

MINUTE ITEM

6/22/67

37. PROPOSED OIL AND GAS LEASE, RESERVED MINERAL INTEREST, IMPERIAL COUNTY - W.O. 6525.

After consideration of Calendar Item 2 attached, and upon motion duly made and carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO OFFER THE RESERVED MINERAL INTEREST IN SECTION 16, T. 11 S., R. 10 E., S.B.B.& M., IMPERIAL 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 SHALL BE THE FORM APPROVED AND ADOPTED BY THE COMMISSION IN MINUTE ITEM NO. 35 OF THESE MINUTES (W.O. 6357). THE LEASE RENTAL IS TO BE \$2 PER ACRE PER YEAR, AND THE DRILLING TERM IS TO BE ONE YEAR. WITHIN 60 DAYS FROM AND AFTER THE DATE OF THE CESSATION OF DRILLING OPERATIONS IN THE FIRST WELL, THE LESSEE SHALL COMMENCE OPERATIONS FOR THE DRILLING OF THE NEXT WELL. OPERATIONS FOR THE DRILLING OF EACH SUCCEEDING WELL THEREAFTER SHALL COMMENCE WITHIN 60 DAYS FROM AND AFTER THE CESSATION OF DRILLING OPERATIONS IN THE PRECEDING WELL. THE PERFORMANCE BOND IS TO BE IN THE PENAL SUM OF \$10,000.

Attachment

Calendar Item 2 (1 page)

2.

PROPOSED OIL AND GAS LEASE, RESERVED MINERAL INTEREST, IMPERIAL COUNTY -
W.O. 6525.

Written request has been received that an oil and gas lease to be offered on 640 acres more or less of mineral interest reserved to the State upon the sale of vacant State school land in Section 16, T. 11 S., R. 10 E., S.B.B. & M.

Section 6852 of the Public Resources Code provides in part that whenever a person who possesses the necessary qualifications makes written request to lease land 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 interests of the State.

The staff has concluded that the area is an attractive prospect, and that failure to offer 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 RESERVED MINERAL INTEREST IN SECTION 16, T. 11 S., R. 10 E., S.B.B. & M., IMPERIAL 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 SHALL BE THE FORM APPROVED AND ADOPTED BY THE COMMISSION IN CALENDAR ITEM NO. 3 OF THIS AGENDA (W.O. 6357). THE LEASE RENTAL IS TO BE \$2 PER ACRE PER YEAR, AND THE DRILLING TERM IS TO BE ONE YEAR. WITHIN 60 DAYS FROM AND AFTER THE DATE OF THE CESSATION OF DRILLING OPERATIONS IN THE FIRST WELL, THE LESSEE SHALL COMMENCE OPERATIONS FOR THE DRILLING OF THE NEXT WELL. OPERATIONS FOR THE DRILLING OF EACH SUCCEEDING WELL THEREAFTER SHALL COMMENCE WITHIN 60 DAYS FROM AND AFTER THE CESSATION OF DRILLING OPERATIONS IN THE PRECEDING WELL. THE PERFORMANCE BOND IS TO BE IN THE PENAL SUM OF \$10,000.