

"Section 2 of Chapter 1427, Statutes of 1955, directs the State Lands Commission, at the cost of the grantee, to survey, monument, plat and record the area of State lands described in this act. Such survey and map have been completed and the map will be recorded after its approval by the State Lands Commission. Monumenting is not required since the granted area is waterward of the mean high tide line and the northern and southern boundaries of the grant are prolongations of well defined corporate limits of the City of Manhattan Beach."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO APPROVE AND HAVE RECORDED THE MAP ENTITLED "SURVEY OF THE GRANT TO CITY OF MANHATTAN BEACH, VICINITY OF MANHATTAN BEACH, LOS ANGELES COUNTY, CALIFORNIA", PREPARED UNDER W. O. 2116.

11. (OIL AND GAS MATTERS - GEN. DATA.)

The Chairman introduced Assemblymen Allen Miller and Jesse M. Unruh, stating that they were present as members of a committee on tideland oil and gas development, pointing out that this was a highly controversial subject. Later Assemblymen Bruce F. Allen and Joseph C. Shell joined the group.

Assemblyman Miller spoke briefly, referring to the public hearings which had been held in Los Angeles on May 3 and 4, 1956 by the Subcommittee of the Assembly Committee on Conservation, Planning and Public Works, of which he is Chairman, stating that members of the staff of the State Lands Commission had testified and given valuable information. As a result of those hearings and because of the urgency of the matter, his committee had prepared and he delivered a letter to the Commission pointing out some of the committee's findings. He indicated that these findings were necessarily of a preliminary nature, because of the short time the committee had had in which to prepare them, and were subject to being supplemented at a later date. The findings and recommendations in this letter, which was dated May 17, 1956, were read, as follows:

"FINDINGS:

"1. Your staff estimates a potential oil reserve of 4,000,000,000 (four billion) barrels in the State owned tide and submerged lands.

"2. That under the present statutes, the Lands Commission has the power to issue permits for geophysical, geological and core drilling surveys of the State owned tide and submerged lands on such conditions as the Commission shall impose.

"3. That the three survey permits now active contain the following conditions:

'The Commission reserves the right to receive, and upon demand by the Commission the permittee shall furnish, copies of all exploration results, logs, and records for confidential use of the State Lands Commission for the sole purpose of its determination as to whether the areas or any portion thereof embraced

within the permit lie within a known geological structure of a producing oil or gas field.'

"4. That additional applications for permits are pending in which the applicants have refused to agree to the acceptance of the above conditions and these applications are up for consideration at the May 18th meeting of the Commission.

"5. That the Western Oil and Gas Association representing the oil industry of California, is urging the adoption of a rule of the Commission that would prohibit the Commission from the imposition of such conditions and are opposing the requirement that geophysical and core drilling data be afforded to the Commission.

"6. That prior to the enactment of the Shell Cunningham Bill, results of surveys made under permits were voluntarily furnished to the Commission in order to comply with the then existing law as establishing drainage as a condition to leasing State lands.

"7. That the possession and knowledge of such geophysical and core drilling data is an invaluable tool to the State in establishing the existence or non-existence of possible 'known geological structures', and the extent of its assets in the lands that it owns.

"8. That under the present Shell Cunningham Bill passed in the 1955 session the Commission is prohibited from leasing lands 'not on a known geological structure of a producing oil or gas field' at a royalty in excess of 12 $\frac{1}{2}$ %. Lands in a 'known geological structure ... etc.', are required to be leased at a minimum of 16-2/3% royalty and with additional royalties permitted as production increases.

"9. That in order to lease State owned submerged land, the Commission is required to classify lands as to 'known' or 'unknown'.

"10. That under legal opinions of both the legislative counsel and the Attorney General, the Commission cannot classify the lands as known or unknown, without consideration of geophysical or core drilling data when that data is known to exist and could legally be required by the Commission.

"11. Under the legal opinion of the legislative counsel, the Commission may, under present law with the approval of the Director of Finance and the Governor, expend State Lands funds for the purpose of conducting geophysical and core drilling surveys on State owned lands.

"12. That the Commission has made no request to the Governor or the Department of Finance for such expenditures for said purpose and has adopted no policy in respect to effecting, under the rule of the Commission, surveys on State lands. However, limited funds for this purpose are included in the 1956 Budget Act passed by the Legislature.

