

A meeting of the State Lands Commission was held in the office of the State Lands Commission, Room 302 California State Building, Los Angeles, September 25, 1941, at 10:00 A. M.

Present were:

George Killion, Chairman,
Ellis E. Patterson, Member.

Absent was:

Harry B. Riley.

Minutes of the meetings of August 28, 1941, at Los Angeles, and minutes of meeting of September 3, 1941, at Sacramento, were, upon motion of Mr. Patterson, seconded by Mr. Killion, unanimously approved and confirmed as submitted.

On motion of Mr. Patterson, seconded by Mr. Killion, a resolution was adopted authorizing, approving and confirming the following acts and matters:

1. The execution and delivery of the following described grazing leases:

(a) To Bert Ithuburn, Lease No. 775 covering $N\frac{1}{2}$ of Section 16, T. 29 N., R. 16 E., Sections 16 and 36, T. 29 N., R. 17 E., Section 16, T. 30 N., R. 16 E., and $N\frac{1}{2}$ of Section 36, T. 31 N., R. 16 E., M. D. M., containing 2739.80 acres in Lassen County, for the period of three years at an annual rental of \$273.98;

(b) To J. L. Humphrey, Lease No. 780 covering Section 36, T. 32 N., R. 15 E., M. D. M., containing 640 acres in Lassen County, for the period of three years at an annual rental of \$32.00.

2. The advertisement of a grazing lease covering 194.44 acres of school lands described as $N\frac{1}{2}$ of $NE\frac{1}{4}$, $SE\frac{1}{4}$ of $NE\frac{1}{4}$ and Lots 1 and 2 of Section 36, T. 27 N., R. 15 E., M. D. M., Lassen County, for a minimum of eight cents per acre per year.

After having been informed that State Oil and Gas Lease No. 88, Elwood, covers a total of 150.37 acres and provides that one well shall be drilled to each ten acres or fraction thereof; that fourteen wells have been drilled on said lease to production and another is now drilling below 5,000 feet; that to eliminate any technical default to drill a 16th well for an area of .37 of an acre, a quitclaim deed covering approximately ten acres in the southeasterly corner of said lease had been tendered by the lessee, Katherine Bell Cheney, et al., through their Attorney, Thomas J. Casey, the Commission, upon motion of Mr. Patterson, seconded by Mr. Killion, resolved that the offer to quitclaim the area in question should be accepted.

The request of the Division of Oil and Gas that the State Lands Commission take steps to properly abandon Well 170-1 in the Capitan Oil Field was considered, together with the report as to the following facts:

The well which is located on State property was improperly abandoned by the former operator, H. J. Montgomery, who filed false reports with the Division of Oil and Gas. As a result, he was convicted, sentenced to six months in jail and fined \$500.00. When requested to abandon the well in a proper manner, he pled poverty. Due to the fact that at 180 feet there is a joint of tubing embedded in cement and directly below this a plug 18 feet long made up of round rocks and boulders which may cause a deflection of the bit sufficient to pass out of the hole and thus require several cement jobs to correct, it is extremely difficult to estimate the actual cost of labor which may be incurred in the abandonment of the hole and that the bond in the sum of \$1,000.00 is in all probability insufficient to indemnify the State for expenses in abandoning the well.

On motion of Mr. Patterson, seconded by Mr. Killion, it was resolved that the well should be properly abandoned in accordance with the requirements of the Division of Oil and Gas and that the Commission should expend such funds in excess of those received under the bond to complete the work in a proper manner.

As the lessees under State Mineral Leases Nos. 396 and 397 have paid the current rental and submitted letters from several firms indicating that the deposits found on these leases may have some commercial value, a resolution was adopted by the Commission rescinding its prior instructions to cancel said leases and authorizing the acceptance of the rental.

Upon motion duly made, seconded and carried, the Commission authorized the issuance of an easement for twelve years at an annual rental of \$144.00 to the Columbia Construction Company for the purpose of constructing a treated pile dock 100 feet into the tidelands one mile southeast of the City of Avalon.

Upon being informed that the Board of Supervisors of Santa Clara County did not desire an easement heretofore requested by the Works Progress Administration, upon motion of Mr. Patterson, seconded by Mr. Killion, a resolution was adopted as follows:

"Whereas, the Board of Supervisors of Santa Clara County has informed the Commission it did not desire to accept a grant from the State for an easement over the S $\frac{1}{2}$ of SW $\frac{1}{4}$ of Section 8, T. 6 S., R. 1 W., M. D. M., Santa Clara County, it is resolved that the action heretofore taken by the Commission in regard to such easement be rescinded and that the costs incurred in the sum of \$10.00 be waived."

