

ORIGINAL

BEFORE THE STATE LANDS COMMISSION
OF THE
STATE OF CALIFORNIA

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IN THE MATTER OF THE CALENDAR :
OF MEETING OF THE STATE LANDS :
COMMISSION HELD AT LOS ANGELES, :
CALIFORNIA. :

TRANSCRIPT OF HEARING HELD
ON TUESDAY, MAY 13, 1958, IN
ROOM 916, MIRROR BUILDING,
LOS ANGELES, CALIFORNIA.

JOHN J. RABASA, C. S. R.
224 WILSON BUILDING
132 WEST FIRST STREET
LOS ANGELES 12, CALIFORNIA
MUTUAL 5863

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IN THE MATTER OF THE CALENDAR)
OF MEETING OF THE STATE LANDS)
COMMISSION HELD AT LOS ANGELES,)
CALIFORNIA.)

The above-entitled matter came on regularly for hearing before the State Lands Commission in Room 916, Mirror Building, Los Angeles, California, on Monday, May 13, 1958, at the hour of 9:30 A.M.

(For appearances see following page.)

1 APPEARANCES:-

2 For the State Lands Commission:

3 JOHN M. PEIRCE, Chairman

4 ROBERT C. KIRKWOOD, Member

5 LIEUTENANT GOVERNOR HAROLD J. POWERS, Member

6 Staff Members in Attendance:

7 F. J. HORTIG, Executive Officer

8 JAY L. SHAVELSON, Deputy Attorney General

9 KENNETH C. SMITH, Supervising Land Title
10 Examiner

11 RICHARD T. HANNA, Member of the Assembly
Judiciary Subcommittee on Tidelands

12 FRANK W. PORTER, Administrative Service Officer

13 JULIA T. STAHL, Secretary

14 Parties in Attendance Participating:

15 E. E. PYLES, Monterey Oil Company, Los Angeles.

16 P. A. DOUGLAS, Wildlife Conservation Board,
17 Fish and Game, Los Angeles.

18 HAROLD A. LINGLE, Long Beach City Attorney.

19 EVERETT E. HORN, Executive Officer, California
20 Wildlife Conservation Board,
Sacramento, California.

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I N D E XAGENDA ITEMSPage

Approval of Minutes,
Meeting of April 14, 1958.

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Calendar Items

Page 1

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1 LOS ANGELES, CALIFORNIA, TUESDAY, MAY 13, 1958, 9:30 A.M.

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4 CHAIRMAN PEIRCE: The meeting will come to order.
5 While we are waiting for the Lieutenant Governor that is
6 reported to be on the way, we will take up certain routine
7 items.

8 First of all, I think it is in order for us to
9 consider approval of the minutes of the meeting which took
10 place on April 14th. Copies have been mailed to the
11 members of the Commission. Are there any corrections,
12 Mr. Hortig?

13 MR. HORTIG: Not that we are aware of at the present
14 time, Mr. Peirce.

15 CHAIRMAN PEIRCE: It meets with your approval, Mr.
16 Kirkwood?

17 MR. KIRKWOOD: Yes.

18 CHAIRMAN PEIRCE: The minutes will stand approved as
19 written.

20 I would like to now give recognition to the
21 presence of Assemblyman Richard Hanna from Orange County.
22 Mr. Hanna, we are very glad to have you with us, and feel
23 perfectly free to participate in our discussion as we
24 proceed.

25 Now, Mr. Hortig, will you select from the agenda
26 some routine items which are strictly non-controversial which

1 we may consider while we are waiting for the Lieutenant
2 Governor?

3 MR. HORTIG: Yes, Mr. Chairman. Refer to page 7,
4 gentlemen, if you will, please.

5 It has been found that in the minutes of the
6 meeting of October 8, 1957, relating to an authorization
7 for sale, we need an amendment.

8 MR. KIRKWOOD: I move approval.

9 CHAIRMAN PEIRCE: All right. The recommendation of
10 the staff with respect to the amendment is approved.

11 MR. HORTIG: Page 6. In 1946 the Commission authorized
12 withdrawal from public sale of certain vacant State school
13 lands containing approximately 15,000 acres in Imperial
14 and San Diego Counties, based on the letter request from
15 the Director of Natural Resources, relating to possible
16 inclusion of these lands in Anza Desert State Park. The
17 State Division of Beaches and Parks have now advised the
18 Division that they are no longer interested in the acqui-
19 sition of these specific lands and it is therefore recommended
20 that these lands be restored to the public land sales list
21 of the Commission.

22 MR. KIRKWOOD: So move.

23 CHAIRMAN PEIRCE: The recommendation is approved.

24 MR. HORTIG: Page 31. The Commission has previously
25 issued a standard geological survey permit to Western
26 Offshore Drilling and Exploration Company for the conduct

1 of geological explorations from mobile marine equipment.
2 This permit expired before a renewal application could be
3 filed and an application has now been filed requesting the
4 issuance of a new permit by the Commission. The staff
5 recommends such issuance.

6 MR. KIRKWOOD: Move the approval.

7 CHAIRMAN PEIRCE: The recommendation is approved.

8 MR. HORTIG: Page 47 is a supplemental calendar
9 item that you gentlemen have this morning on an application
10 which was received too late for inclusion in the regular
11 calendar but which requires Commission consideration this
12 morning if the permit is to be extended as the prospecting
13 permit would expire before the next Commission meeting.

14 All terms and conditions and requirements of the
15 prospecting permit P.R.C. 1724 having been complied with,
16 the permittee is desirous of attempting at this late date
17 to develop an alternative mineral for production from the
18 prospective permit, such permit extension as is being
19 recommended may be granted at the discretion of the
20 Commission for an additional period of one year. It is
21 recommended by the staff that the Commission authorize the
22 extension of the subject prospecting permit for one year,
23 all other terms and conditions of the permit to remain un-
24 changed and in full force and effect?

25 MR. KIRKWOOD: I move the approval.

26 CHAIRMAN PEIRCE: The recommendation is approved.

1 MR. HORTIG: Page 38 and following to page 46; that
2 the standard tabulization of documents issued and authorized
3 by the executive officer pursuant to delegations of
4 authority, the recommendation is that they be confirmed.

5 MR. KIRKWOOD: I move the approval.

6 CHAIRMAN PEIRCE: The actions of the executive officer
7 are hereby approved.

8 MR. HORTIG: If the Chairman please, we could consider
9 the non-controversial land sales items next.

10 CHAIRMAN PEIRCE: Proceed.

11 MR. SMITH: Page 24, the sale of vacant State school
12 land. It is recommended that the Commission authorize the
13 sale of vacant State school land, for cash, at the highest
14 offer, in accordance with the following tabulation, such
15 sales to be subject to all statutory reservations including
16 minerals, and there follows a tabulation of three school
17 land sales which are non-controversial.

18 MR. KIRKWOOD: I move the approval.

19 CHAIRMAN PEIRCE: The recommendation is approved.

20 MR. SMITH: Page 28, selection of vacant federal land.
21 It is recommended that the Commission determine that it is
22 to the advantage of the State to select the federal land
23 containing 109.55 acres in San Bernardino County; that the
24 Commission find that said land is not suitable for cultiva-
25 tion without artificial irrigation; that the Commission
26 approve the selection and authorize the sale of said land,

1 for cash, to the Molybdenum Corporation of America at the
2 appraised price of \$2,191, subject to all statutory
3 reservations including minerals.

4 MR. KIRKWOOD: I move the approval.

5 CHAIRMAN PEIRCE: The recommendation is approved.

6 MR. SMITH: Page 29. This is the selection of vacant
7 federal land where the applicant has cancelled and the
8 State has acquired the land. It is recommended that the
9 Commission determine that it is to the advantage of the
10 State to select the federal land embracing 40 acres, in-
11 cluding timber thereon, in Mendocino County; that the
12 Commission find that said land is not suitable for cultiva-
13 tion without artificial irrigation; that the Commission
14 approve the selection of said land and authorize the sale
15 thereof pursuant to the rules and regulations governing
16 the sale of vacant State school land.

17 MR. KIRKWOOD: I move the approval.

18 CHAIRMAN PEIRCE: The recommendation is approved.

19 MR. SMITH: Page 30. This is a similar selection of
20 vacant federal land. It is recommended that the Commission
21 determine that it is to the advantage of the State to
22 select the federal land, including timber thereon, compris-
23 ing 40 acres in Mendocino County; that the Commission find
24 that said land is not suitable for cultivation without
25 artificial irrigation; that the Commission approve the
26 selection of said land and authorize the sale thereof

1 pursuant to the rules and regulations governing the sale
2 of vacant State school land.

3 MR. KIRKWOOD: The value of timber went down; is that
4 why this recommendation is made?

5 MR. SMITH: Apparently so. It was appraised about
6 eight months ago and the applicant didn't wish to -- well,
7 it was appraised in 1956, that is approximately two years
8 ago, a year and a half ago, and the applicant did not wish
9 to meet that. I believe the timber market has changed
10 considerably since that time.

