

"Under Condemnation Case 3496 W.M. Civil, the U. S. Navy in 1946 acquired 627 acres of land in the Anaheim Bay area of Orange County as a site for a net and ammunition depot. This acquisition excluded specifically tide and submerged land sloughs within the perimeter of the area taken, title to which is vested in the State. In the acquisition, mineral rights were reserved to the original landowner, as well as limited specific locations from which future mineral development might be conducted. These reserved rights are now held under oil and gas lease by the Hancock Oil Company, who have drilled a producing well, Hancock-Alamitos 1, which is currently draining oil and gas from the adjoining State tide and submerged lands. These State tide and submerged lands comprise approximately 54.49 acres, or 8.686% of the total acreage of the lands held by the Hancock Oil Company.

"A request has also been received from The Termo Company of Long Beach for consideration of offering the State lands for general public bidding in lieu of inclusion in a negotiated compensatory royalty agreement. The State lands are all distributed in comparatively narrow slough channels, in such manner as to be generally unsatisfactory for inclusion in a reasonable reservoir development program.

"The compensatory royalty agreement proffered by Hancock Oil Company would pay the State a royalty of 16-2/3% of the market value of the proportion of oil, gas, gasoline, liquefied petroleum gas products, and other hydrocarbon substances produced from wells drilled on the upland lease in the proportion that the State lands bear to the total lease acreage, or 8.686%.

"The draft of the proposed compensatory royalty agreement has been reviewed as to form by the Office of the Attorney General."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE A FORM OF COMPENSATORY ROYALTY AGREEMENT FOR THE STATE LAND INTEREST OF 8.686% WITHIN THE PERIMETER OF THE HANCOCK OIL COMPANY'S ALAMITOS OIL AND GAS LEASE, WITH THE HANCOCK OIL COMPANY, WHICH AGREEMENT PROVIDES FOR A ROYALTY TO THE STATE OF 16-2/3% ON ITS ACREAGE SHARE OF 8.686% OF OIL, GAS, GASOLINE, LIQUEFIED PETROLEUM GAS PRODUCTS, AND OTHER HYDROCARBON SUBSTANCES PRODUCED FROM SAID ALAMITOS OIL AND GAS LEASE DATED JANUARY 25, 1954.

8. (SUMMARY REPORT - STATUS OF PROPOSED OIL AND GAS LEASE, TIDE AND SUBMERGED LANDS, RINCON, VENTURA COUNTY - W.O. 1436.) The following report was presented to the Commission by the staff:

"1. February 9, 1954. Commission authorized the offer of an oil and gas lease on approximately 1,150 acres of tide and submerged lands at Rincon, Ventura County (Minute pages 1960-61).

"2. June 30, 1954. Seven lease bids received.

- "3. July 28, 1954. Commission re-referred to the staff for further study the question of issuing an oil and gas lease for the 1,175-acre parcel of tide and submerged lands as detailed in the published notice of intention under W.O. 1436 (Minute pages 2136-41).
- "4. August 11, 1954. Meeting held with 31 representatives of all bidders and other interested parties. A resumé of all legal objections relative to the award of the oil and gas lease was developed with complete agreement that all of the legal issues involved were covered, that each objection was expressed properly, and that the order of reference to the Attorney General for opinion was satisfactory.
- "5. October 6, 1954. Opinion received from the Office of the Attorney General with the following conclusions:
 - (1) None of the objections is well taken.
 - (2) Richfield's bid of 5.2375 is the highest qualified bid and may properly be accepted by the Commission.
 - (3) If the Richfield bid is accepted, the lease should provide for a minimum royalty of 30 per cent.
- "6. December 17, 1954. Commission authorized the Executive Officer to issue an oil and gas lease to the Richfield Oil Corporation, the highest qualified bidder, in accordance with Division 6 of the Public Resources Code. (Minute pages 2194-95)
- "7. December 17, 1954. Commissioners served with alternative writ of mandate commanding the vacation and setting aside of the action in accepting the Richfield bid and in authorizing the issuance of a lease of the subject lands. Order to show cause set for Sacramento County Superior Court, January 10, 1955.
- "8. Order to show cause on alternative writ reset to January 28, 1955, by stipulated agreement between all parties.
- "9. January 10, 1955. Petitions for writ of prohibition filed by the Attorney General and Richfield Oil Corporation, requesting that Sacramento County Superior Court desist and refrain from further proceedings in the action on the alternative writ of mandate.
- "10. January 19, 1955. Alternate writ of prohibition issued by Appellate Court.
- "11. January 20, 1955. Date for hearing by Appellate Court set for March 10, 1955."