

A meeting of the State Lands Commission was held in the office of the Department of Finance, State Capitol, Sacramento, at 10:30 A. M., April 9, 1940.

Present were:

John R. Richards, Chairman,
Ellis E. Patterson, Member,
Harry B. Riley, Member.

Upon motion of Mr. Patterson, seconded by Mr. Riley, and unanimously carried, the minutes of the meeting held April 4, 1940, were approved and confirmed as submitted.

The Executive Officer reported to the Commission of receipt of a letter from the Southwest Exploration Company, a corporation, grantee in Agreement for Easement No. 392, Huntington Beach, protesting the award of an easement to authorize the finishing of an oil well at Location "P" designated upon map of State Lands Commission, for the reason that such well might constitute an offset to finished well of Southwest Exploration Company immediately westerly of the center line of 23d Street as extended and Location "P".

Upon motion of Mr. Riley, seconded by Mr. Patterson, and unanimously carried, a resolution was adopted to direct any grantee of an easement to drill an oil well to Location "P" to take all tolerance in drilling easterly of Location "P", and that the Executive Officer be directed to advise the Southwest Exploration Company, a corporation, of this resolution of the Commission.

The Executive Officer submitted a report of Dr. E. K. Soper, Consulting Engineer of the Commission, upon bids received by the State Lands Commission and opened at meeting of the Commission held April 4, 1940, to drill oil and gas wells into tidelands and submerged lands of the State fronting the City of Huntington Beach.

Mr. Patterson put the following resolution:

RECITAL:

It appearing from said report of Dr. E. K. Soper, Consulting Engineer to the Commission, that The Termo Company, a corporation, is the highest bidder for easements to drill oil and gas wells to Locations "L", "N" and "P", and the Surf Associates, Inc., a corporation, is the highest bidder to drill oil and gas wells to Locations "G", "H" and "J", and it further appearing from report of the Executive Officer that The Termo Company, a corporation, and Surf Associates, Inc., a corporation, qualify in all respects in accordance with the law and rules and regulations of the Commission for an award of easements,

NOW THEREFORE BE IT RESOLVED That the said bids of The Termo Company, a corporation, be accepted for said Locations "L", "N" and

"P", and the bids of said Surf Associates, Inc., a corporation, be accepted for said Locations "G", "H" and "J", and

BE IT FURTHER RESOLVED That the other bids received from the persons or corporations, and for the locations, be rejected, as follows:

<u>Location</u>	<u>Name of Bidder</u>
G	John H. Marion
J	F. E. Fairfield, et al.
L	Surf Associates, Inc.
L	Obert Egerer
N	Surf Associates, Inc.
N	Obert Egerer
P	Surf Associates, Inc.
P	Obert Egerer

BE IT FURTHER RESOLVED That report of Dr. E. K. Soper be filed, and

BE IT FURTHER RESOLVED That the Attorney of the Division of State Lands, be, and he is hereby, authorized, empowered and directed, to execute upon behalf of the State Lands Commission of the State of California, with The Termo Company, a corporation, those certain Agreements for Easements for Locations "L", "N" and "P", and numbered 409, 410 and 411, respectively, and to execute upon behalf of the State Lands Commission of the State of California, with Surf Associates, Inc., those certain Agreements for Easements for Locations "G", "H" and "J", and numbered 406, 407 and 408, respectively, constituting the bids of said The Termo Company, a corporation, and said Surf Associates, Inc., a corporation, and

BE IT FURTHER RESOLVED That the Attorney be, and he is hereby, authorized and directed to do any and all things necessary to effectuate the intents and purposes of this resolution and the "State Lands Act of 1938" insofar as applicable thereto.

The roll was called and the resolution was adopted by the following vote:

Ayes - John R. Richards
Ellis E. Patterson
Harry B. Piley

Noes - None

The Executive Officer reported that no bid or bids had been received to drill an oil and gas well to any of the locations offered by the Commission from upland lots owned by Henry G. and Mary A. Steans to which reference is hereinbefore made. It was further pointed out that the State of California still has a suit pending against the Bestmi Petroleum Corporation, a corporation, and others, for royalties

due to the State on account of taking oil through a well drilled on these lots into the tidelands and submerged lands fronting the City of Huntington Beach, and that the sum of \$2,000.00 had been paid by the Bestmi Petroleum Corporation to the State of California on account, but it is doubtful whether any additional amount could be recovered from this company on account of its reported insolvency. The Executive Officer further reported that The Texas Company, a corporation, had earlier offered to pay the State the sum of \$4,000.00 in consideration of release from the action pending, and the question now before the Commission is whether the State should go forward with the suit or accept the sum of \$4,000.00 which, together with the \$2,000.00, would leave \$8,461.00 remaining unpaid.

Upon motion of Mr. Patterson, seconded by Mr. Riley, and un-animously carried, resolution was adopted directing the Executive Officer to request the Attorney General to accept the sum of \$4,000.00 from The Texas Company, a corporation, and deliver to it a release from this action and any other appropriate documents or instruments demanded by it and then to prosecute the action against the remaining defendants if in his judgment such procedure were deemed proper.

