MEETING
STATE OF CALIFORNIA
STATE LANDS COMMISSION

STATE CAPITOL
FINANCE CONFERENCE ROOM
SACRAMENTO, CALIFORNIA

ORIGINAL

FRIDAY, JULY 11, 1986
8:51 A.M.

Eileen Jennings, C.S.R.
License No. 5122
COMMISSIONERS PRESENT

Lizabeth Rasmussen, Chairperson, Commission Alternate for Kenneth Cory, State Controller

Nancy Ordway, Commission Alternate for Jesse R. Huff, Director of Finance

Jock O'Connell, Commission Alternate for Leo T. McCarthy, Lieutenant Governor

STAFF PRESENT

Claire T. Dedrick, Executive Officer

James Trout, Assistant Executive Officer

Robert Hight, Chief of Litigation

Jack Rump, Assistant Chief Counsel

Rick Ludlow, Staff Counsel

D. J. Everitts, Assistant Chief, Extractive Development

A. D. Willard, Supervising Mineral Resources Engineer

Jane Smith, Commission Secretary

ALSO PRESENT

N. Gregory Taylor, Assistant Attorney General

Nancy Saggese, Deputy Attorney General
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PETE~S SHORTHAND REPORTING CORPORATION (916) 362-2345
CHAIRPERSON RASMUSSEN: Call the meeting to order.

You wanted to make a statement about these two voting?

MR. HIGHT: For the record, Lizabeth Rasmussen will be sitting in a non-voting capacity for the State Controller and Jock O'Connell will be sitting in a voting capacity for the Lieutenant Governor.

CHAIRPERSON RASMUSSEN: We have one item on the agenda.

EXECUTIVE OFFICER DEDRICK: This is an application of the Norris Oil Company, a Consideration of Status and Proposed Amendments to the oil and gas leases in the Rincon Field in Ventura.

To make it a short story, the leases are very old, 54, 55 and over 35 years -- 56 and over 35 years old. I know this because I thought, yee, God, I wasn't born when that one was issued and I'm the oldest guy around here.

COMMISSIONER ORDWAY: Not quite.

EXECUTIVE OFFICER DEDRICK: Not quite? Well, yeah, there's Everitts.

Anyway -- which goes to show that oil leases last longer than we think.

At any rate, as you know, there's been a substantial
drop in the price of oil, severe operating difficulties with
the leases as a result of that loss of funding, loss of
revenue. The proposal is to adjust the lease conditions,
reduce the royalties and replace the bond with a
million-dollar payment to the state from Norris Oil Company.
It's a serious problem. Staff is recommending this solution.

I'd be happy to answer questions. Mr. Dorobek from
Norris Oil Company is here, as is Mr. Tate of the First
Interstate Bank. If you would like more detail, we'd be
happy to give it to you.

CHAIRPERSON RASMUSSEN: Are there any questions by
Commissioners?

COMMISSIONER ORDWAY: I'd just like to know if the
staff proposal is acceptable to Norris Oil.

MR. DOROBEK: Yes, it is.

CHAIRPERSON RASMUSSEN: Are there any other
questions?

COMMISSIONER ORDWAY: I move the item.

CHAIRPERSON RASMUSSEN: Moved.

COMMISSIONER O'CONNELL: Okay with me.

CHAIRPERSON RASMUSSEN: Seconded. The item is
approved as presented by consensus of the Commission.

Are there any other items to come before us?

EXECUTIVE OFFICE? DEDRICK: That's it.

COMMISSIONER ORDWAY: Move to adjourn.
CHAIRPERSON KASMUSEN: Let's adjourn. Thank you

(Thereupon the meeting of the State Lands
Commission was adjourned at 8:54 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

I, EILEEN JENNINGS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Eileen Jennings, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of July, 1986.

EILEEN JENNINGS
Certified Shorthand Reporter
License No. 5122