Transcript of proceedings of meeting of State Lands Commission, held at Room 806 State Building, Los Angeles, California, on Thursday, February 18, 1960, at 3:20 p.m.

THE COMMISSION:
Glenn M. Anderson, Lieutenant Governor, Chairman
John E. Carr, Director of Finance
Richard A. Walton, Administrative Assistant, Deputy for Alan Cranston, State Controller

F. J. Hortig, Executive Officer
Fred W. Kreft, Assistant Executive Officer
Howard S. Goldin, Deputy Attorney General
John F. Hassler, Deputy Attorney General
Fred Zweiback, Executive Secretary to Lt. Governor

Reported by: Carroll S. Blodgett, CSR
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GOV. ANDERSON: The meeting of the State Lands Commission will come to order. This is a special meeting, and we will take up the Item Classification 1, Wilmington Area, first.

MR. HORTIG: Mr. Chairman, if I may interrupt.

GOV. ANDERSON: Mr. Hortig.

MR. HORTIG: Mr. Chairman, may the record show that Mr. Richard Walton is representing Controller Cranston on appointment as Deputy Controller.

GOV. ANDERSON: Yes, and also show the other two members are present. Do you want to proceed on these, then, Mr. Hortig, and take them up?

MR. HORTIG: Yes, sir.

GOV. ANDERSON: The first is Item (a).

MR. HORTIG: As the Commission will recall with respect to co-operative agreements for water injection into Fault Blocks I and II, the Lands Commission has heretofore approved such agreements as they affected lands within the City of Long Beach within the Wilmington Oil & Gas Field. The Commission now has before it on submittal by the Board of Harbor Commissioners of the City of Los Angeles the same type of co-operative agreement for the same purpose, covering lands of the City of Los Angeles which are still within the Wilmington Oil Field and also within Fault Blocks I and II, with the request that pursuant to the statutory requirements the State Lands Commission
approve this agreement in the same manner in which it has
been authorized previously for the City of Long Beach.

It is the opinion of the office of the Attorney
General that the submitted co-operative agreement conforms
with the requirements of the Public Resources Code, and
that it may be conditionally approved by the State Lands
Commission, and that approval under Section 6879 of the
Public Resources Code will satisfy the requirements of the
other applicable sections of the Code, specifically Sections
7058 and 7060 (b).

The reason for the conditional approval at this time
is that the Code requires a finding on behalf of the local
governmental organization of certain conditions having been
met. This finding is to be made by the Board of Harbor
Commissioners of the City of Los Angeles, but has not been
completed and, therefore, it is recommended that the State
Lands Commission find, and if you gentlemen will bear with
me, I will read these recommendations today because they
are exceedingly complex, rather than paraphrase them, to be
certain that we get the specific and correct language in
as recommended by legal counsel.

It is recommended that the Commission find, first,
that the entering into and the performance of the water-
flooding program known as Co-operative Agreement - Fault
Blocks I and II (Ranger and Upper Terminal Zones), Wil-
mington Oil Field, between General Petroleum Corporation,
from unreasonable waste, or that the subsidence or sinking
of such lands and abutting lands may possibly be arrested
or ameliorated thereby.

This condition to the consent is a verbatim restatement
of the requirements of the existing Public Resources
Code for such an agreement, and favorable action of the
Commission on the recommendation just read is recomme

MR. CARR: Mr. Chairman, I move that the Commission
find in accordance with paragraphs 1 and 2 of this calendar
item 1.

MR. WALTON: Second the motion.

GOV. ANDERSON: I would like to ask a couple of
questions before we put it to a vote. It is my understand-
ing that you have been working on this roughly how long,
the planning and the engineering and--

MR. HORTIG: Well, actually, with respect to the
specific agreement, as you note, the Lands Commission has
previously approved the same type of agreement as of
October 29, 1959, for lands in the City of Long Beach. It
just happens that the arbitrary city limits between Long
Beach and Los Angeles divide these certain fault block
areas in the Wilmington Field, but geologically and
productionwise the lands are identical. We now have the
request from the City of Los Angeles that their lands be
included under an approved co-operative agreement identical
to that previously approved for the City of Long Beach
wouldn't be any question as to legality. You have had sufficient time on this?

