

A meeting of the State Lands Commission was held in Room 302 California State Building, Los Angeles, November 7, 1941, at 10 o'clock A. M.

Present were:

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

Absent was:

None.

Minutes of the meetings of September 16, 1941, at Sacramento, and September 25, 1941, at Los Angeles, were, upon motion of Mr. Patterson, seconded by Mr. Riley, unanimously approved and confirmed as submitted.

On motion duly made, seconded and carried, a resolution was adopted, authorizing, approving and confirming the following acts and matters;

1. Cancellation of Agreement for Easement No. 296, Huntington Beach, on October 2, 1941, for the reason that "S. & R." Well No. 1 described in the easement has been unproductive since July 11, 1941;

2. The execution and delivery of the following described grazing leases;

(a) To Claude C. Wemple, Lease No. 782, for three years from August 30, 1941, covering the 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, containing 194.44 acres, at \$.08 an acre per annum;

(b) To Alton P. Avilla, Lease No. 783, for three years from September 15, 1941, covering Section 36, T. 36 N., R. 10 E., M.D.M., Lassen County, containing 640 acres, at \$.1012 an acre per annum;

(c) To Guy Hopping, Lease No. 784, for three years from September 14, 1941, covering the W $\frac{1}{2}$ of NW $\frac{1}{4}$ of Section 16, T. 17 S., R. 29 E., M.D.M., Tulare County, containing 80 acres, at \$.20 an acre per annum.

Messrs. George Schantz and H. M. Wilson of the Beverly Hills National Bank and Trust Company, and A. G. Johnson of the City Engineer's office, appeared before the Commission concerning certain beach frontage at Santa Monica adjacent to property belonging to the Estate of Will Rogers. Title to this property was recently confirmed in the State by Judgment of the Superior Court of Los Angeles County. The Estate of Will Rogers is interested in leasing the property thus acquired for the purpose of developing it as a parking area and cafe in conjunction with a beach development program approved by the State Park Commission, the City of Los Angeles and the County of Los Angeles. This program would entail, among other things, two leases, one a short term lease relating to the building now on a portion of State land, and the other for a longer term, probably ninety-nine years. After discussion, the gentlemen were requested to furnish in writing information as to the area desired to be leased as well as other pertinent data. They were told, however, that a proposal for a ninety-nine year lease would probably be looked upon with disfavor by the Commission.

After considering the application of the Honolulu Oil Corporation, lessee of State Oil and Gas Lease No. 90 in the Elwood Oil Field, for consent to surrender 47.07 acres of the total acreage of 137.07 covered by the lease, upon motion duly made, seconded and carried, it was resolved that action on the application should be deferred pending further consideration.

As the result of a verbal protest made by one A. H. Wild, the Commission reconsidered its previous action in regard to the bids awarded to Frank Y. McLaughlin, George A. Applegarth, Samuel H. Dolbear and Lawrence B. Wright, for mineral leases covering the E $\frac{1}{2}$ of Section 16, T. 25 N., R. 7 W., M.D.M. All parties interested in the matter, including the State Mineralogist and Mr. Wild, were advised of the date of the meeting and invited to be present. Neither Mr. Wild nor the unsuccessful bidders availed themselves of the opportunity to formally present their protest. After thoroughly reconsidering the matter, the Commission, acting on the recommendation of Mr. Walter W. Bradley, State Mineralogist, by motion duly made, seconded and carried, reaffirmed its previous action and issued instructions to execute and deliver State Mineral Leases Nos. 428, 429, 430 and 431, to Frank Y. McLaughlin, George A. Applegarth, Samuel H. Dolbear and Lawrence B. Wright, respectively. Such resolution was predicated upon the opinion of the State Mineralogist that the bids of these persons were high in that they were thoroughly responsible and in a position to place the entire area offered for lease under production which would result in a larger royalty return to the State than if only a portion of the area in question were developed.

After considering an opinion received from the office of the Attorney General regarding the probable unsuccessful outcome of any action which might be instituted to enforce the collections of moneys accruing by virtue of the rule adopted May 1, 1941, the Commission, upon motion of Mr. Riley, seconded by Mr. Patterson, and unanimously carried, adopted a resolution rescinding said rule. The resolution further provided that all things necessary to properly adjust the accounts of the persons affected should be done.

The Commission was informed that, pursuant to its earlier instructions, notice of intention to cancel Agreement for Easement No. 325 was given the grantee because of the failure to diligently operate the property. As a result of this notice, and on September 29, 1941, the Tide Petroleum Company moved in the necessary equipment to clean the well and restore it to production. The tubing in the well has now been removed and the mud and sand cleaned out successfully to a measured depth of 4225 feet. As bona fide action was taken within the required time to remedy the defaults, a resolution was adopted that no further action under notice of cancellation should be taken.

Attention was directed to a resolution adopted March 12, 1941, continuing the proposal that State Oil and Gas Lease No. 91, Elwood, be cancelled for failure to conduct drilling operations. The following facts were considered: That only two wells of the nine required by the lease have been drilled. Each of these wells, however, is productive and has been operated diligently. Due to the low productivity of oil and large quantity of water, continued operation has been under question for some time. Economic operation of these wells is apparently possible only because the lease is

operated as a part time project which utilizes stand by time of their men and equipment. The low productivity is due directly to the location of the lease at the easterly productive limits of the field. Only one well ever produced from the tideland area easterly of said lease and that well went to water after being on production less than a year. It is estimated that of the entire lease area there are approximately only ten acres which are productive. It, therefore, appears that any attempt to drill additional wells on the lease would result in an economic loss to the lessee and would not benefit the State. It further appears that cancellation of the lease because of default in drilling requirements would result in loss of royalty to the State of approximately \$100.00 per month in that, due to small production, it would not be profitable for the State to operate the wells. Thereupon, a motion was made by Mr. Patterson, seconded by Mr. Riley, and unanimously carried, that no action be taken at this time to enforce further drilling or effect cancellation of the lease.

