

MINUTE ITEM

4/25/68

35. PROPOSED OIL AND GAS LEASE, RESERVED MINERAL INTEREST, MONTEREY COUNTY - W.O. 6126.

After consideration of Calendar Item 13 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES THE OFFERING OF THE RESERVED MINERAL INTEREST IN THE NW $\frac{1}{4}$ OF SECTION 36, T. 20 S., R. 7 E., M.D.B. & M., MONTEREY COUNTY, FOR 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 ON JUNE 22, 1967. THE LEASE RENTAL IS TO BE \$5 PER ACRE PER YEAR, AND THE DRILLING TERM IS TO BE ONE YEAR. WITHIN 90 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 90 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 13 (1 page)

13.

PROPOSED OIL AND GAS LEASE, RESERVED MINERAL INTEREST, MONTEREY COUNTY - W.O. 6126.

A request has been received that an oil and gas lease be offered on 160 acres more or less of mineral interest reserved to the State from the sale of school land in the NW $\frac{1}{4}$ of Section 36, T. 20 S., R. 7 E., M.D.B.& M.

Section 6852 of the Public Resources Code provides in part that whenever a person who possesses the necessary qualifications makes written requests 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.

That area is an attractive prospect and failure to offer the land might prevent the drilling of an exploratory well that will evaluate State property.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE OFFERING OF THE RESERVED MINERAL INTEREST IN THE NW $\frac{1}{4}$ OF SECTION 36, T. 20 S., R. 7 E., M.D.B.& M., MONTEREY COUNTY, FOR 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.

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