

17. A letter was read from the State Controller, dated November 30, 1945, wherein he requested that the sum of \$1,000,000.00 be transferred from the State Lands Act Fund to the General Fund, State Beach Fund and State Park Fund in the proportions of 30 percent, 23 1/3 percent and 46 2/3 percent, respectively.

Upon motion duly made and unanimously carried, a resolution was adopted approving this transfer.

18. (Notice of Intention of the State Lands Commission to Receive Offers to Lease Santa Barbara Elwood Oil Field (tidelands)) The Executive Officer advised the Commission that three bids had been received pursuant to the Commission's advertised call for bids for development of an offshore oil lease contiguous to the State's lease No. P.R.C. 129 in the Elwood Field, Santa Barbara County. The advertising appeared in the Santa Barbara News Press on the dates of December 26 to 30, inclusive, 1945.

The bids received were as follows:

Signal Oil and Gas Company	-----	1.225
Honolulu Oil Corporation	-----	1.165
Hancock Oil Company	-----	1.18

The Commission was advised that the bid of the Signal Oil and Gas Company (1.225) was the highest bid and would return to the State a royalty of 34.30 percent on a 200 barrel well and a royalty of 39.20 percent on a 250 barrel well and a royalty of 43.01 percent on a 300 barrel well. The Executive Officer pointed out that the wells on the contiguous lease which are draining this area are producing an average of 250 barrels per day.

A letter of protest from Mr. J. A. Smith, President of the Independent Petroleum and Consumers Association, was read for the Commission by the Executive Officer. The Commission then heard Mr. H. J. March, representing the Signal Oil and Gas Company, Mr. A. C. Mattei, representing the Honolulu Oil Corporation, and the Commission's Consulting Geologist, Dr. E. K. Soper.

After full discussion relative to the letter of protest and the positions outlined by Mr. March, Mr. Mattei and Dr. Soper, and upon motion duly made and unanimously carried, the Commission awarded the lease to the highest bidder, Signal Oil and Gas Company.