

value of all dry gas, natural gasoline, and other products derived from the gas produced and the assumption by the lessee of any oil dehydration costs as a part of the lease operation expense.

Consideration was also given to the following factors:

1. Production loss by adjoining drainage in the event of arbitrarily decreased oil production rates.
2. Possibility of unequal production distribution in the event that a lesser oil royalty rate was assigned than the 16 2/3% minimum in effect on the lease adjoining on the west.
3. The lessee was represented by Mr. Harry J. March who stated that because of the high cost of maintenance and ultimate removal of the pier on which the wells are located, operations could not support the higher royalties resulting from the sliding scale and therefore could not be continued.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO ISSUE TO WM. L. AMBLEFORD A TEN YEAR RENEWAL AND EXTENSION OF STATE OIL AND GAS LEASE 98 (303/1921) ELWOOD OIL FIELD, EFFECTIVE JULY 29, 1950, UNDER THE FOLLOWING TERMS AND CONDITIONS:

1. LEASE IS TO BE ISSUED IN THE FORM UTILIZED HERETOFORE IN THE RENEWAL AND EXTENSION OF ALL OTHER CHAPTER 303/1921 OIL AND GAS LEASES IN THE ELWOOD FIELD, BUT WITH A FIXED OIL ROYALTY RATE OF 16 2/3%.
2. PERFORMANCE BOND TO BE \$75,000.00.
3. LESSEE IS TO ASSUME ANY OIL DEHYDRATION COSTS AS A PART OF THE LEASE OPERATION EXPENSE, NOTICE OF THE ISSUANCE OF THE RENEWAL AND EXTENSION IS TO BE GIVEN TO THE DEPARTMENT OF INTERIOR SUBJECT TO THE PROVISIONS, IF ANY, OF THE STIPULATION ENTERED INTO BETWEEN THE ATTORNEY GENERAL OF THE UNITED STATES AND THE ATTORNEY GENERAL OF CALIFORNIA, DATED JULY 26, 1947, AS EXTENDED IN 1948 AND 1949.
6. (APPLICATION FOR MODIFICATION OF ROYALTY RATE WELL "H.B. 19", WILSHIRE OIL COMPANY, INC., AGREEMENT FOR EASEMENT NO. 275 (303-21), HUNTINGTON BEACH - W. O. 407) The Commission was informed that on December 21, 1949 (Minute Item 15, Page 1045 - 1046) the Commission authorized the Executive Officer to submit the facts relative to a modification of August 31, 1944 to Agreement for Easement No. 275 relating to oil royalties payable on Well "H.B. 19" and secure from the Attorney General a formal opinion as to the legality of a proposed cancellation of said modification.

On June 7, 1950, a letter opinion of the office of the Attorney General by Walter L. Bowers, Assistant Attorney General, was received. The conclusion thereof is quoted as follows:

"In view of the utter lack of any evidence as to the asserted consideration, or failure of consideration, mentioned by the lessee nearly four years after the execution of the amendment, and considering the various different applications for

redrilling well "H.B. 19" made by the lessee on August 11th and October 19th, 1944, October 30, 1945, and December 3, 1947, and which last application contains the statement on the part of the lessee that 'We are not making any protest of what has happened in the past,' and after a careful review of all of the information furnished us, as set forth in your communication, we are of the opinion that the right of the lessee to such cancellation or agreement is very doubtful, and that it would be extremely inadvisable for the Commission to voluntarily cancel or rescind such amendment as such voluntary rescission or cancellation might be a violation of the constitutional prohibition against gifts."

UPON MOTION DULY MADE BY COMMISSION MEMBER KUCHEL AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO INFORM THE LESSEE, WILSHIRE OIL CO. INC., UNDER AGREEMENT FOR EASEMENT NO. 275, OF THE RECEIPT OF AN ATTORNEY GENERAL'S OPINION IN THIS CASE WHICH OPINION MAKES IT MANDATORY FOR THE COMMISSION TO REJECT THE REQUEST FOR CANCELLATION OF THE AGREEMENT OF AUGUST 31, 1944, TO SAID AGREEMENT FOR EASEMENT.

7. (APPLICATION FOR LEASE OF TIDE AND SUBMERGED LANDS, PRINCETON PACKERS, INC., SAN MATEO COUNTY, BANK OF AMERICA - W.O. 75, P.R.C. 184, W.O. 696; P.R.C. 325, W.O. 697) The Commission was informed that by its action of May 13, 1947 (Page 744 of the Minutes) it authorized the issuance of a lease of 1,487 acres of tide and submerged lands at Princeton, San Mateo County, to Princeton Packers, Inc., for a term of fifteen years for the maintenance and operation of a wharf at an annual rental of \$50.00 and for a right of way easement 40 feet in width and 1,580 feet long for the installation, maintenance and operation of a fish unloading line at an annual rental of \$71.00, subject to the applicant's filing with the Commission of a \$3,000.00 surety bond to guarantee performance and further subject to the payment of the first and last years' rental under each of the agreements mentioned above.

The Corporation of America held a trust deed to the upland properties of the Princeton Packers, as well as the improvements placed on State tide and submerged lands. This trust deed was defaulted and the property sold to said Corporation of America on October 26, 1949 as grantor under the deed of trust. On March 19, 1945, the Corporation of America conveyed the deed of trust to the Bank of America, N.T. & S.A. The Bank of America through foreclosure under the deed of trust thereby became the owner of the above-mentioned assets of the Princeton Packers.

The lease and agreement above-mentioned were never completed due to the fact that the Princeton Packers were unable to pay the first and last years' rental and did not supply the necessary \$3,000.00 bond required by the leases.

The Bank of America has now made application for a lease and right of way over the State tide and submerged lands involved in the application of the Princeton Packers previously acted upon by the Commission and are willing to accept the terms and conditions required of Princeton Packers as of the original action of the Commission; namely, on May 13, 1947.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO EXECUTE AND ISSUE A LEASE TO THE BANK OF AMERICA FOR