meeting of the Commission in order that he might appear.

The Executive Officer was directed to confer with the Attorney General to determine whether action can be taken in the matter of People vs. Bestmi Petroleum Corporation.

The Executive Officer read a communication of E. F. Shaw, gauger at Huntington Beach, in which he stated that the climate at Rio Vista would aggravate an ear infection with which he is troubled.

Upon motion of Mr. Riley, seconded by Mr. Killion, and un-animously carried, a resolution was adopted instructing the Executive Officer to assign Charles R. Struck to the Rio Vista Gas Field in place of Mr. Shaw.

At this point the meeting was recessed until the following day at 9:30 A. M.

A recessed meeting of the Commission was held in the office of the Department of Finance, State Capitol, Sacramento, at 9:30 o'clock A. M., January 22, 1941.

Present were:

George Killion, Chairman,
Ellis E. Patterson, Member,
Harry B. Riley, Member.

Absent was:

None

The Executive Officer presented a report to the Commission prepared by J. S. Watson, Petroleum Production Auditor of the Commission, with respect to production of gas from the well described in Agreement for Easement No. 415, Rio Vista. In this report, it is recommended that the Standard Oil Company, upon completion of

the gas pipe line by the Pacific Gas and Electric Company from the well described in Agreement for Easement No. 415, Rio Vista, to the main pipe line of the Pacific Gas and Electric Company be permitted to take through the State well the amount of gas sufficient to compensate the grantee in the easement on account of advance payments made by it to the State upon the condition, however, the grantee at all times produce the current allotment of the State and that other wells in the field be required to withhold an amount of production equivalent to that taken by the grantee to so compensate itself.

Upon motion of Mr. Riley, seconded by Mr. Killion, and un-animously carried, a resolution was adopted approving the foregoing program.

Upon motion of Mr. Kiley, seconded by Mr. Killion, and un-animously carried, a resolution was adopted authorizing and directing the issuance of an easement over certain tidelands and submerged lands of the State constituting a portion of State Oil and Gas Lease No. 16 at Summerland and the use of pier now constructed thereon for the period of one year at a consideration of \$400.00, payable in advance, and provided that the grantee shall be required to keep the wharf in repair.

The Executive Officer called the attention of the Commission to an application heretofore made by the Southern California Edison Company for an easement over lands of the State situate between Boulder Dam and Chino, California. At an earlier meeting, the Commission had directed that an appraisement be made and that a report of the appraisement be made to the Commission. The Executive Officer advised the Commission that an appraisement had been made by F. J. Hortig, Petroleum Production Inspector of the Commission, and from this report, it appears that the value of \$3.00 per acre is just and fair to both the State and the applicant and that the applicant be required to take an easement over each 40 acre parcel if substantial damage would be done by the crossing over any such 40 acre parcel. Upon motion of Mr. Killion, seconded by Mr. Riley, and un-animously carried, a resolution was adopted authorizing and empowering the Executive Officer to issue an easement to the applicant in accordance with the foregoing report.

The Executive Officer recommended that the Commission authorize the cancellation of Agreements for Easements Nos. 407 and 408, Huntington Beach, issued to Surf Associates, Inc., for the reason that in the opinion of Dr. E. K. Soper, Consultant to the Commission, the wells, if drilled, would probably be finished in a water area and thus unproductive for oil, and that the description in Agreement for Easement No. 406, Huntington Beach, issued to the same company, be amended to conform with the location at which the well was finished, and further that the bonds be cancelled and first annual rentals be refunded.

Upon motion of Mr. Riley, seconded by Mr. Killion, and un-animously carried, a resolution was adopted approving proposed action and directing that the objectives therein mentioned be accomplished.

The Executive Officer reported that Mr. Watson, Petroleum Production Auditor of the Commission, had checked the production of the Southwest Exploration Company at Huntington Beach, and had determined that it was a proper production under the voluntary curtailment program.

The Executive Officer read a letter to the Commission from the Bolsa Chica Oil Corporation, operators of the property described in State Oil and Gas Lease No. 191 in which Bolsa Chica Oil Corporation stated that it would probably be able to determine within a period of sixty to ninety days whether further prospecting will be conducted from the property.

Upon motion of Mr. Riley, seconded by Mr. Killion, and un-animously carried, a resolution was adopted directing the Executive Officer to give Aliso Oil Company and Bolsa Chica Oil Corporation notice of intention of the State Lands Commission to cancel said lease unless within the period of fifteen days from said notice steps had been taken to correct the default, to wit, failure to perform the drilling requirements contained in the lease.

