

Initiative Measure No. 4 would accomplish.

The Chairman questioned the staff as to whether the advice of the Attorney General was sought before the foregoing report was prepared, and was informed that this had not been done, that the report was prepared by the staff on its own.

The Chairman pointed out that certain implications of the bill indicated that advice of the Attorney General should be sought before any action was taken by the Commission, and Mr. Kirkwood concurred, both stating that they had not had time to study the measure sufficiently to familiarize themselves with it and therefore not in a position to pass judgment or to take any action at this time. It was agreed that an opinion from the Attorney General was to be obtained, and that a further analysis should be prepared by the staff as to what the act would mean in terms of dollars, if it can be estimated in that way.

Mr. Charles W. Johnson, Chief Deputy Legislative Counsel, Assembly Interim Committee on Conservation, Planning, and Public Works, upon being queried about the analysis he was making of this initiative measure for the Legislature, stated that his analysis was being prepared without the cooperation of the Attorney General's office, that it will cover all features of the act, and that it is not yet ready for release.

The Executive Officer was instructed to make a request to the Attorney General, in the name of the Commission, for an opinion with respect to Proposition No. 4 and its application to all State-owned lands, and what its effect would be upon leases, etc. The Executive Officer was further directed to assume responsibility for expediting action on this request, and for supplying each member of the Commission with a copy of the opinion of the Attorney General and with any other information which the staff may develop with respect to this matter, this to be done in advance of the next Commission meeting so that it can be studied beforehand.

Mr. Kirkwood emphasized that any action by the Commission should be taken only after a public hearing giving the industry an opportunity to be heard, and the Executive Officer was asked to take this into account.

The Chairman invited anyone present who wished to comment to do so, but there were no appearances.

4. (REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, DOUGLAS OIL COMPANY OF CALIFORNIA, HUNTINGTON BEACH - P.R.C. 1524.1.) The following report was presented to the Commission:

"On April 12, 1956 (Minute Item 12, pages 2614-15) the Commission authorized the deferment of drilling and operating requirements under Oil and Gas Lease P.R.C. 1524.1 for a period of ninety days from March 24, 1956 subject to the express condition that during the period of deferment the lessee would perform one of the following actions:

1. Initiate development on the lease.
2. Quitclaim the undeveloped lease area.
3. Present new adequate bases not considered heretofore for consideration as to any further deferment of the drilling and operating requirements under the lease.

"An application has been received from the lessee, Douglas Oil Company of California, requesting consideration of further deferment of the drilling and operating requirements under Lease P.R.C. 1524.1 to December 31, 1956. This request is predicated on the necessity for additional time to permit evaluation of the production possibilities of the undrilled leased area, and the determination of the feasibility of engaging in core drilling operations to determine the underlying structure. It is also believed that operations being conducted on other adjoining leased lands may assist materially in a proper evaluation of the potential of the leased premises, and the economic advisability of further drilling operations."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT DOUGLAS OIL COMPANY OF CALIFORNIA A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 1524.1 TO DECEMBER 31, 1956. THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD OF DEFERMENT LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE.
2. QUITCLAIM THE UNDEVELOPED LEASE AREA.
3. PRESENT NEW ADEQUATE BASES NOT CONSIDERED HERETOFORE FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.
5. (CONSULTING SERVICES FOR REVIEW OF PROPOSED OIL AND GAS LEASES - W. O. 2049-D.) The following report was presented to the Commission:

"On August 16, 1955 (Minute Item 5, pages 2413-14) and on May 18, 1956 (Minute Item 14, pages 2683-84), the Commission authorized the Executive Officer to negotiate and enter into contracts with Dr. P. T. Homan, Mr. Charles B. Bennett and Mr. L. Kemnitzer for consulting services and preparation of reports on problems related to tide and submerged land oil and gas leases by the State Lands Commission during the budget year 1955-56 pursuant to Chapter 1724, Statutes of 1955. Necessary studies of the offshore leasing problems for areas under consideration will require the continued services of the board of consultants during the 1956-57 fiscal year. Areas which it is