

28. RATIFICATION OF ACTION REQUESTING STATE BOARD OF CONTROL TO REFUND TO STANDARD OIL COMPANY OF CALIFORNIA AMOUNTS ERRONEOUSLY PAID WITH APPLICABLE INTEREST THEREON - PRC 3095, PRC 7 5, PKC 1824, PRC 3150, PRC 4000.

During consideration of Supplemental Calendar Item 26 attached, Mr. R. S. Golden, Assistant Executive Officer, explained that the item is strictly a clarification of the Commission's policy. Mr. Golden pointed out that with regard to the oil companies that had paid under protest, Standard was the only one that did not. Therefore, the Commission had to go through the procedures of the State Board of Control which requires approval of the State Lands Commission. He therefore asked the Commission to ratify his action to the State Board of Control in certifying the refund of monies that Standard Oil paid in the pricing dispute.

Upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION RATIFIES THE ASSISTANT EXECUTIVE OFFICER'S ACTION IN CERTIFYING TO THE BOARD OF CONTROL THE NECESSITY OF REFUND OF \$688,847 AS PRINCIPAL AMOUNT TO STANDARD OIL COMPANY, TOGETHER WITH SUCH INTEREST THEREON AS MAY BE DETERMINED AS LEGAL AND EQUITABLE BY THE STATE BOARD OF CONTROL.

Attachment:

Supplemental Calendar Item 26 (1 page)

SUPPLEMENTAL CALENDAR ITEM

12/74

26.

RSG  
 PRC 3095.1  
 735.1  
 1824.1  
 3150.1  
 4000.1

RATIFICATION OF ACTION REQUESTING STATE BOARD OF CONTROL  
 TO REFUND TO STANDARD OIL COMPANY OF CALIFORNIA AMOUNTS  
 ERRONEOUSLY PAID WITH APPLICABLE INTEREST THEREON

Pursuant to billings of the State Lands Division, from October 25, 1973, to February 22, 1974, Standard Oil Company paid the sum of \$688,847.12. These billings were made on the belief of the State that its oil was exempt from Federal price ceilings. It was not until February 22, 1974, that the Federal Energy Office promulgated regulations removing the State's exemption effective October 25, 1973. The State appealed this decision on March 13, 1974, requesting a temporary restraining order against F.E.O. and a permanent injunction against F.E.O.'s enforcement of the February 21 regulations. The U. S. District Court judge awarded the temporary restraining order on March 20 with the permanent injunction issuing shortly after April 8. Upon appeal of this decision by the Federal government, the Temporary Emergency Court of Appeals issued a stay order on the permanent injunction. This action was appealed to the United States Supreme Court by the State Attorney General by Writ of Certiorari. This Writ was rejected by the Supreme Court in November 1974.

Staff of the State Lands Commission has certified to the Board of Control as to the legitimacy of this claim in its principal amount based on the final court action. In order to meet the requirements of Public Resources Code Section 6217, this ratification action of the Commission is required.

IT IS RECOMMENDED THAT THE COMMISSION RATIFY THE ASSISTANT EXECUTIVE OFFICER'S ACTION IN CERTIFYING TO THE BOARD OF CONTROL THE NECESSITY OF REFUND OF \$688,847 AS PRINCIPAL AMOUNT TO STANDARD OIL COMPANY, TOGETHER WITH SUCH INTEREST THEREON AS MAY BE DETERMINED AS LEGAL AND EQUITABLE BY THE STATE BOARD OF CONTROL.