MR. HORTIG: To the extent that all reasonable legal, engineering and audit reviews could be given to it. I should state for the Commission that I believe it is the consensus, while there might not be a consensus of legal agreement as between all parties as to what all the details of operation are going to be in the future, it is felt that nothing further could be accomplished at this time by further legal review; that any additional determinations will necessarily come in the future from a judicial determination, if such becomes necessary. In other words, all the avenues and all the staff are exhausted.

GOV. ANDERSON: The reason I am asking the question, I think you are aware that all of us want to do everything we can to speed up the fight against subsidence, yet by the same token I am voting on something here I have not had a chance to personally check, and probably wouldn't understand it even if I took a lot more time. I just want to be sure that both the Attorney General's office and the staff of the Lands Commission has done a thorough job in studying all these agreements we are going to approve, and can so state.

MR. HORTIG: I believe I can state unqualifiedly that is the case.

GOV. ANDERSON: Any further questions?
MR. CARR: Why don't you ask the Attorney General's office, their representatives are here?

MR. HORTIG: I only said, "I believe," because I was in effect speaking for the Attorney General's office, and they are here and can speak for themselves.

GOV. ANDERSON: I would feel a little better if I knew they said it themselves.

MR. GOLDIN: Mr. Chairman, I have reviewed the current co-operative agreement for Fault Blocks I and II, authorization for the amending of the Parcel "W" drilling and operating contract, and the Co-operative Agreement, Fault Block I (Ranger Zone).

MR. HORTIG: Those are Items (a), (b) and (c), for your information.

MR. GOLDIN: The Attorney General's office is satisfied as to the legality. In all candor, I will confess to the Commission that there are items that I would have under ordinary circumstances insisted upon going back and being redone. We have made certain concessions in the interests of repressurization and the exigencies of the situation, but we do not believe that these concessions have in any manner affected legality. For example, with respect to the agreement currently under consideration, under ordinary circumstances I would insist that the City of Los Angeles make the factual determination required by 6879 before the matter actually would be calendared before this Commission.
It is my understanding from the staff of the Commission that the City's position is that it is necessary for them to secure State Lands Commission approval before making this particular determination. Rather than quibble over whether it be made before or after, in the interests of getting this show on the road, we have consented to this mechanism of conditional approval, and we are going to suggest that the minute this condition is met, we re-calendar the item and have it ratified by the Commission to seal up any possible loopholes. But, in answer to your question with respect to the matters on which I have worked, I am satisfied as to the legality.

MR. WALTON: Which factual determinations are you talking about?

MR. GOLDIN: Mr. Walton, it is necessary pursuant to Public Resources Code, Section 6879, for the City, before committing tide and submerged lands to the co-operative or unit agreement, and these are lands the grant of which does not reserve to the State the right to produce oil and gas therefrom, the City must determine, and I am going to paraphrase, that it is in the interests of increasing the ultimate recovery of oil or protection against unreasonable waste or to ameliorate subsidence before entering into such co-operative or unit agreement. The City of Los Angeles has not yet formally made such a factual determination required by the Code.
MR. HORTIG: Under the staff recommendation, if they don't make such finding, however, there will also be no State Lands Commission approval. The Lands Commission approval under this procedure will be effective only as, if and when the City does make this finding in conformance with the law.

One of those cases of who goes first.

GOV. ANDERSON: Any further questions or comments? Then, if there is no objection, the first item will be approved.

The next is Item (b). That actually covered 1(a)?

MR. HORTIG: Yes.

GOV. ANDERSON: Now we are on 1 (b).

MR. HORTIG: Which appears on page 2 of your calendar in detail.

Here we can summarize in that the operating contracts under which the contractors for the City of Long Beach have heretofore operated, when they were issued, of course, did not contemplate and envision the necessity for providing for the specialized type of accounting that will become necessary in order to assure that everybody participates properly in any plan of unit operation. Therefore, a request has been received from the City, and the office of the Attorney General has reviewed the form of the agreement which has been submitted, which would amend the existing operating contract in which the Attorney General has advised
that pursuant to Chapter 39, the State Lands Commission
can properly give advance consent to the agreement amending
Parcel "W" drilling and operating contract, and in so doing
the Commission is approving in principle the institution
of a system of reimbursable unit accounting costs, or that
the City may in the future reimburse the contractor for
accounting costs which will arise as the result of any
operations under a unit plan, which unit plans are going to
be considered by the Commission later in this calendar.

