

A special meeting of the State Lands Commission was held in Room 302 State Building, Los Angeles 12, California, at 1:40 p.m. on Friday, June 29, 1956.

Present: John M. Peirce, Chairman
Robert C. Kirkwood, Member

Absent: Harold J. Powers, Member

Staff Members in Attendance:

Rufus W. Putnam, Executive Officer
J. Stuart Watson, Assistant Executive Officer
F. J. Hortig, Mineral Resources Engineer
Julia T. Stahl, Secretary

Others in Attendance:

Representing the Office of the Attorney General

Frank J. Mackin, Assistant Attorney General
John F. Kassler, Deputy Attorney General
Jay Shavelson, Deputy Attorney General

It was noted that Lieutenant Governor Powers had been notified of the meeting and was unable to attend, but had received and reviewed copies of the material to be presented and indicated that he was willing to abide by the decisions of the other two members of the Commission.

1. (PROPOSALS FOR AGREEMENTS WITH THE UNITED STATES FOR LEASING TIDE AND SUBMERGED LANDS OFF THE COAST OF CALIFORNIA - W. O. 1835.) The following report was presented to the Commission:

"PROPOSALS FOR AGREEMENTS WITH THE UNITED STATES
FOR LEASING TIDE AND SUBMERGED LANDS OFF THE COAST OF CALIFORNIA

As corrected June 27, 1956

"At the meeting of the State Lands Commission on April 12, 1956, a resolution was adopted by the Commission to the effect that representatives of the Attorney General's office and of the staff of the State Lands Commission were to prepare an outline covering proposed negotiations with the U. S. Department of the Interior as to leasing of submerged lands off the coast of California, with a view towards review of this outline by the Commission, and presentation to the Governor of the results of such review. In accordance with these instructions, the following tentative bases for an agreement with the United States are proposed, having in mind the provisions of Section 7 of Public Law 212, Chapter 343 of the 83d Congress, 1st Session, and of Chapter 12 of the Statutes of 1956 of the State of California.

"(1) For all wells bottomed and leases issued within the three-mile belt following the sinuosities of the shore of the mainland and islands, corrected to provide for headland-to-headland lines at Santa Monica Bay and at San Pedro Bay

so that the three-mile belt will extend seaward from such lands, royalties shall accrue 100% to the State or its grantees, and leases shall be issued and administered by the State or its grantees under State or local law. At Santa Monica Bay the headland-to-headland line lies between Point Dume and Point Vicente. At San Pedro Bay the line runs directly from Point Fermin to Point Lasuen at Newport Beach.

"(2) For all wells bottomed and leases issued seaward of the above-designated line and landward of the seaward side of a three-mile belt outside of the unit area of inland waters, royalties shall accrue 50% to the State and 50% to the United States; leases shall be issued and administered by the State under State laws. Leases issued within this area shall be subject to the advance approval of the United States.

"(3) For all other areas leases shall be issued and administered by the United States under Federal law (Public Law 212, 83d Congress, 1st Session), and 100% of the royalties shall accrue to the United States.

"(4) If, as, and when a decision is made by the United States Supreme Court or by the United States Congress as to what constitute 'inland waters' the agreement shall terminate. Those portions of all leases affected by such decision shall be transferred to the United States or to the State, as the case may be. No royalties received or accrued under the agreement prior to the date of the decision shall be transferred from the State or its grantees to the United States, or vice versa.

"(5) Any such agreement should contain a saving clause reserving to each party an undiminished claim as to the location of the boundary of the State of California.

"The following considerations are advanced in favor of the agreement proposed above:

"(1) Depth of Water. The greatest depth of water in which a platform has been erected from which wells have been drilled and are in operation is 97 feet (in the Gulf of Mexico). Equipment is now being designed for operations in depths as great as 300 feet. It may become possible, although such eventuality is not foreseeable, that operations may be conducted where the depth is 500 feet.

"Even within the three-mile belt depths are generally much in excess of those in which wells have been successfully drilled elsewhere; therefore the prospects of development seaward of that belt appear to be more theoretical than realistic.

