

16. (APPLICATION FOR RIGHT-OF-WAY EASEMENT, SACRAMENTO RIVER, SACRAMENTO AND YOLO COUNTIES, PACIFIC GAS AND ELECTRIC COMPANY - W.O. 1273, P.R.C. 727.1.) Pacific Gas and Electric Company has applied for a right-of-way easement for the installation of overhead electric transmission wires across the Sacramento River in Sacramento and Yolo Counties. The proposed installation will not interfere with surface use of the area, or with navigation. Considering the proposed use, the staff estimates the value of the land occupied to be not in excess of \$50 per acre; rental, therefore, will be at the rate of 15 cents per lineal foot of length for the full period of 49 years. Cost of removal being negligible, no performance bond is required. All fees have been paid.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO ISSUE TO PACIFIC GAS AND ELECTRIC COMPANY A RIGHT-OF-WAY EASEMENT 100 FEET IN WIDTH AND 650 FEET IN LENGTH, ACROSS THE SACRAMENTO RIVER APPROXIMATELY ONE AND ONE-HALF MILES NORTH-EASTERLY OF COURTLAND AND LYING IN SACRAMENTO AND YOLO COUNTIES, FOR THE INSTALLATION OF OVERHEAD WIRES TRANSPORTING ELECTRICITY, THE EASEMENT TO RUN FOR A PERIOD OF 49 YEARS AT A TOTAL RENTAL FOR THE FULL PERIOD OF \$97.50, PAID IN ADVANCE, NO PERFORMANCE BOND BEING REQUIRED.

17. (APPLICATION FOR RIGHT-OF-WAY EASEMENT, THREE MILE SLOUGH, SACRAMENTO COUNTY, STANDARD PACIFIC GAS LINE, INCORPORATED - W.O. 1227, P.R.C. 728.1.) Standard Pacific Gas Line, Incorporated, has applied for replacement of an easement originally issued to the Natural Gas Corporation of California on February 28, 1942, assigned on May 24, 1944, to the Standard Pacific Gas Line, Incorporated, filed as P.R.C. 7. The original easement expired on February 27, 1952. Appraisal by an independent appraiser places a valuation of less than \$50 per acre on the land occupied. Filing fee and expense deposit have been paid.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO ISSUE TO STANDARD PACIFIC GAS LINE, INCORPORATED, A 49-YEAR RIGHT-OF-WAY EASEMENT IN TWO PARCELS, EACH TEN FEET IN WIDTH, AND 589.30 FEET AND 604.82 FEET IN LENGTH, RESPECTIVELY, ACROSS THREE MILE SLOUGH, SACRAMENTO COUNTY, FOR THE MAINTENANCE, REPLACEMENT AND OPERATION OF PIPE LINES TRANSPORTING GAS; RENTAL TO BE 15 CENTS PER LINEAL FOOT, THE TOTAL RENTAL OF \$179.12 TO BE PAID IN ADVANCE; NO PERFORMANCE BOND REQUIRED; EASEMENT TO HAVE AN EFFECTIVE DATE OF FEBRUARY 28, 1952.

18. (PROPOSED GAS LEASE, TIDE AND SUBMERGED LANDS IN BEDS OF NAVIGABLE RIVERS, SACRAMENTO AND SAN JOAQUIN COUNTIES, PARCEL "A" - W.O. 478, P.R.C. 729.1.) On April 18, 1952 (Minute Pages 1537-38, Item 21), the Commission deferred action on award of a gas lease pursuant to bids received for Parcel "A", W.O. 478, pending determination by the Office of the Attorney General as to the legal technicalities involved in accepting or rejecting either of the two bids received. The chronology of the procedure under the subject call for bids has been:

1. November 12, 1949 -- Authorization to publish notice of intention to receive bids pursuant to Public Resources Code.
2. February 6, 1951 -- Amendment of price authorization to include modified area.

3. January 2, 1952 -- Notice of intention to receive bids published.
4. March 3, 1952 -- Bids received and opened in the office of the Division of State Lands.
5. March 10, 1952 -- Evidence of citizenship qualifications filed by bidder Brazos Oil and Gas Company.
6. April 18, 1952 -- Bids evaluated and recommendations reported to Commission.

Thereupon, Mr. A. J. Kennedy, upon behalf of bidder Mr. Joe Lopes, contended that the bid to the State "set at 52.15 per cent" as stated in a letter of transmittal dated March 1, 1952, which accompanied the bid form submitted March 3, 1952, constituted the high bid. In addition, Mr. Kennedy submitted a memorandum brief protesting the qualifications of the Brazos Oil and Gas Company to receive a lease on the contention that the filing of evidence of citizenship qualifications by the Brazos Oil and Gas Company subsequent to the opening of bids by the Division of State Lands, but prior to consideration of the bids by the State Lands Commission, does not meet the requirements of the Public Resources Code. An opinion of Deputy Attorney General J. F. Hassler, Jr., received by the Division of State Lands in response to the inquiry made pursuant to directive of the Commission, stated that with respect to the bid submitted by Mr. Joe Lopes no modification by letter of transmittal may be considered and the bid evaluation must be limited solely to the bid submitted upon the specified bid form. The aforesaid opinion also stated that, under the procedures employed, Brazos Oil and Gas Company had conformed to all requirements of the call for bids and is qualified to receive a lease which may be awarded by the Commission to the high bidder.

In consideration of the foregoing, the bid submitted by Mr. Lopes is the lower of the two bids received.

Mr. Carl Kuchman appeared on behalf of Mr. Joe Lopes to protest the issuance of a lease to the Brazos Oil and Gas Company, claiming that his bid as submitted was high. It was explained that if the Lopes' bid were considered on the basis of a straight percentage, it would not be possible to make a direct comparison with the bid which had been submitted in proper form by the Brazos Oil and Gas Company. Mr. Hortig gave a clear explanation to the Commission of the reasons for using a bid factor applied in a formula rather than a straight percentage basis on gas leases, indicating that this resulted in a sliding scale of royalties, with the State's share increasing as production increased. However, even if Mr. Lopes' figure was used as a bid factor rather than a straight percentage bid, upon comparison with Brazos' bid considered on the same basis, it was shown that Brazos' bid would be approximately four times as high as that submitted by Mr. Lopes.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO EXECUTE AND ISSUE A GAS LEASE, FOR THE LANDS DESCRIBED IN PARCEL "A", W.O. 478, TO THE BRAZOS OIL AND GAS COMPANY AS HIGH BIDDER WITH A BID FACTOR OF 1.90, FOR A PERIOD OF TWENTY YEARS AND FOR SO LONG THEREAFTER AS GAS IS PRODUCED IN PAYING QUANTITIES, SUBJECT TO THE DEPOSIT BY THE LESSEE OF THE PERFORMANCE BOND IN THE AMOUNT OF \$25,000 AS REQUIRED BY SECTION 12 OF THE LEASE OFFERED.