Therefore, it is recommended that the Commission
authorize the Executive Officer to give advance consent to
the entering into of the agreement amending Parcel "W"
drilling and operating contract entered into on March 15,
1939, between the Board of Harbor Commissioners of the City
of Long Beach and the Long Beach Oil Development Company
to provide for reimbursement to the contractor for the
costs of keeping the additional accounts and records re-
quired under the proposed unit agreement and unit operating
agreement.

MR. WALTON: I will so move.

GOV. ANDERSON: It has been moved.

MR. CARR: Second the motion.

GOV. ANDERSON: It has been moved and seconded. Any
discussion on it?

If not, if there is no objection, then it is so
ordered.
we will go on to Item (c).

MR. HORTIG: Which appears on page 3 of your calendar.

Here again tide and submerged lands under the jurisdiction of the City of Los Angeles by reason of prior legislative grant to the City of Los Angeles, but without reservation of minerals to the State in the grant are involved, and an agreement has been submitted by the City of Los Angeles Board of Harbor Commissioners for approval, which agreement provides for expanding water-flood operations to the north of the Long Beach-Los Angeles boundary line. On the other side, on the Long Beach side, as we have already outlined to you, gentlemen, the Commission has heretofore approved co-operative agreements for the Long Beach land. It will be necessary to co-ordinate water injection under this agreement with water injection operations to be conducted in the Ranger Zone in Fault Block II, which is an essential part of the program for repressuring the critical Navy shipyard area.

Numerous addenda have been submitted by the Board of Harbor Commissioners of the City of Los Angeles in order to bring the agreement into the form proposed, or into the form which the Attorney General's office has suggested as a minimum to comply with the Code and to permit the Commission to approve, again conditionally for the same reasons as Deputy Goldin has outlined previously. Under ordinary circumstances there would have been a request that an
entire new agreement be drafted, completely reflecting all the operating requirements without conditions, but, in order, again, and to quote Mr. Goldin, "to get the show on the road," it is recommended that the Commission:

1. Find: First, that the entering into and the performance of the agreement under the water-flooding program known as Co-operative Agreement-Fault Block I (Ranger Zone), Wilmington Oil Field, between the Los Angeles & Salt Lake Railroad Company and its lessee, the Union Pacific Railroad Company, and Atlantic Oil Company, made and entered into on the 15th day of October, 1959, including the addendum thereto, is in the public interest; second, that as required by Section 6879 of the Public Resources Code, such agreement in its amended form provides that any impairment of the public trust for commerce, navigation or fisheries to which the granted lands are subject is prohibited; third, that said agreement provides for its submission to the State Lands Commission for approval.

It is recommended, secondly, that the Commission approve said agreement subject to the express conditions hereinafter set forth:

First, that the addendum to the co-operative agreement Fault Block I (Ranger Zone) is duly executed by the parties to the original co-operative agreement;

Second, that those parties who heretofore have executed releases from possible liability sign and file
or cause to be filed with the Commission their written
consent to the amendments contained in the aforesaid
addendum; that a similar release from possible liability
be executed by Lockwin Oil & Gas Co., and be filed with
the Commission;

Third, that the City of Los Angeles in consenting to
and approving the execution of said co-operative agreement,
including the addendum thereto, make the determination
required by Public Resources Code Section 6379, namely,
that this co-operative agreement in its amended form is
in the interest of increasing the ultimate recovery of
oil or gas from such land, or of the protection of oil or
gas in said lands from unreasonable waste, or that the
subsidence or sinking of such lands and abutting lands
may possibly be arrested or ameliorated thereby;

And finally, this is a combination of the last two
items you gentlemen have on your written calendar, in which,
after discussion with counsel for Union Pacific and
Atlantic, and review and approval by the office of the
Attorney General, it is felt will represent a satisfactory
statement of the final condition to which approval should
be subject, namely, that Atlantic Oil Company hereby is
limited under said agreement to water injection only into
the Ranger Zone in Fault Block I of the Atlantic lands
covered by this agreement; and that Union Pacific Railroad
Company hereby is limited under said agreement to water
injection only into the Ranger and Upper Terminal Zones in Fault Block I of the Union Pacific lands covered by this agreement.

