TRANSCRIPT OF
SPECIAL MEETING
of
STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA
FEBRUARY 11, 1959 - 10:30 A. M.

PARTICIPANTS:

THE COMMISSION:

Messrs. Bert W. Levit, Director of Finance, Chairman
Glenn M. Anderson, Lieutenant Governor
Alan Cranston, Controller

F. J. Hortig, Executive Officer

SPECIAL MEETING TO CONSIDER COOPERATIVE
AGREEMENT, WATERFLOOD PROGRAM, RANGER ZONE,
FAULT BLOCK VI, WILMINGTON OIL FIELD

and

AGREEMENT SUPPLEMENTING DRILLING AND OPERATING
CONTRACTS, RICHFIELD OIL CORPORATION, WILMINGTON
OIL FIELD

REPORTER:
Louise H. Lillico
Division of Administrative Procedure
MR. LEVIT: This is a special meeting of the State Lands Commission and all the members of the Commission are present. Suppose you tell us, Mr. Hortig, what the calendar items are.

MR. HORTIG: The Commission will recall that in supplement to the last regular meeting presentations of applications were made by the City of Long Beach relating to (one) a desired approval of a form of cooperative agreement between the City of Long Beach, Richfield Oil Corporation, and an organization known as Producing Properties, Inc., which agreement would establish the principle of desirability of repressing operations to be conducted in a segment of the Wilmington Oil Field designated as Fault Block VI; (second), to implement this agreement for which approval was sought, approval was also requested for amendment of an existing operating contract between the City of Long Beach and Richfield Oil Corporation, in order that Richfield might undertake operations beyond the scope of the original contract but necessary to implement this desired repressing project which was to be endorsed in principle under the form of the cooperative agreement.

At the time of review with the Commission there had not been time for a review by the staff as to engineering and economic feasibility of the desired programs, nor for review as to legal formation by the office of the Attorney General.
Both of these reviews have now been completed. The staff is recommending that the programs desired to be placed in operation by the City of Long Beach be granted approval and that they do have engineering and economic feasibility; and the office of the Attorney General has written informal opinion reports as to the legal sufficiency of the documentation offered. These opinion reports are attached as exhibits to your calendars.

MR. LEVIT: Now, you are recommending -- let's go over this recommendation here -- that we rescind the conditional approval of December 11 of the cooperative agreement between Long Beach and Richfield and so on; secondly, that we make a finding that entering into and performing the so-called cooperative agreement dated January 16 between the same parties is in the public interest; and this agreement is the modified agreement that was before us at the last meeting.

MR. HORTIG: That was presented for the first time at the last meeting, yes sir. I might add there, sir, before we go further, the agreement which had been approved on December 11 by the Commission had not been executed by any of the parties thereto. The modified agreement which was presented at the last meeting of the Commission had already been executed by the parties thereto, other than approval by the State Lands Commission; and hence it is felt that in order to keep the record clear as to which agreements
were approved and which were not, it is desirable to
rescind the prior approval which extended to an agreement
that had never been executed, being certain that the
approval is extended only to the latest modified form of
the agreement.

MR. LEVIT: Yes. Now, thirdly, you are proposing
a finding that the cooperative agreement provides for
prohibition of any impairment of any public interest in
commerce, navigation and fisheries.

MR. HORTIG: Yes, for the reason that Section 6879
of the Public Resources Code requires that approval of a
cooperative agreement by the Commission shall be only upon
findings by the Commission as detailed in our Recommenda-
tions (2) and (3).

MR. LEVIT: And, finally, you are asking that we
approve the cooperative agreement subject to the Public
Resources Code.

MR. HORTIG: Yes.

MR. LEVIT: What about the other agreement?

MR. HORTIG: The amendment to the drilling contract --
that is Item 2, about 3-4-5 pages up from the bottom
of the file.

MR. LEVIT: They both go together, don't they?

MR. HORTIG: Well, they are two separate agreements
and require separate approvals, although they are required
as a package if operations are to be conducted.
MR. LEVIT: Actually, that's the main reason we didn't want to take action last time.

MR. HORTIG: Separately ...

MR. LEVIT: Do you have anything to add? You were pretty well prepared to approve the amendment last time.

MR. HORTIG: Not the amendment to the operating agreement. We had relatively few reservations, but we weren't in a position to recommend it. Having previously recommended the agreement, we couldn't foresee many questions, but we had not had an opportunity to review the engineering behind the proposed amendment to this drilling contract; and as you gentlemen recall, it was suggested that there be a further staff meeting the next day with the City of Long Beach, which meeting was held; and for the first time the City of Long Beach presented this engineering report which contained the answers to the questions that the staff had and felt they must have before they could recommend modification of the drilling contract. Having now received and having had an opportunity to review the engineering report, the staff is now in a position to recommend that the drilling contract be approved. Amendments to any operating contract require approval of the Commission under Chapter 6879.

MR. LEVIT: Anyway, you are recommending that we approve Item 2, the amendment to the operating agreement. What is the pleasure of the Commission?
GOVERNOR ANDERSON: I so move.

MR. LEVIT: The motion is to approve Calendar Items 1 and 2 in accordance with the recommendations of the staff.

MR. CRANSTON: Second the motion.

MR. LEVIT: If there is no objection that will be the order by unanimous consent of the Commission. Is there anything else to come before us?

MR. HORTIG: No further business from the staff.

MR. LEVIT: When is our next meeting?

MR. HORTIG: February 24th -- Tuesday, February 24, at 10 a.m., sir.

MR. LEVIT: That was the one we took on an unusual day, wasn't it? Is it contemplated that meeting will last longer than the morning?

MR. HORTIG: No sir, it is not.

MR. LEVIT: Anything further?

MR. CRANSTON: No.

MR. LEVIT: If not, the meeting will be adjourned.

ADJOURNED 10:45 A.M.

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I, LOUISE H. LILlico, reporter for the Division of Administrative Procedure, hereby certify that the foregoing five pages contain a full, true and correct transcript of the shorthand notes taken by me at the special meeting of the State Lands Commission of the State of California held on February 11, 1959 at 10:30 a.m. in Sacramento, California.

Dated: Sacramento, California February 11, 1959

Louise H. Lillico