Consideration was given to a request of the Division of Parks that cement ship located on the tidelands adjacent to Seacliff Beach State Park be removed. It was contended that tidal action against this ship is the cause of beach erosion in this area. The removal of this ship was before the Commission on January 22, 1941, at which time permission was given the Division of Parks to remove the ship and retain any salvage material. However, in view of the subsequent request from the Division of Parks and the fact that the ship is on property under the jurisdiction of the State Lands Commission, a resolution was adopted authorizing and directing the Executive Officer to enter into appropriate contracts for the removal of this ship.

Pursuant to the recommendation of Chas. T. Leeds, a resolution was unanimously adopted authorizing the City of Seal Beach to construct a jetty and three groins on the tide and submerged lands fronting that city.

A request of the San Francisco Bridge Company to deposit less than 300,000 cubic yards of dredged material on tidelands in San Diego Bay in connection with War Department program for developing the harbor was considered. A resolution was thereupon adopted authorizing and directing the Executive Officer to provide this company with necessary documents to allow this request.

The Commission was informed that, in accordance with the resolution adopted at the last meeting, to proceed with the abandonment of Well 170-1, bids have been obtained from several companies. With the exception of a bid received from the Roscoe Moss Company, none of the bidders would agree to fix a top limit to their bids. The Roscoe Moss Company will, however, do the work at the rate of \$56.00 per eight hour day plus expenses of \$964.00 with a fixed maximum of \$3,000.00. It is estimated on this basis that the abandonment may be completed in accordance with the requirements of the Division of Oil and Gas for approximately \$2,025.00. As this bid is the lowest estimate received and the only one which fixes the maximum liability which the State will incur, it was the consensus, and resolution was thereupon adopted, that the Roscoe Moss Company should be employed to perform the work unless a lower bid could be obtained from a responsible concern in which event the contract should of course be let to the lower bidder.

Upon motion duly made, seconded and carried, the Commission authorized the issuance of an easement for twelve years at an annual rental of \$288.00 to the Columbia Construction Company for the purpose of constructing a dock at Catalina Island located approximately 2 1/3 miles south-east of the town of Avalon in connection with the development of Los Angeles-Long Beach Harbor breakwater.

A resolution was adopted granting application of the Navy Department for an easement ten feet wide between Coronado and San Diego for the purpose of constructing a sewer line.

Resolutions in relation to personnel matters were unanimously adopted authorizing and directing the Executive Officer to

1. Request certification of F. J. Hortig to position of Supervising Petroleum Production Inspector at a salary of \$260.00 per month;
2. Request the Personnel Board to raise the salary of T. L. Atherton, Engineer from \$305.00 to \$320.00 per month inasmuch as salary scale for his position had been raised by the Board;
3. Request the Personnel Board to increase the salary of J. Stuart Watson from \$190.00 to \$220.00 per month, effective July 1, 1941.

The attention of the Commission was directed to Chapters 391 and 581, Statutes of California, 1941, which provide for the disposition of certain lands in the abandoned channels of the American River and Petaluma Creek under the jurisdiction of the State Lands Commission. Upon motion made, seconded, and unanimously carried, a resolution was adopted authorizing and directing the Executive Officer to perform such preliminary work and surveys as may be necessary to effect a proper disposition of the properties pursuant to law.

The Commission was informed that, pursuant to its earlier instructions, negotiations have been carried on in connection with application of Mr. Joe Cesa to lease approximately three acres of tidelands at Antioch, California, particularly with relation to reimbursement for the past use of the lands involved. Through his attorney, Mr. Cesa has made an offer of \$100.00 a year for the first eleven years of the lease to cover prior occupancy. Inasmuch as it was shown the net income for the years 1925 to 1941, inclusive, exclusive of taxes, was \$1,649.10, a motion was made by Mr. Patterson, seconded by Mr. Riley, and unanimously carried, adopting a resolution authorizing the Executive Officer to accept the offer made by Mr. Cesa.

A resolution was unanimously adopted authorizing the Executive Officer to petition the State Board of Control under the provisions of Section 663b of the Political Code to waive collection of the following:

1. The sum of \$10.00 charged against the Los Angeles Flood Control District which was our cost in connection with approval of application to extend the west jetty of San Gabriel River outlet since it is the contention of Counsel for the District that there is doubt as to the legality of the charge;

2. The sum of \$747.32 charged against lessee of Agreement for Easement No. 325, being royalty accruing pursuant to a rule adopted May 1, 1937, but which rule did not apply to this case according to the Referee in Bankruptcy and the Attorney General.

The attention of the Commission was called to the situation which exists at the mouth of Fish Canyon, Los Angeles County, where one Mr. Seymour has restricted the accessibility by fencing available parking areas which are actually a part of the Angeles National Forest and has, in addition, erected misleading signs. The Commission was informed that the U. S. Forest Service made a survey of the area and promised to clear the road to the mouth of the Canyon and to restore the fenced area as a free parking space. The Commission directed that a sign be prepared informing the public of the correct status of the title to the State lands in Fish Canyon.

Rules, regulations and forms prepared by the office of the Legislative Counsel and relating to statutes administered by the Commission were, upon motion duly made, seconded and carried, adopted, subject to possible future revisions. A copy of the rules so adopted is attached.

A request from the Department of Justice was presented to the Commission for execution of a certificate upon behalf of the State, certifying that certain tidelands prior to their conveyance to National City were seized in fee simple by the State and that at the time of their conveyance there were no encumbrances against the title. By resolution duly adopted the Executive Officer was authorized to execute such certificate.

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