The Executive Officer made an amended oral report of the progress of the investigation against the Ocean Front Oil Company, holder of Agreement for Easement No. 289, Huntington Beach, and others, and was directed to continue the investigation in accordance with earlier approval given by the Commission.

The Executive Officer reported of the progress being made in drafting of form of bid to be used at Rio Vista Gas Field. He stated that he was doubtful the Commission would receive any bid should the Commission decide to reserve the power to take royalty gas in kind for the reasons that the purchaser of the gas would have no assurance continuously of the entire State output during the term of the contract and difficulty of determining the amount of gas to which the State would be entitled under alternative royalty provision for the State to take a certain percentage of the net profits as royalty. He added that certain State officials appear to take the position that the State's gas should be available at all times for operation of a stand-by electrical plant somewhere on the Carquinez Straits as a part of the Central Valleys Project System.

On motion of Mr. Patterson, seconded by Mr. Riley, and un-animously carried, a resolution was adopted directing Dr. E. K. Soper, Consultant for the Commission, to prepare a report for the Commission containing recommendations upon the foregoing and that Dr. Soper be empowered to employ an electrical engineer to assist him in the preparation of report and recommendations if he deemed it necessary.

The Executive Officer reported to the Commission that engineers of the Division of State Lands from time to time have been doing some surveying of the coast line in an effort to establish the line of ordinary high water mark and have just completed the establish-

ment of a line in connection with property of the late Will Rogers at Santa Monica. It was further explained that any extended survey to establish ordinary high water mark would require the services of a large crew and the purchase of special instrument or instruments and would, therefore, be expensive. The Executive Officer questioned whether there is at this time legal authority to undertake such an extensive survey although he expressed the belief that surveys such as that in connection with the property of the late Will Rogers was necessary and surveys in connection with the leases and easements issued by the Commission are also necessary. A question of policy appears to be involved but, in view of the status of the law, it is doubtful whether the Commission should assume the responsibility of attempting a coastlength survey.

On motion of Mr. Patterson, seconded by Mr. Riley, a resolution was adopted directing that no expense be incurred to conduct a general survey of the coast line in an effort to establish the line of ordinary high water mark until legislation be passed authorizing the same, and that the Executive Officer be directed to draft tentative legislation with reference to the foregoing for consideration of the Commission.

Upon motion of Mr. Patterson, seconded by Mr. Riley, by resolutions adopted by unanimous vote, the Executive Officer was authorized and directed to perform the acts, and his acts were approved and confirmed as follows:

1. Cancellation of Agreement for Easement No. 277, Huntington Beach;
2. Insertion of powers of cancellation at the option of the grantees upon payment of all sums due the State and performance of other obligations in easements prepared for Pacific Coast Railway Company, a corporation, and John F. Meyer, in San Luis Obispo County, California;
3. Approval of plans for construction of west jetty at San Gabriel River outlet by Los Angeles County Flood Control District;
4. Approval of plans for reconstruction of municipal pier on tidelands and submerged lands at San Clemente;
5. Obtain opinion from Attorney General to determine jurisdiction of State Lands Commission over any reconstruction of municipal pier on tidelands and submerged lands fronting Huntington Beach;
6. Issuance of State Mineral Lease No. 405 to E. Auclair;
7. Issuance of leases to Department of Agriculture, Russell R. Travis and Chas. W. Henderson, on State property at Vidal Junction, as follows:

Department of Agriculture - $1\frac{1}{2}$ acres - \$12.50 per year to July 1, 1940; \$25.00 per year for the remainder of the term;

Russell R. Travis - $1\frac{1}{4}$ acres - \$11.00 per year to July 1, 1940; \$22.00 per year for the remainder of the term;

Charles W. Henderson - $\frac{1}{2}$ acre - \$6.00 per year to July 1, 1940; \$12.00 per year for the remainder of the term;

term of leases to commence July 1, 1938, and end June 30, 1943, and upon condition that the leases contain prohibition of the sale of spirituous liquors;

8. Decline to lease space on State lands at Vidal Junction for the erection and maintenance of a sign for Hotel Indie;

9. Decline to review former decision not to sell timber on State lands;

10. Cancellation of State Mineral Leases Nos. 398 and 399 upon condition that any moneys heretofore paid be retained by the State of California;

11. Transfer of sum of \$85,000.00 from State Lands Act Fund to General Fund and State Park Maintenance and Acquisition Fund. in percents of 70 and 30, respectively;

12. Issuance of certificate with reference to certain submerged lands at Oakland, California, to United States of America.

The Executive Officer reported that the United States of America had prevailed in an action against the Standard Oil Company of California, et al., for the recovery of a certain Section 36 in Elk Hills, and that a possibility existed that the State of California might under Acts of Congress of 1927 and 1934 obtain patent to this section and the Executive Officer stressed the opinion that it was only a possibility and added that that the Attorney General had been asked to give an opinion upon the rights of the State of California with reference to this school section as well as others. The Commission approved the action taken by the Executive Officer.

The Executive Officer again pointed out to the Commission that provision is made in Section 675 of the Political Code for the withdrawal from sale of State lands. It was the opinion of the Commission that it would continue the present policy in the sale of State lands.

There being no further business to come before the Commission, the meeting was adjourned.