11 MR. KIRKWOOD: I move the approval.

12 CHAIRMAN PEIRCE: The recommendation is approved.

13 MR. HORTIG: Page 32, gentlemen.

14 MR. KIRKWOOD: Let me ask -- we have a minute, anyway
15 what happens on this exchange, does value enter into it
16 or just acreage?

17 MR. SMITH: Not on selections, indemnity selections
18 acreage only on exchanges, which is a different procedure.
19 Value is the important factor.

20 MR. KIRKWOOD: Here we don't lose anything by reason
21 of the value, we stand to gain instead?

22 MR. SMITH: Not at all. We gain considerably. Most
23 of these lands that we give up under these selections are
24 desert lands not worth more than \$5.00 an acre.

25 MR. KIRKWOOD: Per acre?

26 MR. SMITH: Right.

1 MR. HORTIG: Page 32. The Commission is familiar
2 with the service contracts which were previously entered
3 into with the firm of Keplinger and Wanenmacher and Dr.
4 Herman H. Kaveler as consultants. The contract terms
5 provided for maximum payments for which costs incurred to
6 date under the agreements now approximate the total amounts
7 as provided for for these services.

8 Also, pursuant to prior Commission discussions,
9 it appears desirable that the services provided for be
10 augmented for the remainder of the fiscal year to: (1)
11 complete a supplementary study relating to the adequacy
12 of the Division's technical staffing in connection with
13 oil and gas development, and (2) possibly to advise the
14 Commission on oil and gas leasing procedures and the
15 evaluation of lease bids which are to be received. These
16 additional services are to be rendered between now and
17 June 30, 1958.

18 It is recommended that the executive officer be
19 authorized to issue agreements supplementary to those now
20 in force to cover such additional services and to increase
21 the maximum amounts payable under the aforementioned
22 contracts by \$3,000 each, to a total of \$10,500 each.
23 Further, that the agreements shall provide for progress
24 payments to the contractors. All other terms and con-
25 ditions of said agreements are to remain in full force and
26 effect.

1 MR. KIRKWOOD: Will they be coming back to another
2 meeting of the Commission and it is contemplated that
3 their recommendations be submitted in writing?

4 MR. HORTIG: With respect to the staffing, it is
5 contemplated that the final recommendations, if there are
6 to be any further than have been submitted to you gentle-
7 men, primarily can be done in writing unless the Commission
8 specifically feels that a conference is desired.

9 The major probability for a returning to a meet-
10 ing foreseeable would be in connection with the necessity
11 of consulting advice in connection with bid evaluation and
12 bids to be received by the Commission next month.

13 CHAIRMAN PEIRCE: Their services would be rendered,
14 however, as of this fiscal year ending June 30th?

15 MR. HORTIG: If their services were necessary in the
16 next fiscal year, a new contract would be required and
17 would require advance approval of the Commission.

18 CHAIRMAN PEIRCE: Well, do I understand that this
19 increase in the contract allowance is to cover both the
20 advice with respect to staffing and also an evaluation of
21 the bids?

22 MR. HORTIG: To the extent that such services can be
23 rendered in this current fiscal year.

24 CHAIRMAN PEIRCE: Now, the bids are to be opened on
25 June 27th?

26 MR. HORTIG: The 27th, yes, sir. So the probability

1 of much time being involved by the consultants under this
2 contract is remote but it is still a possibility.

3 CHAIRMAN PEIRCE: In other words, the major task that
4 our consultants would perform would relate to the staffing
5 of the Commission?

6 MR. HORTIG: That would be correct, and in that
7 connection, the amounts provided for here would certainly
8 be maximum and probably will not be fully utilized for
9 that purpose.

10 CHAIRMAN PEIRCE: In other words, we compensate them
11 on a per diem basis plus traveling expenses?

12 MR. HORTIG: That is true.

13 CHAIRMAN PEIRCE: And the authorization in the
14 amount indicated in the agenda of \$10,500 is merely an
15 authorization and a maximum?

16 MR. HORTIG: That is correct.

17 CHAIRMAN PEIRCE: And you will utilize whatever of
18 that total you find necessary in connection with their
19 further advice with respect to staffing?

20 MR. HORTIG: Yes, sir, and as sparingly as we can and
21 still achieve the objective.

22 CHAIRMAN PEIRCE: All right.

23 MR. KIRKWOOD: What is contemplated, Frank, by way of
24 additional information that would be pertinent to an
25 evaluation?

26 MR. HORTIG: Principally only consulting, review and

1 agreement or disagreement on bases for possible rejection
2 of bids, if we should receive bids for particular parcels
3 in an area where the Commission should consider rejection.