The Executive Officer presented to the Commission a letter of Charles W. Camp, grantee of Agreement for Easement No. 295, Huntington Beach, in which Mr. Camp took exception to the non-allowance of dehydration charges for certain periods upon the ground that he did not receive notice of the Chief of the Division of State Lands that dehydration figures must be presented on or before the 10th of the month following in order to obtain credit.

Upon motion of Mr. Riley, seconded by Mr. Killion, and un-animously carried, a resolution was adopted, directing the Executive Officer to advise this grantee of the unwillingness of the Commission to give him credit on account of charges mentioned in his letter to the Commission.

The Executive Officer read a letter of Mr. K. R. Kingsbury, the late President of the Standard Oil Company of California, dated September 10, 1937, in which the Standard Oil Company agreed to pay additional royalty to the State of California upon the happening of certain contingencies. The matter was passed over to the meeting at Los Angeles at which time a full report will be furnished to the Commission.

At the instance of the Executive Officer, Mr. Riley made a motion, seconded by Mr. Killion, and un-animously carried, that Beloil Corporation, Ltd., a corporation, be substituted for Superior Oil Company, as operator under Agreements for Easements Nos. 318 and 319, Huntington Beach.

The Commission approved the employment of an additional gauger at Huntington Beach on a temporary basis to take the place of W. N. Cookerley during his illness.

Letter was read from the State Controller in which he advised that the sum of \$55,000.00 should be transferred from the State Lands Act Fund to the General Fund and State Park Maintenance and Acquisition Fund in percents of 70 and 30, respectively.

Upon motion of Mr. Riley, seconded by Mr. Patterson, and un-animously carried, a resolution was adopted directing the transfer from the State Lands Act Fund in accordance with suggestion of the State Controller.

The Executive Officer presented a letter from the Department of the Interior requesting rights-of-way for road purposes over school sections in Joshua Tree National Monument near 29 Palms. Upon motion of Mr. Riley, seconded by Mr. Killion, and unanimously carried, resolution was adopted authorizing and instructing the Executive Officer to issue consent to the Department of Interior for the purpose mentioned in the letter.

The Executive Officer reported receipt of a communication from the Board of Water and Power Commissioners of Los Angeles, denying claim of State in the sum of \$1,000,000.00 on account of damages claimed by the State caused by Owens Lake being flooded with surplus water from Owens River.

The Commission, at the instance of the Executive Officer, approved application to the State Personnel Board for promotional examinations for Geneva Harvey, Senior Stenographer-Clerk, to Supervising Stenographer-Clerk, Grade I, and F. J. Hortig, Petroleum Production Inspector, to Supervising Petroleum Production Inspector, and with respect to the latter to request that the Personnel Board examine the duties and determine whether the salary range is appropriate for the work which would be performed by Mr. Hortig under this classification. It was the recommendation of the Executive Officer that salary range of the latter be reduced to a minimum of \$220 to \$300, and further that the salary of J. S. Watson, Petroleum Production Auditor, who is now qualified for a permanent appointment, be increased one step.

Upon motion of Mr. Riley, seconded by Mr. Killion, a resolution was adopted directing the Executive Officer to make application for such promotional examinations in accordance with the recommendation of the Executive Officer.

The Executive Officer reported to the Commission that letters of Chairman and the Director of Natural Resources to the Chief of the Division of Oil and Gas had brought satisfactory results and that now all records filed as confidential information in the Division of Oil and Gas are available to the inspection of the State Lands Commission.

The Executive Officer reported to the Commission that a concrete boat had been left stranded on tidelands and submerged lands adjacent to Seacliff Beach State Park in Santa Cruz County, and that the action of the surf and currents had caused the boat to break up until now it is diverting the waves and currents in such manner as to cause damage to the beach, and, further that the Division of State Parks had written to the Commission requesting permission to remove said boat and to retain any salvage.

Upon motion of Mr. Riley, seconded by Mr. Killion, and un-animously carried, a resolution was adopted authorizing and directing the Executive Officer to advise the Division of Parks of the consent of the Commission to remove the boat at its own cost and expense and to retain any profit which might be derived therefrom as compensation for such removal.

The Executive Officer was granted a vacation for a period up to ten days.

On motion of Mr. Riley, seconded by Mr. Killion, and un-animously carried, a resolution was adopted to authorize the reimbursement of the Attorney General for compensation to W. P. Rowe for a maximum period of ten days at a salary not in excess of \$50.00 per day to act as a member of a board to endeavor to adopt a formula for regulation of the flow of Owens River into Owens Lake.

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