

that this would be subject to an investigation which had not yet been made - that the Commission may have the necessary information available in the office. Mr. Unruh then asked if this information was available anywhere, and was informed by the Executive Officer that the area had been explored by several companies in the past, but that such information obtained was not available to the Commission. Mr. Unruh went on to say that he was attempting to bring out that he was mistaken in his impression on the 5500 acres, and suggested that if this area is to be classified as a known geological structure, it might be well to wait a while to see what the royalty provisions of this 500-acre lease would be, before offering further leases in that area.

Mr. Kirkwood mentioned that for the Huntington Beach leases issued last summer he understood the maximum royalty was 60 percent, and he asked the reason for bringing this rate down to 50 percent. Mr. Hortig explained that economic studies indicated that the areas offered at Huntington Beach at that time were expected to have a better potential than the 500 acres currently being considered - that it was the normal expectation that the wells on the lease in the Santa Barbara area would be smaller producers than the Huntington Beach wells. In response to a query by Mr. Kirkwood as to whether it was anticipated that any of the wells would exceed 500 barrels, Mr. Hortig replied that this was not expected.

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

THE COMMISSION FINDS AND DETERMINES THAT THE ISSUANCE OF THIS LEASE IN THE MODIFIED FORM SUBMITTED, AS TO THE LAND DESCRIBED THEREIN, WILL NOT RESULT IN IMPAIRMENT OF OR INTERFERENCE WITH THE DEVELOPED SHORE LINE RECREATIONAL AREAS ADJACENT TO THE PROPOSED LEASE ACREAGE. THE EXECUTIVE OFFICER IS AUTHORIZED TO UTILIZE THE FORM OF OIL AND GAS LEASE WHICH WAS SUBMITTED TO THE COMMISSION WITH THE CALENDAR OF MAY 18, 1956, WITH PARAGRAPH 14 MODIFIED WITH RESPECT TO REMOVAL OF EQUIPMENT, WHICH FORM OF LEASE IS MADE A PART OF THIS RESOLUTION BY REFERENCE, AND TO OFFER FOR LEASE, PURSUANT TO SECTION 6872 OF THE PUBLIC RESOURCES CODE, THE MOST LANDWARD 500 ACRES OF TIDE AND SUBMERGED LANDS UNDER CONSIDERATION UNDER WORK ORDER 2046.

14. (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) the Commission authorized the Executive Officer to negotiate and enter into contracts with the firm of Stanley & Stolz, and with Dr. P. T. Homan, and Mr. Charles B. Bennett for consulting services and for 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, at a total cost not to exceed \$50,000. Total consulting services to date under the contracts authorized have cost \$602.20. Due to the incompatibility of other consulting commitments, the firm of Stanley & Stolz did not enter into a contract and, therefore, it has become necessary to retain another consulting geologist to perform the scope of work originally proposed to be contracted with Stanley & Stolz."

Mr. Kirkwood was informed that Mr. Kemnitzer is a member of the consulting firm of Kemnitzer, Richards & Diepenbrock, geologists, and has performed work for the United States Government, for the State of California, and for other governmental agencies, as well as having done extensive consulting work for the petroleum industry at large.

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO NEGOTIATE AND ENTER INTO A SERVICE CONTRACT WITH MR. LUIS E. KEMNITZER FOR CONSULTING SERVICES AND FOR PREPARATION OF REPORTS ON GEOLOGICAL AND PETROLEUM ENGINEERING 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, AT A TOTAL COST NOT TO EXCEED \$3,000.

15. (REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, SIGNAL OIL AND GAS COMPANY, HUNTINGTON BEACH - P.R.C. 1551.1.) The following report was presented to the Commission:

"Oil and Gas Lease P.R.C. 1551.1, issued to Richfield Oil Corporation, Hancock Oil Company and Signal Oil and Gas Company August 16, 1955 pursuant to competitive public bidding, requires in part that the operations for the drilling of a well shall be started within 60 days of the time of completion or suspension of operations in a preceding well. In conformance with this requirement, the lessee has drilled two wells, neither of which has been productive of oil or gas. The second well was abandoned about April 9, 1956. The lessee has reported that a total of 14,753 feet of hole has been drilled, 23 cores were taken, together with electric logs, side wall samples, core and other analyses, representing a total expenditure of approximately \$208,000, exclusive of the original lease acquisition cost. The staffs of the three co-lessees are interpreting and evaluating the data and correlating the well results with data from other wells in the area and with seismic information in order to permit the detailed analysis of all available data in an area of apparently very complex structural conditions. Therefore, the lessee has requested consideration of authorization of deferment of the drilling and operating requirements under Lease P.R.C. 1551.1 until February 1, 1957."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT SIGNAL OIL AND GAS COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE SUBJECT LEASE TO NOVEMBER 1, 1956. THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITIONS THAT DURING THE PERIOD OF DEFERMENT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS: