

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE SALE OF THE SW $\frac{1}{4}$ OF SECTION 36, T. 12 N., R. 7 E., S.B.M., CONTAINING 160 ACRES IN SAN BERNARDINO COUNTY, TO THE SINGLE BIDDER, MR. JOHN T. BILDERBECK, AT A CASH PRICE OF \$640, SUBJECT TO ALL STATUTORY RESERVATIONS INCLUDING MINERALS.

42. (BID FOR OIL AND GAS LEASE, 960 ACRES OF TIDE AND SUBMERGED LANDS, MONTALVO AREA, VENTURA COUNTY - W.O. 1033, P.R.C. 735.5.) On May 28, 1952, bids were received from the Standard Oil Company of California and the Oil Exploration Co. in response to a published notice of intention of the State Lands Commission to receive offers to enter into a lease for the extraction of oil and gas from 960 acres of tide and submerged lands in the Montalvo area of Ventura County. Publication of this offer, subject to review of the bids by the Department of Interior, was approved by the Department of Interior on March 5, 1952. A resume of the compliance by the bidders with the specified bid conditions is given below. Only the bid of the Standard Oil Company of California is qualified for consideration by the Commission. However, in addition, disregarding the deficiencies in the bid offer of the Oil Exploration Co., the bid royalty offer of the Standard Oil Company of California is the highest.

Two protests to issuance of a lease have been received. A joint protest by Union Oil Company of California, Shell Oil Company, and Continental Oil Company is based upon the following contentions:

1. That only the Standard Oil Company of California could comply with the requirements of the lease offer.
2. The Commission should have exercised the power of eminent domain under Section 6309 of the Public Resources Code.

The validity of bids under identical legal and analogous physical circumstances was determined by the Attorney General in a formal opinion of February 8, 1950, relative to an offer of leases in the Huntington Beach area by the Commission (W.O. 404, W.O. 405, P.R.C. 425, P.R.C. 426). A protest had been filed at that time, on the same bases as the foregoing, by Union Oil Company of California and Shell Oil Company jointly. Currently, the protestants also contend that the opinion of the Attorney General (49/257) is in error.

These legal matters were referred to the Office of the Attorney General for review. On June 27, 1952, Assistant Attorney General E. W. Mattoon reported that after consideration of the subject protest "It is therefore our conclusion that the legal status has not changed since the rendition of the opinion of February 8, 1950 and that the pertinent provisions of the said opinion should still be regarded as applicable."

The second protest was filed by Mr. Christian Schirm, contending that a lease should not be issued because of prior Federal oil and gas lease applications made by himself and others upon the same area as offered by the Commission. The specific Federal lease applications cited were finally rejected by decision of the Department of the Interior on August 25, 1948. However, the protestants, together with others, have joined in an action in the U. S. District Court in Washington, D.C., seeking to compel the Secretary of the Interior to issue the leases as applied for originally.

RESUME OF COMPLIANCE BY BIDDERS WITH SPECIFIED BID CONDITIONS

	<u>B I D D E R S</u>	
	<u>Standard Oil Co. of California</u>	<u>Oil Exploration Co.</u>
1. Sealed Bid submitted on or before 11.00 a.m., May 28, 1952	Yes	Yes
2. Required Statement on Envelope	Yes	No
3. Standard Bid Form used	Yes	Yes
4. Bid Factor	1.251	1.002
5. Written waiver requested prior to bid opening	No	No (1)
6. Evidence of present availability of drill sites, easements, and rights of way	Yes	Inadequate (2)
7. Certified copy of financial statement	Yes	No (3)
8. Data on citizenship qualifications	Yes	No
9. \$5000 certified or cashier's check (California bank)	Yes	No (4)

(1) Bidder submitted an "Amended Bid" at 2.35 p.m., June 4, 1952. A letter of transmittal submitted with the "Amended Bid" requested "written consent of the State Lands Commission for the deviation from the requirements and/or provisions which are specifically set forth in the Offer of the State Lands Commission to enter into said lease, which Oil Exploration Co. has by this letter and enclosures corrected." The form "Offer of the State Lands Commission to Enter into a Lease . . ." specified that "no deviation from any requirements or provisions included within the bid form of lease together with those requirements or provisions which are specifically set forth hereafter in this Offer shall at any time be permitted without the successful bidder having first had and obtained the written consent of the State Lands Commission." (Under-scoring added.)

