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UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO ISSUE TO MERLE F. OTTO A LEASE OF 90 ACRES OF VACANT SCHOOL LAND IN SECTION 36, T. 23 S., R. 42 E., M.D.B. & M., INYO COUNTY, IN ACCORDANCE WITH THE ABOVE DETAILED APPLICATION, FOR USE AS A CAMP AND MILL SITE AND FOR OTHER OPERATIONS IN CONNECTION WITH MINERAL LEASE P.R.C. 224, FOR AN INITIAL TERM OF ONE YEAR, AT AN ANNUAL RENTAL OF \$50.00 AND THE OPTION ON THE PART OF THE LESSEE TO RENEW THE LEASE ANNUALLY FOR 14 ADDITIONAL PERIODS OF ONE YEAR EACH. THE LEASE IS TO PROVIDE FOR REMOVAL OF ANY STRUCTURES ON THE DEMISED PREMISES AT THE TERMINATION OF THE LEASE OR THE OPTION ON THE PART OF THE STATE TO ACCEPT TITLE TO THE STRUCTURES AT NO COST. NO PERFORMANCE BOND IS TO BE REQUIRED.

16. (PROPOSED OIL AND GAS LEASE, TIDE AND SUBMERGED LANDS, GUADALUPE AREA, SAN LUIS OBISPO AND SANTA BARBARA COUNTIES - W.O. 296) The Commission was informed that on December 21, 1949 (Minute Item 16, Page 1946) the Commission authorized staff review of all factors, and submission of a recommendation as to any further action relative to lease of tide and submerged lands in the Guadalupe area. The factors of current poor market and prices for low gravity oil reported on December 21, 1949, as contributory to the lack of bidding for a State oil and gas lease, have continued. The additional factor that the then developer of the adjoining uplands was desirous of disposing of the upland holdings because of the unsatisfactory economic conditions has resulted in the quitclaim by the Continental Oil Company of the upland lease as of November 25, 1949, and the sale of all well equipment as of March 3, 1950. At the time of quitclaim all well production was suspended, the average at that time having been approximately six barrels per well per day. The purchasers of the well equipment (Thornbury Drilling Company and W. Geis) are attempting to recondition the wells and restore them to production. This group have secured production rights from the upland owners as to the existing wells but do not have any rights for additional area development or slant drilling into adjoining tide and submerged lands. Mr. W. Geis has reported that his group would have only a casual interest in the event that the area of tide and submerged lands previously offered for lease were again offered for bid.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THAT FURTHER ACTION ON THE PROPOSED OIL AND GAS LEASE ON TIDE AND SUBMERGED LANDS IN THE GUADALUPE AREA, SAN LUIS OBISPO AND SANTA BARBARA COUNTIES, BE DEFERRED UNTIL DEVELOPMENT APPEARS TO BE WARRANTED BY REASON OF DRAINAGE OF THE TIDE AND SUBMERGED LANDS FROM THE ADJOINING UPLAND IN A MAGNITUDE SUFFICIENT TO JUSTIFY ECONOMICAL DEVELOPMENT OF THE ADJOINING TIDE AND SUBMERGED LAND.

17. (REQUEST FOR DISCHARGE OF ACCOUNTABILITY RE THE FOLLOWING LEASE: LEASE NO. 735, CHAPTER 193/17, HERMAN AKERS, GRAZING LEASE - W.O. 358) The Commission was informed that Lease 735, Chapter 193/17, Herman Akers, was cancelled by the State Lands Commission June 25, 1945, for failure to pay the third annual rental of \$16.00 when due. The office of the Attorney General has made efforts to collect this rental