A favorable approval of the Commission to the resolution just stated is recommended.

GOV. ANDERSON: Without going into detail on the previous question I asked before, this has been checked by your division, by the Lands Commission staff, and has its approval?

MR. HORTIG: As one of the three items.

GOV. ANDERSON: And the same answer as you gave before on the part of the Attorney General's office?

MR. GOLDIN: Yes, Mr. Chairman.

GOV. ANDERSON: I wanted to make sure, so there would be no question about it in my mind.

MR. CARR: Move the approval of the recommendation of the Commission staff.

MR. WALTON: Seconded.

GOV. ANDERSON: Discussion? If not, then approval granted.

We will go on, then, to Item 1 (d).

MR. HORTIG: 1 (d) appears on page 6, approximately two-thirds of the way down in your calendar, gentlemen.

In order that the Commission may be completely informed, this is the first of two similar types of agreements proposed, first for Fault Block II, the second for Fault
Block III. The operating conditions, the legal requirements, and all, are very similar, though the geology and geography are different. So, with your approval, Mr. Chairman, I will cover in detail the proposal for Fault Block II, and thereafter, if this is satisfactory to the Commission, we can shorten the consideration of the operating mechanisms for Fault Block III.

The City of Long Beach has submitted for approval by the State Lands Commission in accordance with applicable provisions of law, copies of the Unit Agreement and Unit Operating Agreement providing for the unitizing of all oil, gas and other hydrocarbons produced from the unitized formations in Fault Block II of the Wilmington Oil Field. The purpose of the agreement is to achieve the following:

(1) To initiate and conduct repressuring operations in the unitized formations in an effort to arrest or ameliorate subsidence in the unit area in conformity with Article 5.5 of Chapter 1, Division 3, of the Public Resources Code of the State of California; (2) To promote the conservation of oil, gas, and other hydrocarbon substances in the unitized formation; and (3) To increase the maximum economic quantity of oil, gas and other hydrocarbon substances ultimately recoverable from the unitized formations through repressuring operations.

Pursuant to the provisions of Section 3336 of the Public Resources Code, the State Oil and Gas Supervisor
has determined that lands at or immediately adjacent to
the Wilmington Oil Field are subsiding and established the
boundaries of the subsidence area. In accordance with
Section 3319 of the Public Resources Code, upon application
and submission by the City of Long Beach of an engineering
report and plan for repressuring operations in pools in
the Wilmington Oil Field, which include the Tar, Ranger,
Upper and Lower Terminal Zones of Fault Block II, the
Supervisor held a public hearing and thereupon adopted the
repressuring plan set forth, subject to the specified re-
quirements for work to be done under the plan.

The Unit Agreement and the Unit Operating Agreement,
with accompanying exhibits, has been approved by the City
Council of the City of Long Beach and by its Board of
Harbor Commissioners, and resolutions have been adopted
making the findings required precedent to entry into such
agreements in compliance with the requirements of applicable
laws of the State of California.

On July 13, 1959, the State Lands Commission approved
a co-operative agreement, providing for the injection of
water into the four Upper Zones of Fault Block II, by and
between certain operators in Fault Block II, subject to the
condition that the agreement shall terminate when Long
Beach lands are committed to a Fault Block II unit—such
as the plan which is being considered here today.

The Unit Agreement and Unit Operating Agreement shall
become effective at 7:00 a.m. of the first day of the calendar month in which the last of the following conditions occurs, either singly or in combination:

1. The execution of the Agreement by the following parties: Union Pacific, General Petroleum, Ford, and Edison; or alternatively, all parties listed in Exhibit "A" of the Agreement.

2. The delivery of executed counterparts to the Union Pacific Railroad Company. And

3. The approval by the Supervisor under Section 3320.1(a) of the Public Resources Code.

The above requirements must be fulfilled prior to March 1, 1960, or the agreement is of no further force or effect.

The Agreement shall remain in effect as long as unitized substances can be produced in commercially paying quantities, provided, however, at any time after twenty years from the effective date, the Working Interest Owners can terminate the Agreement upon making required determinations. Working Interest Owners shall mean the owners of an interest held in lands by virtue of fee title, including lands held in trust or by virtue of any lease under or pursuant to which the owner of such interest has the right drill for, develop and produce oil and gas. Working interest shall be deemed to be vested in the owner even though his rights to drill or produce may be delegated to a field
contractor or an operator under a drilling operation
agreement, unit agreement or other type of agreement.

