

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

The Commission:

1. Finds that it appears that oil or gas deposits are known or believed to be contained in the tide and submerged lands to be offered for lease and that such lands may be or are being drained by means of wells upon adjacent lands.
2. Authorizes the Executive Officer to prepare a form of oil and gas lease and publish a notice of intention to receive bids in conformance with Sections 6873, 6874, 6834 and 6835, Public Resources Code. The lease to be offered shall conform to the following:
 - A. A parcel of tide and submerged lands in Ventura County adjoining existing State Oil and Gas Leases P.R.C. 427 and P.R.C. 429 on the west. The proposed lease area is to extend in the form of a rectangle two miles westerly from the most southeasterly corner of Oil and Gas Lease P.R.C. 427 and one mile southerly from Punta Gorda, the closest onshore point, containing approximately 1,150 acres.
 - B. General lease operating terms and conditions shall conform to the conditions previously specified for Oil and Gas Lease P.R.C. 820.4 (Grey Lodge Refuge, Butte County). Specific tide and submerged land lease operating conditions shall conform to the conditions specified heretofore in Oil and Gas Lease P.R.C. 735.5 (Montalvo, Ventura County).

The standard form of offer shall provide:

- (1) As a condition precedent to consideration of a bid, each prospective bidder shall present evidence satisfactory to the Commission of the bidder's present ability to furnish all necessary sites and rights of way for all operations contemplated under the provisions of the proposed lease.
 - (2) In the event of a proposal for well location upon filled lands, a specification requiring demonstration of present ability, including financial, to provide the drill sites contemplated.
3. (RENEWAL AND EXTENSION, AGREEMENT FOR EASEMENT 274.5, MONTEREY OIL COMPANY AND SUNILAND OIL CORPORATION, HUNTINGTON BEACH, ORANGE COUNTY - W.O. 1513.) An application has been received from the Monterey Oil Company and Suniland Oil Corporation as successor in interest to Elsinore C. Machris, joint lessees under State Agreement for Easement 274.5, for renewal and extension of the easement agreement. PAC 719.5 X

Agreement for Easement 274.5 was issued March 1, 1934, for a term of 20 years, and provides that the grantee has the preferential right to renewal for successive periods of ten years upon such reasonable terms and conditions as may be prescribed by the State, unless otherwise provided by law at the time of the expiration of such periods. Section 6827, Public Resources Code, now provides that oil and gas leases may be for a term of twenty years and for so long hereafter as gas or oil is produced in paying quantities. Additionally, if the lease term is for twenty years, the lease may at any time prior to its expiration be extended upon such terms and conditions and for such period of time as the Commission deems for the best interest of the State. It is proposed that an extension of Agreement for Easement 274.5 be issued, in general conformance with the form approved heretofore by the Commission for extension of oil and gas leases issued pursuant to Chapter 303/1921, and incorporating all specific operating requirements and royalty provisions of the original easement agreement. The proposed composite form has been reviewed by the Office of the Attorney General with the report that "...we regard the draft in its present form...as meeting all of the conditions governing leases of the presently existing provisions of the Public Resources Code, as well as protecting the State with regard to the reservation of powers in the United States contained in Public Law 31, 83d Congress, Chapter 65, 1st Session. ...the foregoing statement is premised upon the assumption that subject 'Agreement for Easement' was valid when and as entered into on March 1, 1934." Agreement for Easement 274.5 was authorized for issuance by the Director of Finance, Chief of the Division of State Lands, and approved as to form by the Attorney General on March 12, 1934. The joint lessees, Monterey Oil Company and Suniland Oil Corporation, have agreed to the acceptability of the proposed form of lease extension and renewal.

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

The Executive Officer is authorized to execute and issue to Monterey Oil Company and Suniland Oil Corporation a renewal and extension of Agreement for Easement 274.5, Huntington Beach, in the form approved by the Office of the Attorney General. The term of the extension is to be for ten years from March 1, 1954, and for so long thereafter as oil or gas is produced in paying quantities from the demised premises. The annual lease rental is to be \$50, and oil royalties will be payable in accordance with the formula specified in the original agreement for easement, subject to a minimum oil royalty rate of 16-2/3 per cent.

4. (RENEWAL AND EXTENSION, AGREEMENT FOR EASEMENT 275.5, MONTEREY OIL COMPANY AND SUNILAND OIL CORPORATION, HUNTINGTON BEACH, ORANGE COUNTY - W.O. 1514.) An application has been received from the Monterey Oil Company and Suniland Oil Corporation as successor in interest to Elsinore C. Machris, joint lessees under State Agreement for Easement 275.5, for renewal and extension of the easement agreement.

PRC 920.5