29. (Gas Sales Contract - Marine Exploration Company - Lease No. P.R.C. 186) The Commission was informed of the request received from the Marine Exploration Company, lessee under State Oil and Gas Lease No. P.R.C. 186, Seal Beach, for approval of a bid for a contract to supply fuel gas to the City of Los Angeles for a term of six months. Said contract provides for payment for gas produced under Lease No. P.R.C. 186 of a price established in relation to the market price of fuel oil (currently, the price would be $.22 per m.c.f.), less a cost of $4,500.00 for a pipeline installation to be amortized at the rate of $.0717 per m.c.f. from the first 62,762 m.c.f. of gas delivered.

The Commission was further informed that Well P.R.C. 186-1 was producing approximately 3 barrels per day of crude oil and 2,000 m.c.f. of gas per day, and that it was anticipated that during the six months period of the contract, the well might drill itself in. If this occurs, it was pointed out, the well should be recompleted as an oil producer; if such is not feasible, the well should be shut-in pending drilling of a second well.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to approve Bid No. 797 of the Marine Exploration Company covering the delivery of gas from Well P.R.C. 186-1 to the Department of Water and Power of the City of Los Angeles for a period of six months, commencing fourteen days after award of contract, subject to the specific condition that, at the expiration of the six months period, said well will be recompleted or shut-in, if such recompletion is not feasible, and further subject to the condition that should Well P.R.C. 186-1 not be recompleted, a second well will be commenced under the requirements of State Oil and Gas Lease No. P.R.C. 186.

30. (Application for Salt Water Intake Line - Rockaway Beach, San Mateo County - Ken Royce - W.O. No. 149, P.R.C. 329) The Commission was informed that an application had been received from Mr. Ken Royce for a one year right of way easement, with right of renewal, for the purpose of installing a twelve-inch salt water intake line to wash crushed rock from his quarry near Rockaway Beach, San Mateo County, and that the San Mateo County Planning Commission had approved such installation.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to execute and issue to Mr. Ken Royce a one year right of way easement for the construction, maintenance and operation of a twelve-inch salt water intake line near Rockaway Beach, San Mateo County, at an annual rental of $41.40, the lessee to have the right of extending the lease to a total term of fifteen years at the same annual rental should the project prove successful. The lessee is to file with the State a $1,000.00 surety bond to guarantee removal of the installation at the expiration of the easement.