Under the Agreement, the Working Interest Owners
shall exercise over-all supervision and control of all
matters pertaining to the repressuring, development and
operation of committed tracts and unitized formations and
shall make determinations and such approvals as they may
decide appropriate for the supervision and direction of the
"Unit Co-ordinator" and "Unit Operator". Each Working
Interest Owner shall have a voting interest equal to its
unit participation. The Unit Co-ordinator, under the
direction of the Working Interest Owners, shall have over-
all supervision of all unit operations. The initial Unit
Co-ordinator for Fault Block II will be the Union Pacific
Railroad Company. The Fault Block II Unit will be divided
into two segments. The area south of Seaside Boulevard in
the City of Long Beach is specified as Segment 1, with the
City designated as the Unit Operator. The area north of
Seaside Boulevard is specified as Segment 2, with the Union
Pacific Railroad Company designated as Unit Operator. Under
the Unit Co-ordinator, the Unit Operator will have direct
control of all unit operations.

During the interim period, and this is the period
after the Agreement becomes effective by reason of these
conditions having been met but all parties not having signed,
al other parties who may be interested in signing have one
year in which to sign. During this interim period which continues from the effective date of an agreement until engineering studies to determine tract equities within each tract have been completed, tract participation will be assigned to each tract in the ratio that the previous year's tract production bears to the total previous year's production from the unit, and each tract shall bear and pay for that part of the unit expense which is equal to the tract participation (except secondary costs of repressuring operations). Tract primary equity will be established on the estimated future recovery of crude oil, natural gas and water for each well. Secondary tract assignments will be based on originally oil saturated sands adjusted to natural water encroachment and oil sales price. The cost of secondary repressuring operations will be borne and paid for out of the secondary production allocated to each tract and shall include the cost of acquiring, drilling, redrilling, equipping water injection wells, converting oil wells to water injection wells, pumping and pipe line facilities, and the cost of water purchased for injection purposes. The creation of a unit program providing for the allocation of production and the costs of continued development, production and repressurization of a segment of a complex oil-producing structure, under the control of numerous operators such as Fault Block II, imposes innumerable difficult prerequisites that must be resolved. The various
committees under the direction of the Management Committee whose membership included trained personnel representing many operators in Fault Block II have established methods for allocating costs and unitized substances produced, to the respective tracts. The proposed technical administrative procedures of the Agreement appear to the staff to be reasonable and equitable. To insure flexibility for adjustment of owners' interests, the Unit Agreement provides for certain amendments to Unit Operating Agreement by the Working Interest Owners consistent with the terms of the Unit Agreement.

The general procedure of repressuring of an oil zone through water injection is an accepted oil field practice incident to increased oil recovery. In a "crash" program designed to inject large quantities of water in a minimum length of time (in the anticipation of ameliorating subsidence in addition to accomplishing secondary recovery), many shortcuts and assumptions in making calculations must be taken. It is likely that certain essential parts of the proposed water-flood program may not conform with the technical and administrative procedures most desired by oil-producing companies. Water-flooding operations usually proceed slowly and result from the evaluation of pilot floods, and are designed solely to increase ultimate economic oil recovery, and thus allow time for making detailed engineering studies of the results of injection
so that corrective measures may be taken to insure minimum
of by-passing of oil, maximum number of sand sections re-
pressured, and the prevention of migration of oil into
areas not included in the unit. Completely detailed en-
gineering studies, according to an advance schedule by
wells, for injection, production and testing must be made,
kept current and analyzed by an adequate staff to properly
guide the water injection program and correct for
deviations from desired performance. It is anticipated
that unitization will result in a more effective long-term
economic secondary recovery program.

The Unit Agreement, Unit Operating Agreement and
exhibits thereto have been reviewed as to legality by the
office of the Attorney General, who has advised that the
proposed Agreement conforms with applicable provisions of
law as to the legal sufficiency, and that it may be approved
by the State Lands Commission subject to favorable findings
by the staff as to administrative and engineering feas-
ibility and merit thereof.