4 MR. KIRKWOOD: Well, what I am wondering is whether
5 their work actually should be done before the bids are
6 received or something that should be done after they are
7 received. Is there any reason to delay the evaluation?
8 Can't they pretty much tell now or is there a balance
9 between the bids that we would get on one tract or another
10 that would affect the desirability --

11 MR. HORTIG: The latter factor could be such an
12 important item that establishing the advance criteria
13 might not serve any useful purpose.

14 MR. KIRKWOOD: I see.

15 CHAIRMAN PEIRCE: Is there anything before us with
16 respect to employing the consultants beyond June 30th?

17 MR. HORTIG: No, sir. It is contemplated that if
18 this eventuality can be foreseen that this would be an item
19 for presentation to the Commission at the June meeting.

20 CHAIRMAN PEIRCE: Which could include a careful evalua-
21 tion of the bids received?

22 MR. HORTIG: No, sir, not at the June meeting, if the
23 normal Commission schedule, which is necessary for other
24 reasons, that it be held prior to the 15th of June, bid
25 evaluation would not be included at the June meeting.

26 CHAIRMAN PEIRCE: Now, I don't mean bid evaluation,

1 I mean arranging for these consultants to perform services
2 after July 1st in connection with bid evaluation.

3 MR. HORTIG: To the extent that service requirements
4 could be foreseen, this could be evaluated and recommended
5 to the Commission at the June meeting.

6 Mr. Kirkwood had a question, I believe.

7 MR. KIRKWOOD: I was just going to ask, have we set
8 the date of the June meeting?

9 MR. HORTIG: No, sir.

10 MR. KIRKWOOD: When are we meeting?

11 MR. HORTIG: Do I infer correctly that we have
12 vacation following the primary election?

13 MR. KIRKWOOD: I don't know that I would describe it
14 as a vacation --

15 MR. HANNA: A little bit of rest or relaxation wouldn't
16 be out of place.

17 MR. KIRKWOOD: I am heading East for five days because
18 my son is graduating from high school and I am going back
19 there and then John and I both have this association of
20 tax administrators for two or three days.

21 MR. HORTIG: Well, at the moment the staff has a
22 scheduling problem.

23 MR. KIRKWOOD: You have been trying us out, is that
24 it, or haven't you gotten to that point?

25 MR. HORTIG: Very informally, yes, sir.

26 CHAIRMAN PEIRCE: Do you think it would be convenient

1 to have a meeting of the State Lands Commission in the
2 latter part of the week which begins on June 8th, which is
3 Sunday?

4 MR. KIRKWOOD: The 12th or 13th?

5 MR. HORTIG: Yes, sir.

6 MR. KIRKWOOD: Yes. I was planning to hit San Diego
7 not until Tuesday morning. We could come back up for a
8 meeting on Wednesday afternoon.

9 MR. HORTIG: We will confirm with your secretaries.

10 CHAIRMAN PEIRCE: Yes, sir.

11 MR. KIRKWOOD: It almost has to be that week, doesn't
12 it? I mean, the next week would get it late.

13 MR. HORTIG: It would be desirable. However, if this
14 would be of assistance to the Commissioners, that meeting
15 and that particular month we could make advance prepara-
16 tions so that a deferment of another week would not give
17 us insurmountable problems, if you gentlemen would prefer.
18 On the other hand, if you are to be in Southern California,
19 it could be convenient then.

20 CHAIRMAN PEIRCE: Well, you will work it out?

21 MR. HORTIG: We will confirm, yes, sir.

22 MR. KIRKWOOD: Did you want a motion on these contracts
23 for services?

24 MR. HORTIG: If you will, please.

25 MR. KIRKWOOD: I so move.

26 CHAIRMAN PEIRCE: The recommendation is approved.

1 MR. HORTIG: Page 33. The Legislature, by statutes
2 of 1957, authorized a grant of tide and submerged lands
3 to the City of Sausalito, subject to the condition that
4 the grant area be surveyed by the State Lands Commission
5 at a cost to the city. A service agreement to cover these
6 survey costs, not to exceed the amount of \$1, 00 as
7 estimated by the State Lands Commission Division has been
8 drawn. It is satisfactory to the City of Sausalito and
9 it is recommended that the executive officer be authorized
10 to execute this service agreement on behalf of the State
11 Lands Commission providing for the required surveying
12 services, the payment to the State Lands Commission to be
13 the Commission's actual costs not to exceed \$1,000.

