

(a) The Southwest Exploration Company may suspend drilling of the offset well to Standard's Bolsa No. 31 at Huntington Beach until such time as further knowledge of the oil structure indicates a probable economically commercial producer;

(b) Under such suspension agreement the Southwest Exploration Company will pay to the State a royalty which shall be computed under the royalty formula applied to Easement No. 392 in its application to the rate of production obtained by Standard's "Bolsa" No. 31 well. Such royalty shall be partial consideration tendered by Southwest Exploration Company in lieu of the required drilling of the offset well. This royalty payment shall commence and be payable from and after June 1, 1942;

(c) The Southwest Exploration Company will also agree to drill additional wells to the main zone. These wells shall be bottomed westerly of their present first or second line wells. The number of these additional wells shall be such as are deemed necessary to reach and determine the westerly limits of the commercially productive areas of their leasehold.

18. (Easement No. 314, Beloil Corporation.) Upon motion duly made and unanimously carried, a resolution was adopted approving the Beloil Corporation's application to redrill their "H.B." No. 1 well on Easement 314 within the Jones Zone provided Beloil will file a \$100,000.00 indemnity bond to protect the State against any claims or damages; and further provided that such redrilling shall be done in accordance with the rules and regulations of the Commission and upon a course to be approved in writing by the Executive Officer.

19. (Easement No. 318, Beloil Corporation.) Upon motion duly made and unanimously carried, a resolution was adopted approving the redrilling and deepening of "Jones" No. 1 well on Easement No. 318 to the main zone in the Huntington Beach Field subject to the following conditions:

(a) A surety bond in the amount of \$100,000.00 to be filed by Beloil Corporation to protect the State against any claim or damage incident to the redrilling and deepening operations;

(b) Beloil Corporation, Ltd., will file with the State Lands Commission waivers of any objection to the proposed redrilling or deepening operations from those operators who have wells within the radius area outlined under the rules and regulations;

(c) Existing easement to be modified to provide for a minimum royalty to the State of $12\frac{1}{2}\%$ under this easement;

(d) The well shall be redrilled by sidetracking operations out of the present casing at approximately a depth of 2,000 feet and the course of redrilling shall not be within 100 feet of any

existing well other than the one to be redrilled and shall not be deepened in excess of 100 feet of the vertical depth of the present existing well, and further that no approval will ever be given in the future to again deepen this well, and a course of the redrilling operations shall be approved in writing by the Executive Officer prior to the commencement of operations;

(e) Redrilling operations shall be in strict conformity with the rules and regulations of the State Lands Commission and those of the Division of Oil and Gas.

20. (Lighthouse Cafe. Will Rogers Beach.) Upon motion duly made and unanimously carried, the Executive Officer was instructed to discuss with the State Park Commission the matter of the Division of State Lands obtaining a fair portion of revenues from concession rentals of the Lighthouse Cafe situated jointly on State tidelands and State Park Commission land near Santa Monica.

21. The Executive Officer submitted a report of special petroleum investigation together with certain recommendations in connection therewith. As a result of a lengthy discussion regarding this report, a resolution was duly made and unanimously carried, instructing the Executive Officer to take the following separate actions:

The Executive Officer and staff were instructed to make all necessary surveys and to obtain all possible data with respect to possibilities of all offshore or upland oil development on State land at Seal Beach, Venice-Del Mar, Redondo Beach and Hermosa Beach, El Segundo, Round Mountain, Santa Barbara Mesa, Summerland, the northshore of Suisun Bay, Wilmington, Long Beach Harbor, and any other possible areas along the California coast, the Sacramento River and the San Joaquin River. The Executive Officer was also instructed to have estimates made of the oil and gas reserves in all areas wherein title remains in the State including lands owned in fee by the State Highway Commission. Collaboration to be sought with the State Highway Commission in connection with title searches of those lands under their jurisdiction.

(Newport Beach.) Upon motion duly made and unanimously carried, a resolution was adopted referring to the Attorney General the matter of possible drainage from State lands offshore from Newport Beach because of present upland drilling.

(Rincon Oil Field.) Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to call for bids for lease of additional areas seaward and north-westward of the presently developed field at Rincon.