

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to submit the facts and secure from the Attorney General a formal opinion as to the legality of cancellation of the modification of August 31, 1944.

16. (Proposed oil and gas lease, tide and submerged lands Guadalupe Area, San Luis Obispo and Santa Barbara Counties - W.O. 296) The Commission was informed that Notice of intention of the State Lands Commission to receive offers to enter into a lease for the extraction of oil and gas from tide and submerged lands of the State situate offshore from the Guadalupe area, San Luis Obispo and Santa Barbara counties, was published on November 7 and 14 in the San Luis Obispo Telegram and Tribune and copies of the notice were distributed to the industry and to all persons who had heretofore expressed an interest in obtaining State oil and gas leases, pursuant to the authorization of the Commission (Minute page 892, Item 10). No bids were received in response to the aforesaid Notice of Intention.

Lack of bidding appears to have resulted from the current poor market and prices for low gravity crude oil which it is anticipated would be produced from the area proposed to be leased and the fact that the present developer of adjoining uplands is desirous of disposing of the upland holdings because of the unsatisfactory economic conditions.

Upon motion duly made and unanimously carried, a resolution was adopted for Staff reviewal of all factors and recommendations as to any further action relative to leasing of the Guadalupe area.

17. (Assignment of lease interest, Lease P.R.C. 145, Fullerton Oil Company, Rincon Field, Ventura County) The Commission was informed that an application has been received from the Fullerton Oil Company on behalf of Fullerton Oil Company, BeOil Corporation Ltd., Neptune Corporation, and Sexton Corporation, lessees under State oil and gas lease P.R.C. 145, Rincon Oil Field, for approval of the purchase by said lessees of the 1/3 interest of the Lido Petroleum Company, the remaining partial owner of the lease. The purchasers propose to acquire the undivided 1/3 interest of the Lido Petroleum Company in the subject lease, and all property pertaining to operations thereunder, in the same proportion that the purchasers now hold undivided interests in the lease. It is proposed further that the Fullerton Oil Company will remain the operator of the lease, that there will be no other changes in the present method of operations, that the Lido Oil Company is to remain liable as to all obligations and liabilities arising out of or pertaining to lease operations and production prior to October 1, 1949, and that the purchasers will assume all obligations and liabilities under the lease or otherwise pertaining to or arising out of lease operations and production subsequent to September 30, 1949.

Section 4 of Lease P.R.C. 145 provides that the lease may be assigned, transferred or sub-let with the written consent of the State, but only to a person, association of persons, or corporation, who at the time of the proposed assignment, transfer or sub-lease, possesses the qualifications provided in Division 6 of the Public Resources Code. This latter requirement is met by the proposed assignees inasmuch as they are already qualified lessees of the State.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to approve the proposed assignment as of October 1, 1949, of the undivided 1/3 interest of the Lido Petroleum Company in Lease P.R.C. 145

to the Fullerton Oil Company, Beloil Corporation Ltd., Neptune Corporation and Sexton Corporation in the manner proposed by the Fullerton Oil Company on December 7, 1949, pursuant to Lease P.R.C. 445 whereunder the successors of Lido assume all liabilities with respect to the Lido interest acquisition.

18. (Proposed Assignment - Oil and Gas Lease 91 (303-1921) - C. J. Mahoney - Elwood Oil Field) The Commission was informed that on November 10, 1949, an application was received from the Seaward Oil Company, Ltd., for the approval of the assignment of all the right, title and interest in, to and under, Oil and Gas Lease 91 (303-1921) from C. J. Ackert, formerly known as C. J. Mahoney, to the Seaward Oil Company, Ltd.

Oil and Gas Lease No. 91 (303-1921) was issued November 12, 1929, for a term of twenty years. Section 2 (1) of said lease provides that the Lessee agrees not to assign the lease or any interest therein, nor sub-let any portion of the leased premises, except with the consent in writing of the State first had and obtained. Section 12, Chapter 303, Statutes of 1921, specifies that no person, association of persons, or corporation shall take or hold, either directly or indirectly, permits or leases for oil or gas or interests therein exceeding 640 acres in the aggregate. Seaward Oil Company, Ltd., as the proposed assignee, has not transmitted any statement as to compliance with the above quoted section of Chapter 303 - 1921, but has stated that such data will be forthcoming.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to approve, effective November 10, 1949, the assignment of State Oil and Gas Lease No. 91 (303-1921) from C. J. Ackert, formerly known as C. J. Mahoney, to the Seaward Oil Company, Ltd., subject to the submission by the Seaward Oil Company, Ltd., of a statement of compliance with Section 12, Chapter 303 of the Statutes of 1921.

19. (Extension of Oil and Gas Lease 91 (303-1921) - Seaward Oil Company, Ltd., Elwood Oil Field, Santa Barbara County - W.O. 599 - P.R.C. 424) The Commission was informed that an application has been received from the Seaward Oil Company, Ltd., for renewal and extension of Oil and Gas Lease No. 91 (303-1921) Elwood Oil Field. State Oil and Gas Lease No. 91 (303-1921) was issued November 12, 1929, for an initial period of twenty years and provides for extensions of additional periods of ten years under such reasonable terms and conditions as the State may determine at time of renewal. It is proposed that the extension of Lease 91 be issued in the form attached which is a modification of the current standard Public Resources Code lease, but which is identical in context with the form approved by the Commission heretofore for all renewal and extensions of Chapter 303 - 1921 leases in the Elwood Oil Field. The proposed form of extension provides for a performance bond of \$15,000, and is acceptable to the Seaward Oil Company, Ltd., lessee (by virtue of approval of the assignment in the previous item) under State Oil and Gas Lease 91. The bases for the extension of the lease have been reviewed as to form by the office of the Attorney General.

Lease 91 (303-1921) required the drilling of nine wells (1 well for each 10 acres of leased area), of which only two were actually drilled. Additional wells would not be feasible economically and therefore it is suggested that any renewal and extension be for only twenty acres of area surrounding the existing wells.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to issue to the Seaward Oil Company, Ltd., a ten-year extension, effective November 12, 1949, for twenty acres of State Oil and Gas Lease No. 91, Elwood Field, Santa Barbara County, in the form proposed herewith,