(2) As "evidence" of present availability of drill sites the bidders submitted an unverified copy of an application filed with the Department of Interior on May 28, 1952, requesting conveyance by the United States of title to a strip of land lying between the ordinary high-water mark of the Pacific Ocean and the seaward meander line of the Rancho Rio de Santa Clara in return for a McKee Land Scrip Certificate filed by the Oil Exploration Co. This "evidence" does not appear to be adequate for the following reasons:

1. The "Offer of the State Lands Commission to enter into a lease . . ." required "evidence of present ability of bidder to furnish all necessary sites and rights of way for operations contemplated under the provisions of the lease . . ." (Under-scoring added.)
 2. The form of "evidence" does not conform with the two requirements specified in the Commission's notice of offer as to the form for submitting the aforesaid evidence of present ability of the bidder to furnish all necessary drill sites.
 3. The scrip application purports to give the applicant a vested right in public domain lying between the meander line of the Rancho Rio de Santa Clara and the ordinary high-water mark of the Pacific Ocean. Prior adjudication in the cases of other confirmed Spanish and Mexican land grants fronting on the Pacific Ocean has established that there is no public domain between the Rancho meander line and the ordinary high-water mark and that title to all land extending to the ordinary high-water mark vests in the owners of the Rancho.
 4. The Secretary of Interior has heretofore rejected all similar land scrip applications.
- (3) Letter of transmittal submitted by the bidder with the form of bid states "a financial statement will be delivered by applicant to the Commission at a later date". Form of "Offer of the State Lands Commission . . ." specified that "Each bidder, as a condition precedent to award, must submit with the bid a certified copy of a financial statement establishing conclusively his financial ability to undertake and fulfill all obligations under the prospective lease . . ." (Under-scoring added.)

The "Amended Bid" filed June 4, 1952, was accompanied by a letter stating that "Oil Exploration Co. for its statement of financial ability . . . advises your Commission that Oil Exploration Co. is ready, willing and able to perform all of the provisions of said lease . . ."

- (4) The letter of transmittal submitted with the bid states that "cashier's check in the sum of \$5,000 payable to the State of California as a deposit, which check will be delivered to the Commission at a later date." The form of "Offer of the State Lands Commission . . ." specified that "each bid submitted pursuant to this notice shall be accompanied by a certified or cashier's check drawn on a responsible California bank and made payable to the State of California in the sum of \$5,000.00, as a deposit of evidence of good faith . . ." Cashier's check in the sum of \$5,000 was deposited by the bidder June 4, 1952, together with the "Amended Bid" referred to previously.

Mr. R. H. Schwab appeared on behalf of Oil Exploration Co. to ask that action on the bids be deferred for at least two weeks, claiming that his Company and not Standard Oil Company of California controls the strip of land between the drill sites and the upland area, but he did not present any evidence to substantiate his claim, and stated that he had only become aware of the situation about a half-hour before the meeting.

Mr. G. F. Schroeder, Manager of the Land Lease Division of the Standard Oil Company of California, stated that the area in question is actually under lease to his company, subject lease being based upon a patent from the United States Government that goes to the ordinary high-water mark. He stated that they have a policy of title insurance on it.

Mr. Dean stated that while he was always willing to consider valid requests for postponements of Commission action, in his opinion Oil Exploration Co. had had ample time to prepare its case, and should not come to the Commission at the last minute with an unsupported request for postponement.

Mr. Hortig reported that all requirements of the Commission had been complied with by the Standard Oil Company of California in submitting its bid.

Upon a question by Mr. Schwab as to why a few weeks' postponement should be of importance, Mr. Watson pointed out that a drainage problem already exists.

In response to a question by Mr. Dean as to how the bid factor of 1.251 submitted by the Standard Oil Company of California compared with bids usually submitted, Mr. Hortig indicated that it was a comparable and favorable bid and the State's interests are amply protected.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO ISSUE AN OIL AND GAS LEASE TO THE STANDARD OIL COMPANY OF CALIFORNIA IN ACCORDANCE WITH DIVISION 6 OF THE PUBLIC RESOURCES CODE FOR THE 960-ACRE PARCEL OF TIDE AND SUBMERGED LANDS IN THE MONTALVO AREA, VENTURA COUNTY, AS DETAILED IN THE PUBLISHED NOTICE OF INTENTION UNDER W.O. 1033, THE ROYALTY RATE BID FACTOR IN SAID LEASE TO BE 1.251 AS OFFERED BY THE STANDARD OIL COMPANY OF CALIFORNIA IN THE BID FORM OF LEASE, SUBJECT TO THE APPROVAL BY THE DEPARTMENT OF INTERIOR TO THE ISSUANCE OF THE LEASE UNDER THE TERMS OF THE STIPULATION ENTERED INTO BY THE ATTORNEY GENERAL OF THE UNITED STATES AND THE ATTORNEY GENERAL OF CALIFORNIA ON JULY 26, 1947, AS EXTENDED.

There being no further business to come before the Commission, the meeting was adjourned.