"(2) Administration. The proposed agreement contemplates full administration by the State or its grantees of the issuance of leases and of operations thereunder, and the ancillary considerations resulting therefrom in all areas within the three-mile belt, as corrected by headland-to-headland lines at Santa Monica Bay and at San Pedro Bay. The advantage to all concerned stems from the following administrative aspects which lend themselves better to state and local control, rather than federal. Among these aspects are the following:

"(a) Enforcement of Criminal and Civil Law. The areas described above are all in close proximity to the California shore, and structures erected for the production of oil and gas, and other facilities used for that purpose will be readily accessible to law-enforcement agencies already in existence. Personnel engaged in the operations will largely be housed on shore and thus will be available for the service of processes of all kinds. Questions arising as to jurisdiction could be more easily solved than would be the case if federal or concurrent jurisdiction were in existence. The California courts have already adjudicated a case in Santa Monica Bay (Stralia), which instance established an important precedent in these respects.

"Due again to close availability of existing state agencies and to the desirability of maintaining uniformity of procedures, matters pertaining to the administration of fish and game laws, to the prevention of pollution, to labor, to industrial accidents and safety, to workmen's compensation, and to the safe conduct of drilling and production operations can be handled more expeditiously and perhaps more efficiently with full State and local control over all of these aspects.

"The proposed agreement also contemplates full administration of oil and gas leases in contiguous submerged lands lying seaward of the three-mile belt along the coast and outside of Santa Monica and San Pedro Bays, and landward of the seaward side of a three-mile belt outside of the unit area of inland waters. The areas involved in which the depths of water are less than 100 fathoms are insignificant. These areas being closely related physically to other lands under State control, the reasons cited above apply in like manner."

A map covering the lands in question was reviewed, with Mr. Hortig pointing out the portions of the coastline extending from the Mexican Border to Point Arguello where the various zones being considered are located.

A general discussion followed regarding the proposed conferences between representatives of the U. S. Department of the Interior, of the office of the Attorney General, and of the State Lands Commission, to be held in Washington, D. C. During the discussion it was decided that the first step in the negotiations should be the submission to the Governor of a draft of a letter recommended to be written to the Honorable Wesley A. D'Ewart, Assistant Secretary of the Interior.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE CHAIRMAN OF THE STATE LANDS COMMISSION TO TRANSMIT TO THE GOVERNOR A DRAFT OF A LETTER TO BE SENT TO THE HONORABLE WESLEY A. D'EWART, ASSISTANT SECRETARY OF THE INTERIOR, COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT "A".

Following submission of the letter referred to above, it is anticipated that the Department of the Interior will contact the Executive Officer to work out arrangements for a conference.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE STAFF OF THE STATE LANDS COMMISSION IN COOPERATION WITH THE ATTORNEY GENERAL TO ENTER INTO NEGOTIATIONS, ON BEHALF OF THE COMMISSION, WITH THE U. S. DEPARTMENT OF THE INTERIOR, AFTER WHICH THE STAFF IS TO REPORT BACK TO THE STATE LANDS COMMISSION AND TO THE ATTORNEY GENERAL FOR FURTHER INSTRUCTIONS.

2. (SALARY OF EXECUTIVE OFFICER - PERSONNEL.)

Reference was made to the salary increase being given to most State employees effective July 1, 1956, and it was pointed out that the last time such an increase was given, there was difficulty in obtaining a salary adjustment for the Executive Officer of the State Lands Commission (for which position adjustments are not automatic but must be approved by the Commission) because action was not taken promptly.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED DECLARING THAT THE SALARY FOR THE POSITION OF EXECUTIVE OFFICER, STATE LANDS COMMISSION, WAS TO BE CONSIDERED AS "OPEN FOR ADJUSTMENT" EFFECTIVE JULY 1, 1956.

There being no further business to come before the Commission, the meeting was adjourned at 2:15 p.m.

Rufus W. Putnam
RUFUS W. PUTNAM
Executive Officer

EXHIBIT "A"

(DRAFT)

June 28, 1956

Honorable Wesley A. D'Ewart
Assistant Secretary of the Interior
Department of the Interior
Washington, D. C.

Dear Mr. D'Ewart:

I have now been advised by the Attorney General of the State of California and by the State Lands Commission that they are prepared to enter into discussions with you or your representatives with respect to your letter of November 14, 1955, concerning the definition of a seaward limit of areas which might be claimed by the State of California. It is our feeling, however, that the negotiation of an agreement for the development of oil or gas in areas under dispute, under the provisions of Section 7 of Public Law 212, 83d Congress, 1st Session, should also be discussed in view of the close association of all factors involved.

If this program is agreeable, may I suggest that you correspond directly with Rufus W. Putnam, Executive Officer, State Lands Commission, Room 302 State Building, Los Angeles 12, California, with respect to working out mutually satisfactory arrangements for such a conference.

Sincerely yours,

GOODWIN J. KNIGHT
Governor