14 MR. KIRKWOOD: Move the approval.

15 CHAIRMAN PEIRCE: The recommendation is approved.

16 MR. KIRKWOOD: Didn't we plat some lands up there not
17 long ago?

18 MR. HORTIG: I recall that at the last meeting we
19 had a similar survey plat but it was not with the City of
20 Sausalito, though.

21 MR. KIRKWOOD: I was thinking of a couple of years
22 ago.

23 MR. HORTIG: Yes, sir. There has been an additional
24 grant by the Legislature now encompassing all tidelands
25 within the city limits of Sausalito, hence a new survey is
26 required.

1 MR. KIRKWOOD: Anything different about the sub-
2 sidence deal?

3 MR. HORTIG: No, sir. The representatives of the
4 City of Long Beach are here and we believe the items are
5 non-controversial with the normal reservations on the part
6 of the City of Long Beach with respect to withholding
7 funds or deductions on the town lot project. The thing
8 that is an extension though not different in connection
9 with page 36, Mr. Kirkwood is that the Commission has
10 heretofore been approving the town lot area project on a
11 month-by-month basis pending submittal of more extensive
12 information by the Long Beach Harbor Department which
13 would permit an analysis of the feasibility of approving
14 the project on a fiscal year basis, and material has now
15 been received wherein the project can be recommended in its
16 entirety for the balance of the fiscal year and will be
17 reconsidered for the next fiscal year on a fiscal year
18 rather than on a monthly basis.

19 MR. KIRKWOOD: 34 and 36?

20 MR. HORTIG: That is correct.

21 MR. KIRKWOOD: Okay. I move the approval.

22 CHAIRMAN PEIRCE: All right. Mr. Lingle, these
23 recommendations meet with the approval of the City of Long
24 Beach?

25 MR. LINGLE: They do.

26 CHAIRMAN PEIRCE: The recommendations on page 34 and

1 36 are approved.

2 MR. HORTIG: Page 1. Oil and gas lease renewal and
3 extension P.R.C. 427.1 was issued pursuant to statutory
4 authority in renewal and extension of an oil and gas
5 lease issued originally in 1930 to the General Petroleum
6 Corporation. Section 6827 of the Public Resources Code
7 provides that the Commission may issue a new lease in
8 exchange for any lease issued for a term of 20 years, or
9 any renewal or extension thereof; such new lease shall be
10 issued at the same royalty and upon the same terms and
11 conditions as the lease for which it is exchanged, unless
12 the Commission and the lessee shall otherwise agree,
13 except that the term of such exchange lease shall be for
14 a term of five years and for so long thereafter as oil or
15 gas is produced in paying quantities, or lessee shall be
16 conducting producing, drilling, deepening, repairing, re-
17 drilling or other necessary lease or well maintenance
18 operations on the leased land.

19 Pursuant to this provision of the statutes, the
20 General Petroleum Corporation have requested that an
21 exchange lease be issued to provide for a lease for so long
22 as oil and gas is produced in paying quantities in order
23 to permit an additional development now planned by the
24 company but the additional lease term will be required in
25 order to properly amortize and justify this additional
26 development, and it is recommended that the Commission

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1 authorize the issuance of a new lease in exchange for oil
2 and gas lease extension and renewal P.R.C. 427.1 in
3 accordance with the provisions of Section 6827 of the
4 Public Resources Code, as requested by the General
5 Petroleum Corporation. The new lease is to be for a term
6 of five years and for so long thereafter as oil or gas is
7 produced in paying quantities, or lessee shall be conduct-
8 ing, producing, drilling, deepening, repairing, redrilling
9 or other necessary lease or well maintenance operations on
10 the leased land, all other terms and conditions of the
11 existing lease P.R.C. 427.1 to remain unchanged and in full
12 force and effect.

13 MR. KIRKWOOD: What is the royalty on that?

14 MR. HORTIG: The royalty has been averaging below the
15 twelve and a half per cent minimum, which is specified in
16 the oil and gas lease extension and renewal, and there is
17 a sliding scale for higher rates of production which have
18 not been reached in the average.

19 MR. KIRKWOOD: And this is something that in one form
20 or another is required under the existing lease? I mean,
21 they are entitled to either the extension for ten-year
22 periods or in the form indicated?

23 MR. HORTIG: That is correct.

24 MR. KIRKWOOD: I move the approval.

25 CHAIRMAN PEIRCE: The recommendation is approved.

26 MR. HORTIG: The item on page 2, gentlemen, identical

1 with the one just considered, is for a smaller adjoining
2 lease, adjoining the one just considered, a lease which
3 is also operated by the General Petroleum Corporation but
4 which is held by Neil C. Needham and Bertha T. Needham as
5 lessees.

