

3. (PROPOSED OIL AND GAS LEASE, TIDE AND SUBMERGED LANDS, SUMMERLAND AREA, SANTA BARBARA COUNTY - W. O. 2253, P.R.C. 1824.1.)

After presentation of the attached Calendar Item No. 24 to the Commission by the staff, the Chairman indicated that the bonus being paid was a welcome receipt of money into the State treasury, and that it doubtless would be devoted to a very important public purpose.

Mr. Kirkwood asked that it be noted that this was the first of the wildcat leases to be awarded under the Cunningham-Shell Act.

The Chairman thought it significant to note that the area to be leased was in unproven wildcat territory, and that the company securing the lease would be on its own; that if production takes place the State will receive the conventional royalty, but in any event the State will retain the bonus offered, even though there should be no production.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

- (A) THE COMMISSION FINDS AND DETERMINES THAT BOTH STANDARD OIL COMPANY OF CALIFORNIA AND HUMBLE OIL & REFINING COMPANY ARE FULLY QUALIFIED BIDDERS IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE PUBLIC RESOURCES CODE, THAT THEIR BID WAS THE HIGHEST QUALIFIED BID RECEIVED, AND THAT THEY HAVE COMPLIED FULLY WITH ALL THE REQUIREMENTS AND CONDITIONS OF THE PUBLIC RESOURCES CODE, THE RULES AND REGULATIONS OF THE STATE LANDS COMMISSION, AND THE NOTICE OF INTENTION AND PROPOSAL TO LEASE UNDER WORK ORDER 2253; AND
- (B) THE COMMISSION ACCEPTS THE BID OF STANDARD OIL COMPANY OF CALIFORNIA AND HUMBLE OIL & REFINING COMPANY AS AFORESAID, AND AWARDS TO STANDARD OIL COMPANY OF CALIFORNIA AND HUMBLE OIL & REFINING COMPANY, AS THE HIGHEST QUALIFIED BIDDERS THEREFOR, AN OIL AND GAS LEASE COVERING THE 5,500-ACRE PARCEL OF TIDE AND SUBMERGED LANDS IN THE SUMMERLAND AREA, SANTA BARBARA COUNTY, AS DESCRIBED IN THE PUBLISHED NOTICE OF INTENTION UNDER WORK ORDER 2253 PUBLISHED DECEMBER 7 AND 11, 1956; AND
- (C) THE COMMISSION AUTHORIZES THE EXECUTIVE OFFICER OF THE STATE LANDS COMMISSION TO EXECUTE AND DELIVER SAID LEASE TO STANDARD OIL COMPANY OF CALIFORNIA AND HUMBLE OIL & REFINING COMPANY, THE CASH BONUS TO BE PAID THE STATE IN CONSIDERATION THEREFOR TO BE \$7,250,606.95, AS OFFERED BY THE JOINT BID OF STANDARD OIL COMPANY OF CALIFORNIA AND HUMBLE OIL & REFINING COMPANY AFORESAID.

Attachment:

Calendar Item No. 24 (2 pages)

OIL & GAS

24.

(PROPOSED OIL AND GAS LEASE, TIDE AND SUBMERGED LANDS, SUMMERLAND AREA, SANTA BARBARA COUNTY - W. O. 2253.)

On December 28, 1956 three bids were received in response to a published notice of intention of the State Lands Commission to enter into a lease for the extraction of oil and gas from 5,500 acres of tide and submerged lands in the Summerland area, Santa Barbara County. Publication of this offer was authorized by the Commission August 15, 1956 (Minute Item 3, pages 2756-58). A resume of the compliance by the bidders with the required bid conditions is attached. The joint bid of the Standard Oil Company of California-Humble Oil & Refining Company offered the highest cash bonus payment for award of a lease in the amount of \$7,250,606.95. A joint bid by Monterey Oil Company, The Texas Company and Newmont Oil Company offered \$5,667,777.77, while the joint bid of Continental Oil Company, Union Oil Company, Shell Oil Company and Superior Oil Company offered \$655,310.00.

IT IS RECOMMENDED THAT THE COMMISSION:

- (A) FIND AND DETERMINE THAT BOTH STANDARD OIL COMPANY OF CALIFORNIA AND HUMBLE OIL & REFINING COMPANY ARE FULLY QUALIFIED BIDDERS IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE PUBLIC RESOURCES CODE, THEIR BID WAS THE HIGHEST QUALIFIED BID RECEIVED AND THAT THEY HAVE COMPLIED FULLY WITH ALL THE REQUIREMENTS AND CONDITIONS OF THE PUBLIC RESOURCES CODE, THE RULES AND REGULATIONS OF THE STATE LANDS COMMISSION, AND THE NOTICE OF INTENTION AND PROPOSAL TO LEASE UNDER WORK ORDER 2253.
- (B) ACCEPT THE BID OF STANDARD OIL COMPANY OF CALIFORNIA AND HUMBLE OIL & REFINING COMPANY AS AFORESAID AND AWARD TO STANDARD OIL COMPANY OF CALIFORNIA AND HUMBLE OIL & REFINING COMPANY, AS THE HIGHEST QUALIFIED BIDDERS THEREFOR, AN OIL AND GAS LEASE COVERING THE 5,500-ACRE PARCEL OF TIDE AND SUBMERGED LANDS IN THE SUMMERLAND AREA, SANTA BARBARA COUNTY, AS DESCRIBED IN THE PUBLISHED NOTICE OF INTENTION UNDER WORK ORDER 2253 PUBLISHED DECEMBER 7 AND 11, 1956, AND
- (C) AUTHORIZE THE EXECUTIVE OFFICER OF THE STATE LANDS COMMISSION TO EXECUTE AND DELIVER SAID LEASE TO STANDARD OIL COMPANY OF CALIFORNIA AND HUMBLE OIL & REFINING COMPANY, THE CASH BONUS TO BE PAID THE STATE IN CONSIDERATION THEREFOR TO BE \$7,250,606.95, AS OFFERED BY THE JOINT BID OF STANDARD OIL COMPANY OF CALIFORNIA AND HUMBLE OIL & REFINING COMPANY AFORESAID.

RESUME' OF COMPLIANCE BY BIDDERS

WITH SPECIFIED BID CONDITIONS

	<u>Standard Oil Co. of California - Humble Oil & Re- fining Company</u>	<u>Monterey Oil Co.- The Texas Co.- Newmont Oil Co.</u>	<u>Continental Oil Co., Union Oil Co., Shell Oil Co., Superior Oil Co.</u>
1. Sealed bid submitted on or before 11 a.m. December 28, 1956	Yes	Yes	Yes
2. Required bid identification furnished	Yes	Yes	Yes
3. Standard bid form used	Yes	Yes	Yes
4. Bid submitted in duplicate	Yes	Yes	Yes
5. Lease bid completed as to			
(a) Acceptance	Yes	Yes	Yes
(b) Cash bonus offered	Yes	Yes	Yes
6. Written waiver requested prior to bid opening	No	No	No
7. Statement as to type, location and area of proposed drilling sites	Yes	Yes	Yes
8. Bid deposit made	Yes	Yes	Yes
9. Certified copy of financial statement	Yes	Yes	Yes
10. Evidence of qualification to hold lease	Yes	Yes	Yes