

MINUTE ITEM

3/1/66

36. PROPOSED OIL AND GAS LEASE, VACANT STATE SCHOOL LAND, SAN LUIS OBISPO COUNTY - W.O. 5883.

After consideration of Calendar Item 39 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO OFFER THE PARCELS OF VACANT STATE SCHOOL LAND DESCRIBED IN EXHIBIT "1", ATTACHED HERETO AND HEREBY MADE A PART HEREOF, SAN LUIS OBISPO COUNTY, FOR AN OIL AND GAS LEASE, PURSUANT TO DIVISION 6 OF THE PUBLIC RESOURCES CODE. THE LEASE AWARD IS TO BE MADE TO THE QUALIFIED BIDDER OFFERING THE HIGHEST CASH-BONUS PAYMENT IN CONSIDERATION OF THE ISSUANCE OF AN OIL AND GAS LEASE.

THE BID-LEASE FORM TO BE USED FOR THE PARCELS SHALL BE THE FORM APPROVED AND ADOPTED BY THE COMMISSION IN MINUTE ITEM NO. 34 OF THESE MINUTES (W.O. 5434), AND WILL SPECIFY THAT NO OPEN SUMPS THAT WOULD BE A HAZARD TO LIVESTOCK SHALL BE PERMITTED. THE LEASE ANNUAL RENTAL IS TO BE FIVE DOLLARS PER ACRE, AND THE DRILLING TERM IS TO BE ONE YEAR.

Attachment

Calendar Item 39 (2 pages)

3/66

CALENDAR ITEM

39.

PROPOSED OIL AND GAS LEASE, VACANT STATE SCHOOL LANDS, SAN LUIS OBISPO COUNTY - W.O. 5883.

An application has been received for an oil and gas lease on 200 acres more or less of vacant school land in Section 15, T. 31 S., R. 21 E., M.D.B. & M., San Luis Obispo County. (See Exhibits "2" and "3".)

Section 6852 of the Public Resources Code provides, in part, that whenever a person who possesses the necessary qualifications, as provided in this chapter, makes written request to lease lands belonging to the State for the production of oil and gas, the Commission may offer the same for bidding, at such times and in such parcels as the Commission shall determine to be in the best interest of the State. State Grazing Lease P.R.C. 2753.2 covers these lands.

The staff has concluded that the area is an attractive prospect, and that failure to lease the land might prevent the drilling of an exploratory well that will evaluate the State property.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO OFFER THE PARCELS OF VACANT STATE SCHOOL LAND DESCRIBED IN EXHIBIT "1", ATTACHED HERETO AND HEREBY MADE A PART HEREOF, SAN LUIS OBISPO COUNTY, FOR AN OIL AND GAS LEASE, PURSUANT TO DIVISION 6 OF THE PUBLIC RESOURCES CODE. THE LEASE AWARD IS TO BE MADE TO THE QUALIFIED BIDDER OFFERING THE HIGHEST CASH-BONUS PAYMENT IN CONSIDERATION OF THE ISSUANCE OF AN OIL AND GAS LEASE.

THE BID-LEASE FORM TO BE USED FOR THE PARCELS SHALL BE THE FORM APPROVED AND ADOPTED BY THE COMMISSION IN CALENDAR ITEM NO. 30 OF THIS AGENDA (W.O. 5434), AND WILL SPECIFY THAT NO OPEN SUMPS THAT WOULD BE A HAZARD TO LIVESTOCK SHALL BE PERMITTED. THE LEASE ANNUAL RENTAL IS TO BE FIVE DOLLARS PER ACRE, AND THE DRILLING TERM IS TO BE ONE YEAR.

Attachment  
Exhibit "1"

EXHIBIT "1"

T. 31 S., R. 21 E., M.D.B. & M., San Luis Obispo County,  
Section 15: NW $\frac{1}{4}$  of NW $\frac{1}{4}$ , SE $\frac{1}{4}$  of NW $\frac{1}{4}$ , SW $\frac{1}{4}$  of NE $\frac{1}{4}$ , NE $\frac{1}{4}$  of SE $\frac{1}{4}$   
and SW $\frac{1}{4}$  of SE $\frac{1}{4}$ , containing 200 acres, more or less.