The resignation of Mr. Webb Shadle as Attorney for the Division of State Lands was, upon motion of Mr. Patterson, seconded by Mr. Killion, accepted as of September 19, 1941.

Consideration was given to the revised plans for the proposed building at Huntington Beach and to the construction costs as estimated by the Division of Architecture. Upon motion duly made and carried, it was resolved that the Division of Architecture should be instructed to proceed with the construction of the buildings as indicated by the sketch submitted and that a sum not to exceed \$18,000.00 (in addition to that heretofore expended in acquiring the land) should be allocated to cover any costs incurred in such building program.

Letter from the State Controller dated September 12, 1941, was read, in which he advised that the sum total of \$90,000.00 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. Patterson, seconded by Mr. Killion, and unanimously carried, a resolution was adopted directing the transfer from the State Lands Act Fund in accordance with the suggestion of the State Controller.

The Commission approved the filing of a cross complaint for cancellation of State Oil and Gas Lease No. 82 in connection with the pending litigation in that matter.

It was reported that the Richfield Oil Corporation had indicated its intention to drill a well from the upland Hobson Fee property lying adjacent to State Lease No. 52 at Rincon and bottom said well under the State lease. As the drilling of said well did not appear to conflict with any of the conditions of Lease 52 nor the requirements of Chapter 303, Statutes of 1921, it was resolved that no protest should be made to the proposed drilling program as outlined by the Richfield Oil Corporation.

Action on the application of Mr. Robert C. Baldwin of Burlingame, California, to purchase or lease a site on the slope of Mt. Diablo in Contra Costa County for the purpose of constructing a commercial high frequency radio broadcasting station was deferred pending investigation of the application made by the State Park Commission in 1936 to purchase the property.

Upon motion of Mr. Patterson, seconded by Mr. Killion, a resolution was adopted approving revisions of allotments to State's land under Agreement for Easement No. 415, Rio Vista, as follows:

| | | |
|--------------|---|---------|
| 9th revision | - | 12.673 |
| 10th " | - | 10.944 |
| 11th " | - | 12.144 |
| 12th " | - | 11.863, |

the 11th and 12th revisions being approved subject to a check of the acreage.

Upon motion of Mr. Patterson, seconded by Mr. Killion, it was resolved that, due to the character of work done and the responsibilities involved, the position of Petroleum Production Auditor should be reclassified; that the salary range of such position as reclassified should be \$270.00 - \$350.00 per month; and that the incumbent should be formally vested with supervisory powers over auditing, and oil, gas and mineral leases.

Bids received pursuant to the notice authorized August 28, 1941, for mineral leases covering the property described as the E $\frac{1}{2}$ of Section 16, T. 25 N., R. 7 W., M. D. M., and on which action had been deferred at the meeting of September 16, 1941, were again considered, together with the report and recommendation of Mr. Walter W. Bradley, State Mineralogist. After a thorough discussion of the problem, and acting on the recommendation made by the State Mineralogist, the Commission, upon motion of Mr. Patterson, seconded by Mr. Killion, resolved that it would be in the public interest and result in larger returns to the State if leases were entered into which

would require the development of the low grade ore in addition to the more valuable areas. Whereupon the bids of 12½% royalty and covering 320 acres submitted by

George A. Applegarth for N½ of NE¼ of Section 16, T. 25 N.,
R. 7 W., M. D. M.

Lawrence B. Wright for SW¼ of NE¼ and NW¼ of SE¼ of Section 16,
T. 25 N., R. 7 W., M. D. M.

Samuel H. Dolbear for S½ of SE¼ of Section 16, T. 25 N., R. 7 W.,
M. D. M.

Frank Y. McLaughlin for SE¼ of NE¼ and NE¼ of SE¼ of Section 16,
T. 25 N., R. 7 W., M. D. M.

were accepted, and the bids of 15½% submitted by

Jettie T. Gray for SE¼ of NE¼ and NW¼ of SE¼ of Section 16,
T. 25 N., R. 7 W., M. D. M.

John H. Gray for W½ of NE¼ of Section 16, T. 25 N., R. 7 W.,
M. D. M.,

covering only 160 acres, were rejected.

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