

OF ONE YEAR FROM APRIL 24, 1951, SUBJECT TO THE SAME CONDITIONS AND REQUIREMENTS AS RECOMMENDED FOR LEASE P.R.C. 308 IN THE PRECEDING MINUTE ITEM.

11. (REQUEST FOR APPROVAL OF GAS PROCESSING CONTRACT, SIGNAL OIL AND GAS COMPANY - SOUTHWEST EXPLORATION COMPANY, LEASE P.R.C. 425, HUNTINGTON BEACH.) The Commission was informed that Section 14 of Oil and Gas Lease P.R.C. 425, Huntington Beach Field, Southwest Exploration Company, provides in part: "In the event the State should elect to take royalty in money instead of in kind, the Lessee shall not sell or otherwise dispose of the products hereunder except in accordance with \*\*\* sales contract or other methods first approved in writing by the State."

In accordance with this provision the Signal Oil and Gas Company has submitted for approval a copy of the Gas Processing Contract between the Signal Oil and Gas Company and the Southwest Exploration Company, covering the processing by Signal of the wet gas extracted from State Lease P.R.C. 425 by Southwest. This contract adopts all of the terms and provisions of a previous agreement of July 9, 1941, between the same parties, covering the wet gas extracted from Agreement for Easement 392, Southwest Exploration Company, and applies all of those terms to the gas extracted from Lease P.R.C. 425. The aforesaid agreement of July 9, 1941, was approved by the Commission on September 3, 1941. Signal Oil and Gas Company sells all of the processed dry gas to Pacific Lighting Gas Supply Company. The sale of dry gas from the subject Lease P.R.C. 425 is covered by the Gas Sales Contract between Signal Oil and Gas Company and the Pacific Lighting Gas Supply Company, considered by the Commission in a preceding item.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO APPROVE THE PROCESSING CONTRACT OF APRIL 24, 1950, BETWEEN THE SIGNAL OIL AND GAS COMPANY AND THE SOUTHWEST EXPLORATION COMPANY, AS THE BASIS FOR THE PROCESSING AND SALE BY THE SIGNAL OIL AND GAS COMPANY OF ALL GAS PRODUCED BY THE SOUTHWEST EXPLORATION COMPANY UNDER OIL AND GAS LEASE P.R.C. 425, DATED FEBRUARY 10, 1950, SUBJECT TO THE EXPRESS CONDITION THAT THE APPROVAL OF THE PROCESSING CONTRACT SHALL NOT BE CONSTRUED TO MODIFY OR AFFECT IN ANY MANNER ANY OF THE LEASE TERMS, INCLUDING FULL COMPLIANCE BY THE LESSEE WITH ALL THE TERMS AND CONDITIONS OF OIL AND GAS LEASE P.R.C. 425, AND THE RULES AND REGULATIONS OF THE COMMISSION.

12. (PACIFIC GAS AND ELECTRIC COMPANY'S EASEMENT ACROSS GEORGIANA SLOUGH - W.O. 1020, P.R.C. 595.) Anthony Kennedy, Esquire, representing the Hottinger Well in the Isleton Area, appeared before the Commission and stated that his client, the owner of the Hottinger Well, was unable to produce and sell gas from this well, inasmuch as the Pacific Gas and Electric Company was claiming that, due to the special restrictions placed on the transporting of gas across the Georgiana Slough, it was not in a position to purchase gas from this well without specific clearance from the State Lands Commission. (Special restriction referred to, covered by Minutes of Meeting of February 28, 1951, Minute Page 1286, is to the effect that: "Subject to the condition that all producers delivering gas to these pipe lines agree that all deliveries of gas under their Pacific Gas and Electric Company contract will be (1) not in excess of individual well production rates as determined from the Rio Vista Ratable Taking plan or (2) in accordance with an equitable producing plan for the Tyler Island Area should it be determined to be a separate producing unit outside the technically described Rio Vista

gas field.") After considerable general discussion to the effect that the restriction referred to does not apply to the Hottinger Well, and that the Pacific Gas and Electric Company is in error in so claiming, Mr. Dean stated that it was the consensus of the Commission as being on record that the State Lands Commission is not a party to any tying up of the delivery of the gas from the Hottinger Well. However, as the Division of State Lands had not been informed that this question would be raised at the meeting, and had no opportunity to make the necessary research and prepare a calendar item, it was felt that the State's interests might be jeopardized if too general a resolution was adopted, although it was felt that some definite action should be taken to clear the way temporarily for the sale of gas by the Hottinger Well.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO APPLY AN EXCEPTION (TO THE PACIFIC GAS AND ELECTRIC COMPANY'S GEORGIANA SLOUGH RESTRICTIONS, P.R.C. 596) TO THE HOTTINGER WELL FOR THE TIME BEING, AND INSTRUCTING THE STAFF TO REPORT BACK TO THE COMMISSION AS TO WHETHER THEY FEEL THE ENTIRE RIVER ISLAND FIELD SHOULD LIKEWISE BE EXCEPTED.

13. (UNITED STATES VS. CALIFORNIA, TIDELAND CONTROVERSY - W.O. 721.) Senator Arthur Breed, Jr., stated that the Senate had approved appointment of a Committee on Tidelands. He has received some information from Mr. Mattoon in Washington, and presented it to Assemblyman Delbert Morris so that he would be informed. Senator Breed further stated that all the Senate Committee wants to do is to be of assistance in the Federal tidelands matter. He thinks we are all in agreement, and that what is needed is some corrective, clarifying type of legislation that will solve California's problem. Various pieces of legislation are currently being considered by the Congress, some detrimental to California's interests. He thinks our problem is to figure out what will be in the best interests of California, so that we may give our views in consultation with our own elected representatives in Washington, representatives of the Commission, and the Attorney General's Office. He feels that it is highly important that we all be together on matter of policy, and offered whatever services the Senate Interim Committee can render. He stated that the Committee will be glad to confer with the State Lands Commission as it calls upon them, and would also like the privilege of discussing the matter with the Commission and with the Attorney General so that California's interests can be best served. Senator Breed stated: "That is all we want to do -- be of assistance. We recognize the tremendous importance (of this matter) to the State."

Senator Breed also discussed in some detail the strategy for indirectly contacting mining, recreational, and similar groups in other states, with a view towards starting them to think about the application of the term "paramount rights" as it might eventually affect their own interests, with a long-range view towards a possible Constitutional amendment covering this point.

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The Executive Officer reported that no definite action has been taken on S. J. 20 as yet, but this bill probably will come to the floor soon. He also reported that the Special Masters Report is out, and stated that copies would be in Sacramento Friday morning.