

40. (AMENDMENT OF AUTHORIZATION FOR LEASE, TIDE AND SUBMERGED LANDS, EL SEGUNDO, LOS ANGELES COUNTY, STANDARD OIL COMPANY OF CALIFORNIA - W.O. 1108, P.R.C. 660.) On October 24, 1951 (Minute Item 17, Page 1465), the Commission authorized the issuance of a lease to Standard Oil Company of California of 9.72 acres of tide and submerged lands in the Pacific Ocean at El Segundo, Los Angeles County, for the maintenance and use of a wharf and suction pipe pier, period of lease to be fifteen years at an annual rental of \$2,310, with right of renewal for two periods of ten years each at such terms as may be determined prior to each renewal date, performance bond of \$30,000 to be furnished. The rental was based on an appraised value of \$35,000 of the bare land occupied, value being determined by Mr. Roy Boylin, a professional appraiser of Los Angeles. Standard Oil Company disagreed with this value and had an appraisal made by Mr. George L. Schmutz, also a professional appraiser of Los Angeles, Mr. Schmutz placing a value of \$16,000 on the land occupied. After discussion with Standard Oil Company and the two appraisers, it appeared reasonable that the basis of a portion of each appraisal should be used, and the resulting value, therefore, is \$25,346. On this value the annual rental at the 6.6 per cent Commission policy will result in a rental of \$1,672.84 annually, which the staff and Standard Oil Company believe to be fair.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED REVISING THE COMMISSION'S ACTION OF OCTOBER 24, 1951, BY STRIKING THE FIGURE \$2,310 IN ITEM NO. 17, PAGE 1465 OF THE MINUTES, AND IN LIEU THEREOF INSERTING THE FIGURE \$1,672.84, ALL OTHER CONDITIONS OF THE ACTION TO REMAIN UNCHANGED.

41. (SALE OF VACANT SCHOOL LAND, APPLICATION NO. 10519, LOS ANGELES LAND DISTRICT, SAN BERNARDINO COUNTY, JOHN T. BILDERBECK - S.W.O. 5428.) An offer has been received from John T. Bilderbeck of Los Angeles, California, to purchase the SW $\frac{1}{4}$  of Section 36, T. 12 N., R. 7 E., S.B.M., containing 160 acres in San Bernardino County. Mr. Bilderbeck made an offer of \$320, or \$2 per acre.

The Assessor of San Bernardino County has assessed contiguous lands at \$1.25 per acre, thus indicating the appraised value of those lands to be \$2.50 per acre. An inspection and appraisal by a member of the Commission's staff on April 25, 1952, set the minimum value of this land at \$4 per acre, due to possibility of obtaining water.

The subject land is sandy and not suitable for agriculture without artificial irrigation. It is close to the Mojave River, and has a probable possibility of producing water from wells, as the Union Pacific Railway has wells to the southwest and southeast in areas adjacent to the Mojave River. The land is not accessible by an existing road.

Before advertising the land for sale, Mr. Bilderbeck was advised that the minimum appraised value was \$4 per acre. He posted the necessary amount to meet the appraised value of \$640. The lands were then advertised for sale with a stipulation that no offer of less than \$640 would be accepted. Mr. Bilderbeck bid \$640. No other application for said land was received pursuant to the advertising.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE SALE OF THE SW $\frac{1}{4}$  OF SECTION 36, T. 12 N., R. 7 E., S.B.M., CONTAINING 160 ACRES IN SAN BERNARDINO COUNTY, TO THE SINGLE BIDDER, MR. JOHN T. BILDERBECK, AT A CASH PRICE OF \$640, SUBJECT TO ALL STATUTORY RESERVATIONS INCLUDING MINERALS.

42. (BID FOR OIL AND GAS LEASE, 960 ACRES OF TIDE AND SUBMERGED LANDS, MONTALVO AREA, VENTURA COUNTY - W.O. 1033, P.R.C. 735.5.) On May 28, 1952, bids were received from the Standard Oil Company of California and the Oil Exploration Co. in response to a published notice of intention of the State Lands Commission to receive offers to enter into a lease for the extraction of oil and gas from 960 acres of tide and submerged lands in the Montalvo area of Ventura County. Publication of this offer, subject to review of the bids by the Department of Interior, was approved by the Department of Interior on March 5, 1952. A resume of the compliance by the bidders with the specified bid conditions is given below. Only the bid of the Standard Oil Company of California is qualified for consideration by the Commission. However, in addition, disregarding the deficiencies in the bid offer of the Oil Exploration Co., the bid royalty offer of the Standard Oil Company of California is the highest.

Two protests to issuance of a lease have been received. A joint protest by Union Oil Company of California, Shell Oil Company, and Continental Oil Company is based upon the following contentions:

1. That only the Standard Oil Company of California could comply with the requirements of the lease offer.
2. The Commission should have exercised the power of eminent domain under Section 6309 of the Public Resources Code.

The validity of bids under identical legal and analogous physical circumstances was determined by the Attorney General in a formal opinion of February 8, 1950, relative to an offer of leases in the Huntington Beach area by the Commission (W.O. 404, W.O. 405, P.R.C. 425, P.R.C. 426). A protest had been filed at that time, on the same bases as the foregoing, by Union Oil Company of California and Shell Oil Company jointly. Currently, the protestants also contend that the opinion of the Attorney General (49/257) is in error.

These legal matters were referred to the Office of the Attorney General for review. On June 27, 1952, Assistant Attorney General E. W. Mattoon reported that after consideration of the subject protest "It is therefore our conclusion that the legal status has not changed since the rendition of the opinion of February 8, 1950 and that the pertinent provisions of the said opinion should still be regarded as applicable."

The second protest was filed by Mr. Christian Schirm, contending that a lease should not be issued because of prior Federal oil and gas lease applications made by himself and others upon the same area as offered by the Commission. The specific Federal lease applications cited were finally rejected by decision of the Department of the Interior on August 25, 1948. However, the protestants, together with others, have joined in an action in the U. S. District Court in Washington, D.C., seeking to compel the Secretary of the Interior to issue the leases as applied for originally.