6 MR. KIRKWOOD: I move the approval.

7 CHAIRMAN PEIRCE: The recommendation is approved.

8 MR. HORTIG: Page 3. State oil and gas lease P.R.C.
9 1466.1 was issued pursuant to competitive public bidding
10 in 1955 to the Richfield Oil Corporation. This lease
11 covers approximately 1,175 acres of tide and submerged land
12 in the Rincon field, Ventura County.

13 The lessee, Richfield Oil Corporation, have
14 requested that the terms of the lease be modified as
15 provided for under Section 6873 of the Public Resources
16 Code, which was adopted and amended in 1957, in order that
17 the lessee may take advantage of the more flexible and
18 operating development conditions specified.

19 MR. KIRKWOOD: Is this in reference to the use of
20 structures?

21 MR. HORTIG: This is in reference to the use of
22 structures and the use of mobile marine equipment, et
23 cetera, the broadened operating bases now permitted under
24 law which may also be included in any existing lease and
25 which the Commission -- the identical amendment the
26 Commission has heretofore authorized for approximately

1 twelve other leases.

2 MR. KIRKWOOD: It doesn't affect the royalty?

3 MR. HORTIG: No, sir.

4 MR. KIRKWOOD: Jay, is that all right?

5 MR. SHAVELSON: Howard Golden has written an informal
6 opinion and stated that it was okay and I agree with that
7 conclusion.

8 MR. KIRKWOOD: I move the approval.

9 CHAIRMAN PEIRCE: The recommendation is approved.

10 MR. HORTIG: Page 4. The Commissioners, I believe,
11 are particularly familiar with lease P.R.C. 186.1 to the
12 extent that it is the lease that contains the one completed
13 operating offshore island existing under State oil --
14 California State oil and gas leases as operated by the
15 Monterey Oil Company.

16 In connection with that island, as the Commissioners
17 are aware, there is a small auxiliary wharf, landing wharf.
18 The lessee now has under active consideration the initiation
19 of a pilot water flood operation in the shallow producing
20 zone for the purpose of reservoir pressure maintenance
21 and to increase the ultimate recovery of oil and gas and,
22 therefore, the lessee operator has requested Commission
23 approval for the construction of an additional wharf, in
24 accordance with submitted plans, adjoining the drilling
25 island, which additional wharf is to be used to accommodate
26 operating equipment and the water source wells required

1 for the proposed water flood operation. The operator has
2 also applied to the U. S. Army Corps of Engineers for a
3 permit to construct the proposed wharf at this location.

4 It is recommended that the Commission authorize
5 the executive officer to approve the construction by the
6 Monterey Oil Company of a wharf adjoining the drilling
7 island located on oil and gas lease P.R.C. 186.1, in
8 accordance with the submitted plan, the proposed wharf to
9 be used to accommodate operating equipment necessary to
10 initiate a pilot water flood operation in the shallow
11 producing zone, subject to the approval by the U. S. Army
12 Corps of Engineers of the proposed wharf placement.

13 MR. KIRKWOOD: I move the approval.

14 CHAIRMAN PEIRCE: The recommendation is approved.

15 MR. KIRKWOOD: No subsidence has shown up yet?

16 MR. HORTIG: No, sir.

17 MR. KIRKWOOD: What is the production there? Ernie
18 ought to know. How many barrels a day?

19 CHAIRMAN PEIRCE: What is the production from your
20 Seal Peach island?

21 MR. PYLES: About 3,000 barrels a day.

22 CHAIRMAN PEIRCE: How many wells have you there?

23 MR. PYLES: 30.

24 CHAIRMAN PEIRCE: 30 wells from the island?

25 MR. PYLES: Yes.

26 CHAIRMAN PEIRCE: Mr. Hanna?

1 MR. HANNA: On this operating equipment that is going
2 to be taken care of by this wharf, it presently is being
3 operated on a sort of floating barge arrangement, isn't
4 it?

5 MR. PYLES: No. We have no equipment.

6 MR. HANNA: You don't have any operating equipment
7 out there now?

8 MR. PYLES: No.

9 MR. HORTIG: There is no operating equipment for this
10 purpose at the island site currently. This is an expanded
11 project, Mr. Hanna.

12 MR. HANNA: Yes.

13 CHAIRMAN PEIRCE: The next item?

14 MR. HORTIG: Page 5. With reference to the same
15 lease just under discussion with respect to expanded wharf
16 facilities, a request has been received from the Monterey
17 Oil Company for deferment of drilling requirements under
18 the lease until November 13, 1958. The deferment of these
19 drilling requirements is desired in order to minimize the
20 congestion that would occur on the drilling island if
21 drilling operations were conducted during the time required
22 for construction of the proposed wharf to be used in con-
23 junction with the pilot water flood. During the term of
24 the lease, the operator has completed and, as has been
25 reported, is operating 30 wells in two producing zones.

