

(a) Either written consent from the operators of each well within said 200 feet, waiving any objection to the proposed plug back and re-perforating operations, or

(b) For each well within 200 feet of any well or wells a corporate surety bond in an amount to be fixed by the Commission but in no instance less than \$10,000 for each application indemnifying the State against any loss, damage, claim, demand or action, caused by or connected with the plug back, perforation or re-perforation operations.

RULE 503. DRILLING FLUID REQUIREMENTS.

All drilling, re-drilling, perforating, or re-perforation operations within any oil zones shall be done with crude oil of the quality of the oil in the formation being drilled or at the option of the operator may be done with mud provided there is no appreciable loss of circulating fluid. Should circulation be lost, the operator shall immediately change to oil of the quality of the oil in the formation being drilled.

4. Upon motion by Mr. Riley, seconded by Mr. Houser, and unanimously carried a resolution was adopted approving the application of Termo Oil Company to plug back and perforate Well No. 5 on Easement No. 272 to the Jones sand, subject to rules and regulations of the Commission.
5. Upon motion duly made, seconded, and unanimously carried, a resolution was adopted approving the 31st and 32nd revisions. These revisions were previously approved on May 23, 1943, but due to additional technical information they have now been changed in order to reflect the State's interest in the allocation of gas production in the Rio Vista Field, to percentages of 10.030 and 9.991, respectively.
6. Upon motion duly made, seconded, and unanimously carried, a resolution was adopted instructing the Executive Officer to secure an opinion from the Attorney General with reference to whether the State Lands Commission is empowered to advertise for bids and lease tide and submerged lands for oil and gas development where there is no drainage at present from upland wells.
7. Upon motion duly made and carried, resolutions were adopted as follows:
 - (a) Rescinded approval heretofore granted for the issuance of Lease No. 70 to Robert D. Huffaker;
 - (b) Confirmed action of the Executive Officer in his refusal to file application No. 83 for leasing of land to Robert D. Huffaker;
 - (c) Rescinded approval of the assignment of Russell B. Travis, Lease No. 7, to Robert D. Huffaker.
8. Upon motion duly made and carried, the State Lands Commission adopted a resolution approving the termination of Grazing Lease No. 766 issued to Mrs. S. T. Eldridge in accordance with her request, such termination to be

effective at the end of the second year which expires on April 15, 1943. The Executive Officer was instructed to study the present grazing lease form and make recommendation with reference to the termination clause.

9. Upon motion duly made and carried, a resolution was adopted authorizing the Executive Officer to sell to the United States Department of the Interior, Bureau of Reclamation, 13.7 acres in the E $\frac{1}{2}$ of NE $\frac{1}{4}$ of Section 16, T. 33 N., R. 4 W., M.D.M., at a price of \$175.00, said acreage consisting of a strip of land through this parcel upon which there will be erected a transmission line by the Pacific Gas & Electric Company. In issuing a patent for this land, any minerals in said lands shall be reserved to the State.

10. Upon motion duly made and carried, a resolution was adopted authorizing the issuance of Lease No. 85 to L. Jamison, 100 Rey Street, San Francisco, covering Ark Site No. 5 A at Corte Madera, for a term of five years, at a rental of \$3.50 per month, the term of such lease to commence July 1, 1942.

11. Upon motion duly made and carried, a resolution was adopted confirming approval of execution of a contract with the Division of Highways for a resurvey of said portion of Corte Madera, Marin County, necessary to controvert a point that has been raised in the Corte Madera case now pending.

12. Upon motion duly made and carried, a resolution was adopted confirming the requirement that the Bel Air Bay Club, Ltd., or the Contractor, in removal of three groins Nos. 24, 25, 26, be required to post an additional faithful performance bond in the amount of \$2,000.00.

13. Attorney General's Opinion No. 4656 was discussed by the Commission. This opinion involves the collection of rentals from lands in San Diego Bay and Eureka Harbor. The Commission directed the Executive Officer to make a study of these lands and report back at the next Commission meeting.

14. A letter was read from the State Controller in which he stated that the sum of \$125,000.00 should be transferred from the State Lands Act Fund to the General Fund and State Park Maintenance and Acquisition Fund in percents of 30 and 70, respectively.

Upon motion of Mr. Houser, seconded by Mr. Riley, 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.

15. Upon motion duly made and carried, a resolution was adopted granting E. Auclair a waiver of the operation requirements under Mineral Lease No. 405 during the year March 23, 1943, to March 22, 1944, and acceptance of the annual rental of \$40.00 heretofore paid.

16. Upon motion duly made, seconded and unanimously carried, a resolution was adopted whereby approval was given for the issuance of Easement No. 89, Public Resources Code, to the Standard Oil Company of California, for a right-of-way over tidelands at El Segundo upon which is to be constructed a 24" salt water return line. The consideration to the State under this easement is to be an