The staff findings as to administrative and engineer-
ing feasibility and merits thereof I have already commented
on. They have been so found and are recommended by the
staff of the State Lands Commission.

Therefore, it is recommended that the Commission:

1. Find that the Unit Agreement and Unit Operating
Agreement, with accompanying exhibits, proposed for Fault
Block II, Wilmington Oil Field, includes tide and submerged lands which have been granted by the State of California to the City of Long Beach without reservation to the State of the right to produce oil or gas therefrom; that the City of Long Beach has submitted such agreement to the State Lands Commission for approval; that such agreement provides that any impairment of the public trust for commerce, navigation or fisheries to which said granted lands are subject is prohibited; and, that the entering into and the performance of such agreement is in the public interest.

2. It is recommended that the Commission approve the aforesaid Unit Agreement and Unit Operating Agreement, with accompanying exhibits, on behalf of the State, pursuant to applicable law.

GOV. ANDERSON: Same assurances, I assume, are forthcoming, both from your division and the Attorney General's office on this?

MR. HASSLER: That is correct.

MR. HORTIG: I believe, with one modification, the same assurances are forthcoming on behalf of the staff of the State Lands Commission. This Unit Agreement and the following one were reviewed specifically by Deputy Attorney General John Hassler. This is the reason Mr. Goldin limited his comments to the first three items, and possibly the Commission would like an expression directly from Mr.
Hassler with respect to this item and the following one on the calendar.

GOV. ANDERSON: Mr. Hassler, can you make such a statement?

MR. HASSLER: Yes. The documents have been reviewed extensively and found to be in order legally. Our office, of course, doesn't look into the matter from an engineering point of view. We defer that to Mr. Hortig's staff, but from the legal point of view they are in order.

GOV. ANDERSON: And you have checked them thoroughly from the engineering point of view?

MR. HORTIG: Engineering and audit.

MR. KREFT: This is one package.

GOV. ANDERSON: I understand Mr. Carr has read all this.

MR. CARR: But I haven't rendered any opinion. I will just move, pursuant to the recommendations of the staff and the Attorney General's office, that we so find.

MR. WALTON: Seconded.

GOV. ANDERSON: It has been moved and seconded. Any discussion?

If not, then it will be approved unanimously, and so ordered.

MR. CARR: I have an agreement with all lawyers and doctors that I don't practice law or medicine. I will
stipulate to that.

GOV. ANDERSON: Item 1(e), Mr. Hortig.

MR. HORTIG: Which appears on page 10 of your calendar, gentlemen.

Here is proposed for consideration of approval by the State Lands Commission an agreement to provide for a unit agreement, unit operating agreement, and exhibits thereto, relating to Fault Block III to accomplish the same purposes outlined for the program included for Fault Block II, and which the Attorney General has, as you already been advised, reviewed and found that the proposed agreement conforms with the applicable provisions of law, and we can state that the general comments relative to procedures developed for allocating costs and production and unit operation and the water injection program as outlined for the Fault Block II agreement are applicable to this Fault Block III agreement, and have had the same Lands Commission engineering and audit staff review and found to appear to be satisfactory.

Wherefore, it is recommended without repeating the detailed review that has been just had for Fault Block II, that the Commission:

First, find that the Unit Agreement and Unit Operating Agreement, with accompanying exhibits, proposed for Fault Block III, Wilmington Oil Field, includes tide and submerged lands which have been granted by the State of California to the City of Long Beach without reservation
to the State of the right to produce oil or gas therefrom; that the City of Long Beach has submitted such agreement to the State Lands Commission for approval; that such agreement provides that any impairment of the public trust for commerce, navigation or fisheries to which said granted lands are subject is prohibited; and, that the entering into and the performance of such agreement is in the public interest.

It is recommended, secondly, that the Commission approve the aforesaid Unit Agreement and Unit Operating Agreement, with accompanying exhibits, on behalf of the State, pursuant to applicable law.

MR. WALTON: So move.

MR. CARR: Seconded.

GOV. ANDERSON: It has been moved and seconded. You have checked this one and it is recommended by the Attorney General's office?

MR. HASSLER: Yes, it is recommended from the legal approach.

GOV. ANDERSON: And you do from the engineering and auditing viewpoint?