26 It will probably be of interest to the Commission

1 that the lease requirements for successive drilling wells
2 is that wells -- a new well be initiated not later than 30
3 days after the completion of a preceding well.

4 (Lieutenant Governor Harold J. Powers enters the
5 hearing room.)

6 MR. HORTIG: At the request of Assemblyman Hanna, I
7 will repeat the last statement.

8 The lease requires that a new well be initiated
9 within 30 days after the completion of a preceding well.
10 However, the operations by the current lessee have been so
11 diligent, and in almost every instance succeeding wells
12 have been initiated within 24 hours of the time of comple-
13 tion of the preceding well, that mathematical analyses of
14 the amount of time which the lessee could have used but
15 did not use as between drilling wells accumulates to a
16 total of years at this point.

17 Therefore, under these circumstances the staff
18 feels that for the purpose requested, a deferment of
19 drilling requirements until November 13, 1958, is extremely
20 reasonable.

21 LIEUTENANT GOVERNOR POWERS: Okay. Yes. I move
22 approval.

23 CHAIRMAN PEIRCE: Moved and seconded. The recommenda-
24 tion is approved.

25 MR. HORTIG: Mr. Chairman, would you inquire whether
26 Mr. Dills is present?

1 CHAIRMAN PEIRCE: We have on the agenda an item
2 relating to vacant State school land on the Colorado
3 River in which Assemblyman Clayton A. Dills expressed an
4 interest several months ago, and at our meeting on
5 October 8th we received testimony from a representative
6 of the Department of Fish and Game to the effect that that
7 department desires to have this land withheld from public
8 sale, and I am now asking if Assemblyman Dills is present?
9 If not, may we proceed, Mr. Hortig, in his absence? The
10 meeting was scheduled for 9:30 and it is now 10:30.

11 MR. HORTIG: Yes, Mr. Chairman. For the record, Mr.
12 Dills was informed specifically of the meeting, a consider-
13 ation of the specific item, and was furnished an advance
14 copy of the agenda item to be presented to the State Lands
15 Commission.

16 CHAIRMAN PEIRCE: Will you present the agenda item,
17 Mr. Hortig.

18 MR. HORTIG: Yes, sir. The Commission, at its meeting
19 held on October 8th, adopted the following action in
20 connection with the subject application and an application
21 filed by the State Department of Fish and Game relating to
22 the desired acquisition of certain vacant State school
23 land adjoining the Colorado River in Imperial County.

24 Upon motion duly made and unanimously carried,
25 a resolution was adopted authorizing the executive officer
26 to refer back to the California Wild Life Conservation Board

1 for further study, the proposed acquisition by the
2 Department of Fish and Game, of 485.79 acres of vacant
3 State school land in Imperial County, with action on the
4 application of Mr. Clayton A. Dills, for the same land,
5 to be deferred until a definite conclusion is reached on
6 the application of the Department of Fish and Game, not
7 later than June 30, 1958. Any rights acquired by Mr.
8 Dills through the filing of the application are to be
9 retained by him during the period of the deferment.

10 An appraisal and inspection by a member of the
11 Commission's staff on February 13, 1958, established the
12 value of the land in question at \$10,784.54. The appraisal
13 shows that the land is not suitable for cultivation without
14 artificial irrigation.

15 Another private purchase application has also
16 been received from Mr. C. E. Fye of Oceanside, California.

17 In accordance with the action adopted by the
18 Commission on October 8th, the Department of Fish and Game
19 has submitted additional data relating to the desirability
20 and importance of the subject land to development of the
21 area by the Department. The material submitted is attached
22 and by reference hereto made a part of this calendar item.
23 The Department's submittal indicates that it is in the
24 public interest that these lands be retained by the State.

25 Therefore, it is recommended that the 485.79
26 acres of land in section 36, Township 12 South, Range 21

1 East, San Bernardino Meridian, Imperial County, be sold
2 to the State Department of Fish and Game at the appraised
3 market value of \$10,784.54 without competitive bidding,
4 and subject to all statutory reservations, including
5 minerals.

6 It is further recommended that the applications
7 of Mr. Clayton A. Dills and Mr. C. E. Fye for the same
8 lands respectively be rejected and that all deposits placed
9 by said applicants be refunded.