"13. Under the rule of the Commission, core drilling in submerged land up to a depth of 500 feet may be conducted without a permit from the Commission. No State employees are assigned to boats conducting such drilling activities to ascertain whether there is compliance with such depth limitations.

"14. That it is possible to core drill at depths of 2000 feet in submerged lands and with the use of electrical logs, the extent of a potential oil field and the lithographic composition of potential oil bearing structures can be obtained at such depths.

"RECOMMENDATIONS:

"1. That the Commission issue no further permits for geophysical, geological or core drilling surveys on State owned tide and submerged lands.

"2. That the Commission should not renew any presently outstanding permits for surveys.

"3. That the Commission should request and obtain from the current permittees the geophysical, geological and core drilling data which they have developed under their permits, and which the Commission has a right to demand pursuant to the conditions in said permits.

"4. That the Commission should, pursuant to authorization under the present law, adopt a policy of contracting for its own geophysical, geological and core drilling explorations on State owned tide and submerged lands. The data from such explorations to be the determining data to be used by the Commission in classifying of State lands--such explorations or surveying to be done as far as possible through contracts with qualified firms engaged in accumulating geophysical data.

"5. That the data developed as a result of the Commission's surveys of its lands be made available to all qualified, prospective bidders.

"6. That no leases on State submerged lands not within a known geological structure of a producing oil and gas field, be granted until the Legislature has an opportunity to clarify the current law. This recommendation is made necessary by reason of the admitted inability of the Commission under the present law to classify lands as 'known' or 'unknown' and the great differential in royalty return between 'known' and 'unknown' lands as well as the ambiguity as to what constitutes an 'oil field'.

"7. That the Commission amend its rules and regulations to require permits for all core drilling regardless of depths.

"8. That all rules and regulations relating to the furnishing of geophysical and core-drilling data by permittees be deferred pending further investigation and recommendations by this sub-committee, and the fixing of specific policy by the legislature.

"We are aware that the further studies and hearings by the sub-committee will suggest certain refinements to the recommendations being made at this time. However, because we are conscious of the urgency of these issues before the Commission and in view of the pressures being exerted, we feel compelled to make these recommendations at this time on these issues in which the people of California have a substantial interest.

"Very truly yours,

"ALLEN MILLER, Chairman"

Following a summation of these findings and recommendations by the Chairman, he asked the Executive Officer if he had any recommendations to make based on them, and was informed that the points brought out in the letter were directly related to an item appearing on the current calendar before the Commission, Item 16, on geological and geophysical survey permits. It was recommended that general discussion be held in abeyance until that item was reviewed.

Mr. Kirkwood pointed out that the problem of the lease application of the St. Anthony Oil Corporation in the Summerland area had been before the Commission for a considerable length of time, and questioned whether it would be possible to adopt the pending regulations which would permit putting that area out for bid immediately. The Executive Officer informed the Commission that there was nothing in the Committee's letter which would affect the proposed rules and regulations, also scheduled for review on the current calendar, but that the proposed St. Anthony lease was dependent on these rules and regulations and suggested that they be discussed first. Therefore, action on the Committee's letter was deferred until later in the meeting.

12. (AMENDMENTS AND ADDITIONS TO TITLE 2, CALIFORNIA ADMINISTRATIVE CODE - W. O. 1855.) The following report was presented to the Commission:

*1956 \**  
"At its meeting on January 19, ~~1955~~ (Item 15, Minute page 2554), the Commission adopted a resolution authorizing the Executive Officer to initiate procedures under the provisions of Sections 11120 et seq. of the Government Code for the amendment of rules relating to oil and gas development on tide and submerged lands.

"In accordance with this authorization, and with the pertinent provisions of the Government Code, the Executive Officer caused to be published on February 21, 1956 a 'Notice of Proposed Changes in the Regulations of the State Lands Commission'. This notice appeared in daily publications in Los Angeles, San Francisco, and Sacramento. Also, copies of the notice were mailed to all known interested parties. The notice, as published, provided 'that any person interested may present statements, arguments, or contentions in writing relevant to the action proposed,

*\* Corrected per  
Minute Item  
#1 of 7/2/56 -  
Pgs. 2711-12*