MR. HORTIG: Yes, sir.

GOV. ANDERSON: Any further discussion?

If not, then it will be approved unanimously, and so ordered.

MR. HORTIG: The last item appears on page 12.
GOV. ANDERSON: This is Item 2?

MR. HORTIG: Yes, sir. On June 25, 1959, the Commission approved conditionally costs proposed to be expended by the Harbor Department of the City of Long Beach in the 1959 fiscal year relating the subsidence remedial work for "Pier A" area project, which included the provision of a new administration building for the Harbor Department of the City of Long Beach in lieu of the original building which had been rendered partially, and ultimately undoubtedly will be rendered totally, uninhabitable, by reason of land surface--extensive land surface subsidence.

Subsequent to this approval it developed that additional costs will have to be disbursed by the Harbor Department covering the expense of moving personnel from and their equipment from the old administration building to the new administration building.

This subproject has received initial staff review and is considered to include some "subsidence costs" as defined in Chapter 29, in the same manner that the conclusion was reached that the new administration building so qualified. This review does not indicate necessarily all of the costs as estimated by the City of Long Beach will be allowable as subsidence costs.

Therefore, it is recommended that the Commission approve the costs proposed to be expended by the City of Long Beach, including subsidence remedial work as
indicated on Exhibit "A" attached and hereby made a part hereof, for the period February 18, 1960, to June 30, 1960; subject to the conditions, however, that the amounts, if any, of each of the items to be allowed ultimately as subsidence costs, deductible under Chapter 29, will be determined by the Commission upon an engineering review and final audit subsequent to the time when the work under any of these items is completed; also subject to the condition that the work to be performed conform in essential details to the plans and background material heretofore submitted to the Commission, and that the Executive Officer, the Assistant Executive Officer, or the Supervising Mineral Resources Engineer be authorized to execute appropriate written instruments reflecting the Commission's conditional approval.

GOV. ANDERSON: Any questions.

MR. CARR: I so move, Mr. Chairman.

GOV. ANDERSON: It has been moved.

MR. WALTON: Seconded.

GOV. ANDERSON: And seconded.

If there is no further discussion, it will then be approved unanimously, and so ordered.

MR. CARR: I am just curious about one item--moving the personnel. How much of this cost of moving is for moving personnel? Mr. McArthur, you know, has objected to the superfluous use of State automobiles. Are they going
to move in State automobiles or hire taxis, or how are they going to get over there? Mr. Vickers?

MR. VICKERS: This will be purely for the matter of moving furniture. The personnel will move on their own feet.

GOV. ANDERSON: Do you have anything more?

MR. HORTIG: Nothing further, Mr. Chairman.

GOV. ANDERSON: I would just like to ask a couple of questions on the calendar. I understand our next meeting is here in Los Angeles in about a week?

MR. HORTIG: Yes, sir, it is Thursday, the 25th, at 10:00 o'clock.

GOV. ANDERSON: Now, for setting up my own calendar, the following meeting would normally be the 24th in the North, that is, unless the Commission directs otherwise?

MR. HORTIG: Let me see.

GOV. ANDERSON: The fourth Thursday. I want to sort of plan ahead. Can we plan on the meeting in March to be on the fourth Thursday?

MR. HORTIG: Yes, sir.

GOV. ANDERSON: In Sacramento?

MR. HORTIG: Yes, sir.

GOV. ANDERSON: Is that all right with you?

MR. CARR: Yes.

MR. WALTON: Yes.

MR. CARR: What date would the fourth Thursday be?
GOV. ANDERSON: The fourth Thursday would be the 24th.

MR. HORTIG: Let me verify one thing. Do you recall if you were informed of the change of hour for our next meeting?

GOV. ANDERSON: The February meeting will be here at 10:00 o'clock in Los Angeles. The March meeting will be at 9:00 o'clock in Sacramento.

MR. HORTIG: Yes.

GOV. ANDERSON: If there is nothing more, then the meeting is adjourned.

(Whereupon, at 4:10 p.m., the meeting adjourned.)
REPORTER'S CERTIFICATE

I hereby certify that the foregoing proceedings are a full, true and correct transcript of my shorthand notes taken as official reporter of the State Lands Commission at the hearing covered herein.

Official Reporter