

9. (Easement No. 297.) Upon motion duly made and unanimously carried, a resolution was adopted wherein the action of the Executive Officer in approving the crude oil purchase contract dated June 14, 1943 by and between the Centralia Oil Company and the Standard Oil Company of California for the production from State Easement No. 297, was confirmed. Such approval is given subject to the reservation contained within the easement wherein the State retains upon reasonable notice the right to take its royalty share of oil in kind.

10. (Newport Beach.) Upon motion duly made and unanimously carried, a resolution was adopted wherein the Executive Officer was authorized to advertise for bids for lease of tide and submerged lands which are or which may be drained by existing upland wells which lie westerly of the Newport Beach City Limits in Orange County.

11. (Seal Beach.) Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to advertise for bids to lease tide and submerged lands, lying offshore and easterly of the Orange County line at the mouth of the San Gabriel River, provided that the City of Long Beach Zone Variance Ordinance, now pending before the Long Beach City Council, is passed.

12. (Possible Oil Development on State Highways.) Upon motion duly made and unanimously passed, a resolution was adopted wherein the Executive Officer was requested to consult with Mr. C. H. Purcell, Director of Public Works in order to arrive at a mutually satisfactory plan for the classification and/or development of any oil deposits underlying State Highways which are at present or which might in the future be held in fee by either the Division of Highways or the Division of State Lands. The Executive Officer was further instructed to report back to the Commission in connection with such discussion.

13. (Temblor Area - Kern County.) The Commission unanimously deferred till the next meeting, the matter dealing with the effort made by the Richfield Oil Corporation to lease certain acreage in the Temblor Area located in Kern County. Such deferment was suggested because of the possibility of working out some agreement wherein the Regents of the University of California would join with the State Lands Commission in an effort to obtain a more satisfactory leasing arrangement than that presently being offered by Richfield. The Executive Officer was instructed to contact Mr. Robert Underhill, Business Manager, for the Board of Regents and Lieutenant Governor Houser, prior to the meeting of the Board of Regents which is to be held in San Francisco on Friday, August 27th at 2 p.m.

14. (Reports by Dr. E. K. Soper.) Two reports prepared by Dr. Soper, the State Lands Commission Consultant which dealt with the following, (A) H. R. Hamilton Lease No. 91, P.R.C. and (b) the Rio Vista new deep gas sand were read by the Executive Officer for the information of the Commission. The text of these reports follows:

On August 3, 1943, H. R. Hamilton, et al., completed the first well in the recently discovered upper oil zone (known as the Jones Zone) in the Huntington Beach State tideland pool.

This is the first well drilled under State Lease No. 91 recently granted to H. R. Hamilton, et al., as high bidders. This well is thought to be capable of a maximum potential production of at least 1500 barrels of oil per day, and far exceeds our most optimistic expectations. The Jones Zone is practically undeveloped as yet.

Prior to the Hamilton well completion, the Wilshire Oil Company had plugged back an old deep zone well to the Jones Zone, for a small daily production. The small production in the Wilshire well is due to the fact that only a very small portion of the thickness of the oil zone was opened to production, and also to the fact that the completion was a "plug-back job", which was not very satisfactory.

Southwest Exploration Company has completed four wells in the Jones Zone in the last three months which have potential production rates of 700 to 1000 barrels per day each. The Hamilton well, which is located a considerable distance east of the Southwest Exploration Company State lease, indicates that the Jones Zone probably underlies the greater portion of the tideland oil pool. It is of course impossible to make an accurate engineering estimate of the new oil reserves in the Jones Zone from the few wells which have thus far been completed in the Zone. However, a preliminary estimate indicates that the Jones Zone may have a total reserve of more than one-hundred million barrels of oil. The proving of this new oil reserve is one of the most important developments in the California oil industry in the past several years. Operators have been loathe to drill new wells to this zone in past years, and the recent discovery of its great potentialities is in a large measure due to the persistent efforts of our office in insisting upon drilling adequate tests to the Jones Zone.

On August 3, 1943, Standard Oil Company of California, and the Texas Company completed a new gas well in the east central portion of the Rio Vista Gas Field on land held jointly by Standard and Texas. This well was drilled to a total depth of 5344 feet. The top of the Emigh gas zone, which to date has produced all the gas at Rio Vista was encountered at a depth of 3781 feet. The operators, however, decided to continue drilling deeper to prospect for possible deeper productive gas zones. At a depth of 4434 feet, the top of a deep gas sand was encountered. The well was continued through this gas sand which proved to extend to a depth of approximately 5082 feet; thus indicating a new productive gas zone approximately 648 foot thick. Not all of this thickness will be productive, but tests conducted during the drilling operations indicate that several horizons within the 648 foot interval, will be highly productive of natural gas. This newly discovered deep gas zone has been shut in pending further developments.

One of the first wells ever completed in the Rio Vista Field was Margaret Hamilton No. 1, drilled by Amerada Petroleum Corporation, in the west central portion of the field. This well was drilled to a considerable depth below the Emigh gas zone, and encountered a deep gas sand. At that time, the company did not consider this gas sand to be of commercial value, and so far as we know, it was never tested. The well was finally completed in the upper Emigh Zone. Geological correlations between the Old Margaret Hamilton well and the new Standard-Texas well on the opposite side of the field indicate that the deep gas sands encountered in both wells represent the same zone which therefore is proven to extend completely across the field from east to west, a distance of approximately five miles.

It is not unreasonable to assume therefore, that this new deep gas zone will be approximately co-extensive in area with the upper Emigh gas zone.

As of January 1, 1942, the gas reserves at Rio Vista in the upper Emigh Zone alone are estimated to be just under three trillion cubic feet (3000 billion cubic feet). The newly discovered deep gas zone which will be known as the Hamilton Zone, will probably add from one third to one half additional gas reserves to the Rio Vista Field, indicating a total gas reserve of four trillion to four and one half trillion cubic feet. Moreover, considerable quantities of kerosene or distillate are contained in the gas of the deep Hamilton Zone, whereas the gas from the upper Emigh Zone is dry. Thus, the State of California will profit from the greatly increased gas reserves contained in the Hamilton Zone; also, the State may receive additional royalties from distillate and other liquid products which may be recovered from the wet gas of the Hamilton Zone.

15. (Parker Dam - Metropolitan Water District) The Executive Officer submitted a report relative to the Metropolitan Water District's formal application to purchase a portion of School Land in Section 36, T. 8 N., R. 23 E., S.B.M., pursuant to provisions of the statutes. As a result of a lengthy discussion with reference to this problem, a resolution was unanimously passed wherein the Executive Officer was instructed to avoid if possible any unnecessary sales of School Land to the Metropolitan Water District. It was brought out during the discussion in connection with this application that the Federal Government requires the Metropolitan Water District to convey title to the Federal Government of all such lands acquired by the Metropolitan Water District. The Executive Officer was further instructed to inquire as to the application of the statute if the land was to be subsequently conveyed to the Federal Government by the Metropolitan Water District.

16. (Revision of Prospecting Permit Rules and Regulations.) Upon motion duly made and unanimously carried, a resolution was passed authorizing the amendment of the rules and regulations to provide for the elimination of the requirement of a performance bond of \$1,000, as a pre-requisite to the obtaining of a mineral prospecting permit. It was pointed out during the discussion of this matter that the statutes do not require the filing of a bond in connection with the issuance of mineral prospecting permits and that it was also nearly impossible for an individual of ordinary means to provide such bond.