10 CHAIRMAN PEIRCE: Mr. Everett E. Horn, Executive
11 Officer of the California Wild Life Conservation Board, is
12 present and is prepared to answer any questions which
13 members of the Commission may desire to ask with respect
14 to this particular tract of land which the Department of
15 Fish and Game desires withheld from public sale and sold
16 to that agency pursuant to action taken by the California
17 Wild Life Conservation Board itself.

18 Do members of the Commission desire to ask Mr.
19 Horn any questions?

20 LIEUTENANT GOVERNOR POWERS: Mr. Chairman, I was the
21 one that raised the question the last time that there was
22 too much land being taken off of the tax rolls and being
23 kept off the tax rolls, and I thoroughly believe that we
24 have too much government land in this State and too much
25 off of the tax rolls and we should have more on. However,
26 in this case I have read it through and I know that the

1 Commission, along with members of the Legislature, have
2 recommended that they sell this land to the Fish and Game
3 Commission.

4 I notice a motion was made by Assemblyman Lowrey,
5 I believe, and seconded by Senator Johnson, or vice versa,
6 so I have no objection to this particular transfer of
7 land -- purchase, rather, by the Beaches and Parks. How-
8 ever, I do think still that we should be a little careful
9 in getting too much land off of the tax rolls.

10 We have a case here where the federal government
11 is taking over a big lot of land just the other day and
12 they are continually taking it and it is going to be a little
13 rough when you take so much land off the tax rolls.

14 MR. HORTIG: May I suggest, Governor Powers, a technical
15 correction. The land is to be acquired by the Fish and
16 Game rather than Beaches and Parks.

17 LIEUTENANT GOVERNOR POWERS: Fish and Game, that's
18 right. Well, even with them, we have cases with the
19 Federal Fish and Game -- I can show you the areas -- where
20 they have taken land that has served its purpose and they
21 still keep it. The bad feature with all government agencies,
22 the State included, is that whenever they get ahold of a
23 piece of property, even though it has served its purpose,
24 they never relinquish it.

25 It is necessary, and I assume that it is from
26 the report as I read it here, so I am going to accept --

1 I mean, I have no objection to it.

2 CHAIRMAN PEIRCE: Any further questions?

3 MR. KIRKWOOD: I move the approval.

4 LIEUTENANT GOVERNOR POWERS: I will second it.

5 CHAIRMAN PEIRCE: All right. The motion is made and
6 seconded that the recommendation of the staff with regard
7 to the sale of this parcel of school land be made to the
8 Department of Fish and Game and the recommendation is
9 approved.

10 MR. HORTIG: There are no further agenda items before
11 the Commission.

12 CHAIRMAN PEIRCE: Before we adjourn, is there anybody
13 in the audience who desires to present any statement or
14 information to the Commission?

15 Mr. Pyles?

16 MR. PYLES: Since you are talking about the Fish and
17 Game Commission, I think the State Lands Commission would
18 be interested in this bit of information: We were advised
19 by them that they had numerous complaints from the sport
20 fishing organizations regarding Monterey Island, and that
21 the fishing just wasn't good at all, so the Fish and Game
22 Commission sent their divers down and spent most of the
23 day there in making an inspection and they tell us that
24 that is probably one of the best fishing places along the
25 coast of California.

26 MR. KIRKWOOD: Do you mean the island?

1 MR. PYLES: Not on the island, in and around the
2 island, but this is the first time we have done anything
3 about it. We were a little reluctant to take advantage of
4 it because these sport fishermen, they will really go out
5 in mobs if they know that they are as plentiful as they
6 are, and it just adds to the problem, and at the moment
7 we are going to let it set at that point and I thought you
8 would be interested in knowing that it has, in the Fish
9 and Game Commission's opinion, increased the fish to a
10 large extent in that particular area.

11 CHAIRMAN PEIRCE: Thank you, Mr. Pyles. Does anyone
12 else like to be heard?

13 (No audible response.)

14 CHAIRMAN PEIRCE: There being no further business,
15 the meeting will stand adjourned.

16 (The hearing was adjourned at 10:30 a.m.)

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CERTIFICATE OF REPORTER



STATE OF CALIFORNIA, }
County of Los Angeles. } ss.

I, JOHN J. RABASA, Reporter for the State Lands Commission of the State of California, hereby certify that the foregoing is a full, true and correct transcript of the stenographic notes taken by me in this matter, on the date hereinbefore specified, and that the same is a full, true and correct record of the proceedings had in the same matter before the State Lands Commission of the State of California.

Dated at Los Angeles, California, on June 6, 1958.

Reporter