

"In consideration of the large differential between actual dehydration costs and the maximum allowance specified in Oil and Gas Lease P.R.C. 735.1 the Lessee, Standard Oil Company of California, has requested that consideration be given to amendment of the lease by mutual consent to revise the authorized dehydration allowances up to the maximum rates permitted under the Rules and Regulations."

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

THE EXECUTIVE OFFICER IS AUTHORIZED TO APPROVE AMENDMENT OF OIL AND GAS LEASE P.R.C. 735.1 ON MUTUAL CONSENT WITH THE LESSEE TO PROVIDE THAT THE LESSEE SHALL BE ENTITLED TO AN ALLOWANCE OF THE ACTUAL COSTS OF DEHYDRATION NOT TO EXCEED 5 CENTS PER NET BARREL OF OIL DEHYDRATED OR CLEANED IN LIEU OF THE MAXIMUM ALLOWANCE OF 2½ CENTS PER NET BARREL SPECIFIED CURRENTLY.

4. (QUITCLAIM OF RIGHTS-OF-WAY, OIL AND GAS LEASE P.R.C. 422.5, HONOLULU OIL CORPORATION, SANTA BARBARA COUNTY.) The following report was presented to the Commission:

"Pursuant to Chapter 303 of the Statutes of 1921, the Surveyor General on June 19, 1929 granted to Elwood Exploration Company (predecessor in interest of Honolulu Oil Corporation) a right-of-way for road purposes and a right-of-way for oil, gas and water pipe lines and electric power and telephone lines for use in connection with operations on Oil and Gas Lease No. 90, which lease was subsequently renewed and extended by the State Lands Commission as P.R.C. 422.5 on October 23, 1949 (Minute Item 7, pages 1016-17). On May 26, 1952 (Minute Item 3, pages 2076-77) the Commission authorized the cancellation of Oil and Gas Lease P.R.C. 422.5 and the acceptance of a quitclaim deed to said lease. The Honolulu Oil Corporation has now proffered quitclaim deeds for the rights-of-way granted June 19, 1929 by the Surveyor General. The electric power and telephone lines previously located on the rights-of-way have been removed and the oil, gas and water lines have been removed or abandoned in place at depths estimated to reasonably preclude their erosion."

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

THE EXECUTIVE OFFICER IS AUTHORIZED TO CANCEL THE GRANTS OF RIGHTS-OF-WAY OF JUNE 19, 1929 FROM THE SURVEYOR GENERAL TO THE ELWOOD EXPLORATION COMPANY, AS ASSIGNED TO HONOLULU OIL CORPORATION, AND TO ACCEPT THE QUITCLAIM DEEDS FROM THE HONOLULU OIL CORPORATION FOR SAID RIGHTS-OF-WAY DATED NOVEMBER 2, 1954.

5. (CONSULTING SERVICES FOR REVIEW OF PROPOSED OIL AND GAS LEASES - W.O. 2049.) The following report was presented to the Commission:

"On March 31, 1955 (Minute Item 17, page 2315) the Commission instructed the Executive Officer to define the scope and estimate the cost of conducting a State-wide review of proposed oil and gas leases on tide and submerged lands by a special Board of

Consultants. On April 28, 1955 (Minute Item 3, pages 2321-22) the Executive Officer was authorized to proceed with an augmentation of \$75,000 in the Commission's 1955-56 budget for consulting services for an extended study and survey of offshore leasing problems. This specific item of \$75,000 has been included in the approved Governor's budget for 1955-56. The activities proposed heretofore for the Consulting Board for the fiscal year 1955-56 were to be a preplanned program for the review of all elements entering into the leasing of at least five specific tide and submerged land areas at Seal Beach-Long Beach (Orange and Los Angeles Counties), Summerland (Santa Barbara County), Montalvo (Ventura County), Capitán (Santa Barbara County), and Guadalupe (San Luis Obispo County), where operations and required protective leasing may become critical during the current budget year. It is suggested, in addition, that the services of the Board of Consultants should also be available for independent evaluation of the conditions for leasing specific tide and submerged land areas pursuant to the provisions of Chapter 1724, Statutes of 1955, as such areas are delimited by written request for lease offers, or as such areas are designated for offer by the Commission in the best interests of the State, all as provided for under the revised Statutes."

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

THE EXECUTIVE OFFICER IS AUTHORIZED TO NEGOTIATE AND ENTER INTO CONTRACTS WITH THE FIRM OF STANLEY & STOLZ AND WITH DR. P. T. HOGAN AND MR. CHARLES B. BENNETT FOR CONSULTING SERVICES AND FOR PREPARATION OF REPORTS ON PROBLEMS RELATED TO TIDE AND SUBMERGED LAND OIL AND GAS LEASES BY THE STATE LANDS COMMISSION DURING THE BUDGET YEAR 1955-56, PURSUANT TO CHAPTER 1724, STATUTES OF 1955, AT A TOTAL COST NOT TO EXCEED \$50,000.

6. (INSPECTION OF OFFSHORE OIL AND GAS OPERATIONS AND FACILITIES - GEN. DATA.)
The following report was presented to the Commission:

"Section 6873(a) Public Resources Code (Chapter 1724, Statutes of 1955) provides in part that "...each well drilled pursuant to the terms of the lease may be drilled...from platforms or other fixed or floating structures in, on or over the tide or submerged lands covered by the lease...". Wells have been drilled by these methods and are in operation in the tide and submerged lands of Louisiana and Texas, as well as in the Outer Continental Shelf lands of the Gulf of Mexico under the jurisdiction of the United States Department of the Interior. Therefore, in consideration of the inauguration of such operations in California, it would appear advantageous that the Executive Officer and the Mineral Resources Engineer be authorized to review the principal offshore oil and gas field operations in the Gulf of Mexico and to consult with the Outer Continental Shelf Lands Office of the Bureau of Land Management, Department of the Interior, at New Orleans.