

THE EXECUTIVE OFFICER IS AUTHORIZED TO REQUEST, UNDER THE PROVISIONS OF SECTION 6816, PUBLIC RESOURCES CODE, THAT A DEFICIENCY AUTHORIZATION - CAPITAL OUTLAY IN THE AMOUNT OF \$4,000 BE GRANTED THE DIVISION OF STATE LANDS FOR THE FINANCING OF CONSTRUCTION COSTS IN EXCESS OF THE \$14,000 ADVANCED BY THE DIVISION OF HIGHWAYS, FOR THE CONSTRUCTION OF THE DIVISION'S NEW OFFICE TO BE LOCATED AT SANTA BARBARA.

26. (PROPOSED OIL AND GAS LEASE, TIDE AND SUBMERGED LANDS, HUNTINGTON BEACH, ORANGE COUNTY - W.O. 1864(A), P.R.C. 1524.1.) The following report was presented to the Commission:

"On June 8, 1955 thirteen bids were received 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 320 acres of tide and submerged lands in Huntington Beach, Orange County. Publication of this offer was authorized by the Commission February 3, 1955 (Minute Item 3, pages 2258-2261) and March 9, 1955 (Minute Item 3, pages 2275-2280). A summary tabulation of the bid data submitted pursuant to the lease proposal is attached. The combined bid-lease form was approved by the Office of the Attorney General, prior to the lease offer, as to compliance with applicable statutes and rules and regulations. The Office of the Attorney General has also reviewed the high bid submitted by the Douglas Oil Co. of California and determined that the bid submittal is in compliance with all specified bid conditions.

"Oil royalty rates, which would be applicable for selected oil production rates under the Douglas Oil Co. of California bid, are as follows:

<u>Average Daily Lease Shipment (Barrels Per Day)</u>	<u>Computed Oil Royalty Rate (Per Cent)</u>
	16.67 (Minimum)
44	16.67
45	18.10
50	28.28
60	47.16
70	64.20
76.6	75.00 (Maximum)

"All drilling and production operations would be conducted by the high bidder from upland drill and operating sites on lands zoned by the City of Huntington Beach for oil and gas operations, with the initial development to be conducted from drill sites currently surrounded by existing wells and production tanks."

The Executive Officer read to the Commission a letter of June 8, 1955 from M. M. Gregory, Assistant District Superintendent of District VI of the Division of Beaches and Parks, stating that District Superintendent William L. Kenyon of the Huntington Beach State Park wishes to see that restrictions be included in the lease and a substantial bond required in order to safeguard the beach from pollution. Mr. Gregory then appeared personally on behalf of Mr. Kenyon and reiterated the statements contained in his letter. The Chairman informed Mr. Gregory that the lease under consideration does give the type of protection requested, but pointed out that requests or protests in connection with leases should be made at the time of the original hearing; that when negotiations had proceeded to the stage where the Commission was ready to take action on the recommendations of its staff, it was too late to make any changes in any proposed lease. Mr. Gregory indicated that he would relay this message to Mr. Kenyon.

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO ISSUE AN OIL AND GAS LEASE TO THE DOUGLAS OIL CO. OF CALIFORNIA, THE HIGHEST QUALIFIED BIDDER, IN ACCORDANCE WITH DIVISION 6 OF THE PUBLIC RESOURCES CODE, FOR THE 320-ACRE PARCEL OF TIDE AND SUBMERGED LANDS IN HUNTINGTON BEACH, ORANGE COUNTY, AS DETAILED IN THE PUBLISHED NOTICE OF INTENTION UNDER W.O. 1864(A); THE ROYALTY RATE BID FACTOR IN SAID LEASE TO BE 7.07 AS OFFERED BY THE DOUGLAS OIL CO. OF CALIFORNIA IN THE BID FORM OF LEASE.

ATTACHMENT: SUMMARY TABULATION OF BID DATA

SUMMARY OF BIDS RECEIVED PRIOR TO 11:00 A.M. JUNE 8, 1955 - W. O. 1864(A)

Bidder	Required Bid Identification Furnished	Waivers Requested Prior to Bid Opening	Endorsement or Agreement for Operating Sites	Certified Financial Statement	Evidence of Citizenship Qualification	Bid Deposit Submitted	Bid Submitted on Prescribed Form	Bid Factor Offered
1. Douglas Oil Co. of California	x	no	x	x	x	x	x	7.07
2. The Texas Company	x	no	x	x	x	x	x	5.127
3. Apex Petroleum Corp.	x	no	x	x	x	x	x	5.126
4. Atlantic Oil Company	x	no	x	x	x	x	x	4.10
5. Southern California Petroleum Corp.	x	no	x	x(1)	x	x	x	4.01
6. G. E. Kadane & Sons	x	no	x	x(2)	x	x	x	3.3879
7. E. W. Pauley	x	no	x	x	x	x	x	3.36
8. Signal Oil & Gas Co.	x	no	x	x	x	x	x	3.251
9. R. F. Oakes, et al.	x	no	x	x(3)	x	x	x	3.20
10. Hamilton and Sherman	x	no	x	x	x	x	x	2.63
11. Standard Oil Company of California	x	no	x	x	x	x	x	2.20
12. Richfield Oil Corp.	x	no	x	x	x	x	x	1.876
13. General Petroleum Corp.	x	no	x	x	x	x	x	1.055

(1) Annual financial report not certified.

(2) Accountant's statement of net value submitted in lieu of certified financial statement.

(3) Statements of individual net worth submitted in lieu of certified financial statement.

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