

A meeting of the State Lands Commission was held in Room 306, State Capitol, Sacramento, on September 24, 1945, at 2 P.M.

Present: James S. Dean, Chairman
Harry B. Riley, Member
Frederick F. Houser, Member

1. Upon motion duly made and carried, the minutes of the regular meeting of the State Lands Commission held in Los Angeles on July 24, 1945, were unanimously approved and confirmed as submitted.

2. Upon motion duly made and carried, it was determined to hold the next meeting of the Commission in Los Angeles on Tuesday, October 30, 1945, at 2 P.M.

3. (Marine Exploration Company Bid - Seal Beach Area - Orange County)
After full discussion and review of the bid of the Marine Exploration Company for an oil and gas lease of the area advertised during the month of March, 1945, upon motion of Commissioner Riley, seconded by Commission Chairman Dean, the following resolution was presented for Commission action:

(a) BE IT RESOLVED, that the State Lands Commission rescind the action taken by the Commission with respect to Item No. 3 of the calendar and minutes of the State Lands Commission meeting held on July 24, 1945.

The roll was called and the Commission voted as follows:

Commissioner Riley ----- Aye
Commissioner Dean ----- Aye
Commissioner Houser ----- No.

Detailed discussion by the Commission members and representatives of the Marine Exploration Company then followed. During the course of this discussion, Chairman Dean asked representatives of Marine Exploration Company if they would agree to accept a lease awarded by the Commission for an area containing less acreage than that which was advertised.

Representatives of Marine Exploration Company, after analyzing the proposal made by Mr. Dean, agreed to accept a lease under such conditions. Therefore, upon motion of Commissioner Dean, seconded by Commissioner Riley, the following resolution was presented for Commission action:

(b) BE IT RESOLVED, that a certain area be withdrawn from the area advertised and described in the advertising appearing in the Santa Ana Register, on March 12th through 16th, inclusive; Seal Beach Post and Wave on March 16th; and the Huntington Beach News on March 8th and 15th, and that, such withdrawn area be more accurately described as follows:

Beginning on the center line of Ocean Boulevard at its intersection with the Los Angeles County Boundary Line, thence S. $33^{\circ} 0'$ W., a distance of 66 feet to the ordinary high water mark of the Pacific Ocean; thence seaward S. $33^{\circ} 0'$ W., a distance of 15,840 feet to a point in the Pacific Ocean; thence S. $51^{\circ} 55' 51''$ E., a distance of 4404.02 feet to a point in the Pacific Ocean, the true point of beginning; thence, from the true point of beginning, N. $31^{\circ} 17'$ E., 15,840 feet to a point on the meander of the ordinary high water mark of the Pacific Ocean; thence following said meander line N. $58^{\circ} 43'$ W., a distance of 418.27 feet to a point; thence N. $49^{\circ} 05' 22''$ W., a distance of 313.26 feet to a point; thence N. $48^{\circ} 54' 24''$ W., a distance of 623.66 feet to a point; thence N. $59^{\circ} 09' 20''$ W., a distance of 566.84 feet to a point; thence seaward S. $24^{\circ} 28' 50''$ W., a distance of 16,107.90 feet to the true point of beginning and containing approximately 245 acres.

The roll was called and the Commission voted as follows:

Commissioner Riley	-----	Aye
Commissioner Dean	-----	Aye
Commissioner Houser	-----	No.

Commissioner Houser made the following statement in explanation of his vote:

"In my opinion, if any of the territory is withdrawn, all the area should be withdrawn, except the seaward extension to the three-mile limit which lies beyond the Gilco lease, but lies within a projection of the east and west boundaries of the Gilco lease -- I state this pursuant to my motion at the July meeting."

Upon motion of Commissioner Riley, seconded by Commission Chairman Doan, the following resolution was presented for Commission action:

- (c) BE IT RESOLVED, that the State Lands Commission accept the bid of the Marine Exploration Company, which bid was a factor of 1.1 with a guaranteed minimum of $16 \frac{2}{3}$ per cent at all times; and that on the basis of such bid, by Marine Exploration Company, that Marine Exploration Company be awarded an oil and gas lease of and for the tide and submerged lands which remained in the area originally advertised, after the withdrawal action recorded and set forth in Resolution (b). The area remaining in the award is more particularly described as follows:

Beginning at a point at the intersection of the center line of Ocean Avenue, and the Los Angeles County Boundary Line and running S. $33^{\circ} 0'$ W., a distance of 66.00 feet to the true point of beginning on a meander of the ordinary high water mark of the Pacific Ocean; thence, from the true point of beginning seaward S. $33^{\circ} 0'$ W., a distance of 15,840.00 feet to a point in the Pacific Ocean; thence S. $51^{\circ} 55' 51''$ E., a distance of 4,404.02 feet to a point in the Pacific Ocean; thence N. $24^{\circ} 28' 50''$ E., a distance of 16,107.90 feet to a point on a meander of the ordinary high water mark of the Pacific Ocean; thence, following the said meander line N. $59^{\circ} 09' 20''$ W., a distance of 58.46 feet; N. $58^{\circ} 19' 04''$ W., a distance of 623.56 feet; N. $46^{\circ} 12' 38''$ W., a distance of 324.66 feet; N. $42^{\circ} 41' 00''$ W., 1,031.29 feet to the true point of beginning; containing approximately 1,255.00 acres.

The award of this lease to be contingent upon the filing by Marine Exploration Company of a surety bond in an amount of \$25,000.00, whereunder faithful performance by the Lessee would be guaranteed to the State.

The roll was called and the Commission voted as follows:

Commissioner Riley ----- Aye
Commissioner Dean ----- Aye
Commissioner Houser ----- No.

Commission Member, Lieutenant Governor Houser, made the following statement in explaining his vote of No:

"In casting a 'No' vote on these two motions, I am opposed to them because I believe:

"(1) There is a possibility that the City of Seal Beach will repeal its anti-drilling ordinance, and that, if it does, there is a likelihood, in my opinion, that we would secure higher royalties through competitive bids; and

"(2) Under any circumstances, irrespective of the Seal Beach situation, it is bad to lay down any general policy for making awards, where there are no competitive bids, and in this particular instance, there was just one bid. I realize that this one award does not necessarily establish a policy in that direction, but it leans toward the establishment of such a policy, and I am against it for that reason."

4. (Interpretative Amendment to Leases Issued Pursuant to the State Lands Act) The Commission discussed the need of interpreting the language relative to the State's reservation of the right to take its oil and/or gas and other hydrocarbon products in kind. This provision is contained within the State's present oil and gas lease form.

After full discussion, and upon motion duly made and unanimously carried, a resolution was adopted, whereunder the Executive Officer