The Executive Officer pointed out further that the Grantee had an obligation to produce under his agreements and that a portion of the production belonged to the State, and that in the absence of any approved agreements, the Grantee was actually marketing the State's royalty share of the oil without the State's consent; and that the Executive Officer was accordingly requesting authority from the Commission to approve the contracts ONLY when the contracts were finally presented in proper form and without the objectionable features.

Upon motion duly made and unanimously carried, the Executive Officer was authorized to negotiate with the State's Grantee, with the objective of removing the objectionable features contained in the oil purchase contracts submitted to the State for approval. The Executive Officer was specifically instructed to bring the contracts back to the Commission for formal approval.

9. (Grazing Application - Recession Lands, Owens Lake) Upon motion duly made and unanimously carried, the Commission rejected the bid of Mr. J.A. Engstrand, whereunder this bidder had agreed to pay five per cent above the highest bid. The Commission action was taken after full discussion and determination that the acceptance of any such bid would constitute a precedent and perhaps open the way toward general bidding of this character. The Executive Officer was instructed to notify Mr. Engstrand relative to the Commission's action on that bid.

Then, upon motion duly made and unanimously carried, the Commission determined to defer until the next meeting of the State Lands Commission any action upon the two remaining bids, each for twenty-five cents per acre per year for a five year lease of the area advertised.

10. (Sale of Vacant School Land, Application No. 4547, Monterey County) Upon motion duly made and unanimously carried, a resolution was adopted authorizing the sale of the S½ of the NE¼ and N½ of SE¼ of Section 16, T. 24 S., R. 8 E., M.D.M., containing 160 acres in Monterey County to Mr. Lewis Smith for $800.00 cash. Mr. Smith was the only bidder pursuant to the advertising. The land is to be sold subject to statutory reservations including minerals.

11. (Abandonment of Mineral Leases, Nos. 428, 429, 430 and 431 - McLaughlin and Applegarth) Upon motion duly made and unanimously carried, the Commission approved the recommendation of the Executive Officer that permission be granted to terminate, as of November 15, 1945, Mineral Leases Nos. 428,429,430 and 431 (McLaughlin and Applegarth), under the provisions of Section 4 of those leases. The termination is to be subject to the following conditions:

(a) That a quitclaim to the State will be executed by the Lessees;

(b) That all structures erected on the Leases shall have been removed and all shafts or tunnels shall be sealed prior to acceptance by the State of quitclaims.