

Therefore, the lessee has requested that an extension of time be granted whereunder actual drilling operations will be initiated on Lease P.R.C. 309 prior to June 1, 1952.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO GRANT SIGNAL OIL AND GAS COMPANY, HONOLULU OIL CORP., AND MACOIL, LESSEES UNDER STATE OIL AND GAS LEASE P.R.C. 309, AN ADDITIONAL DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE SUBJECT LEASE FOR THE PERIOD APRIL 24, 1952, TO JUNE 1, 1952, SUBJECT TO CONCURRENCE WITH OR NONOBJECTION TO THE GRANT OF SUCH DEFERMENT BY THE U.S. OIL AND GAS SUPERVISOR, DEPARTMENT OF THE INTERIOR.

20. (REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, HONOLULU-SIGNAL-MACOIL, COAL OIL POINT AREA, SANTA BARBARA COUNTY - P.R.C. 308.) On May 24, 1951 (Minute Page 1368, Item 9), the Commission authorized the deferment of drilling and operating requirements under Oil and Gas Lease P.R.C. 308 for a period of one year from April 24, 1951, subject to concurrence with or nonobjection to the grant of such deferment by the U.S. Oil and Gas Supervisor, Department of the Interior, and further subject to the same conditions of performance as detailed in the preceding item for Lease P.R.C. 309. In conjunction with the extension of deferment requested for Lease P.R.C. 309 and in contemplation of the well to be drilled on said lease, the Signal Oil and Gas Company, upon behalf of the lessees, has requested further deferment of the drilling and operating requirements under Lease P.R.C. 308 to permit analyses of the data developed from the drilling of the new proposed well under Lease P.R.C. 309, and to establish whether any further drilling is justified under Lease P.R.C. 308.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO GRANT SIGNAL OIL AND GAS COMPANY, HONOLULU OIL CORP., AND MACOIL, LESSEES UNDER STATE OIL AND GAS LEASE P.R.C. 308, A DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS FOR THE PERIOD APRIL 24, 1952, TO DECEMBER 1, 1952, SUBJECT TO CONCURRENCE WITH OR NONOBJECTION TO THE GRANT OF SUCH DEFERMENT BY THE U.S. OIL AND GAS SUPERVISOR, DEPARTMENT OF THE INTERIOR.

21. (PROPOSED GAS LEASE, TIDE AND SUBMERGED LANDS IN BEDS OF NAVIGABLE RIVERS, SACRAMENTO AND SAN JOAQUIN COUNTIES, PARCEL "A" - W.O. 478.) On February 6, 1951 (Minute Page 1270, Item 9), the Commission authorized the publication of a Notice of Intention, pursuant to the provisions of the Public Resources Code, for a lease for the production of gas from State land contained in the beds of navigable rivers and sloughs in the River Island Gas Field area of Sacramento and San Joaquin Counties. Two bids have been received pursuant to such notice. The bidders have qualified on all requirements specified by the call for bids. Mr. Joe Lopes of Walnut Grove, California, offered a royalty bid factor of 0.5215; and the Brazos Oil and Gas Company of Houston, Texas, offered a royalty bid factor of 1.90.

Mr. Anthony Kennedy, Attorney, appeared on behalf of his client, Mr. Joe Lopes, to protest the awarding of the bid to Brazos Oil and Gas Company, claiming that at the time the bids were originally submitted and opened there was a misunderstanding of the amount bid by his client because of a

decimal point having been misplaced, and that his client actually was the high bidder according to the intent of his bid.

Although the royalty bid factor in Mr. Lopes' bid was shown as 52.15%, which was interpreted to mean a bid factor of 0.5215, Mr. Kennedy claims that the amount his client intended to bid was the amount shown in an accompanying letter as a fixed royalty (not bid factor) of 52.15%.

Mr. Hertig pointed out that the call for bids clearly stated that they must be submitted on the form specified, that it would not be possible to compare the two bids if Mr. Lopes' actually intended to bid a fixed royalty of 52.15%, and that any bid in a letter or in addition to that shown on the bid form technically could not be considered.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED REQUESTING AN OPINION BY THE ATTORNEY GENERAL AS TO THE LEGAL TECHNICALITIES INVOLVED IN ACCEPTING OR REJECTING EITHER OF THE BIDS.

22. (PROPOSED GAS LEASE, TIDE AND SUBMERGED LANDS IN BEDS OF NAVIGABLE RIVERS, SACRAMENTO AND SAN JOAQUIN COUNTIES, PARCEL "B" - W.O. 478, P.R.C. 714.) Pursuant to a published Notice of Intention to receive bids for a lease for the production of gas from State lands in the River Island Gas Field Area, as authorized by the Commission on February 6, 1951 (Minute Page 1270, Item 9), one bid has been received for gas lease on those lands described as Parcel "B", W.O. 478. The only bidder, the Brazos Oil and Gas Company of Houston, Texas, has qualified on all requirements specified by the call for bids. A royalty bid factor of 2.08 has been offered for the lease.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO ISSUE A GAS LEASE TO THE BRAZOS OIL AND GAS COMPANY FOR THOSE TIDE AND SUBMERGED LANDS IN THE COUNTIES OF SACRAMENTO AND SAN JOAQUIN DESCRIBED AS PARCEL "B", W.O. 478, AT A ROYALTY BID FACTOR OF 2.08, FOR A TERM OF TWENTY YEARS AND FOR SO LONG THEREAFTER AS GAS IS BEING PRODUCED IN PAYING QUANTITIES, SUBJECT TO THE DEPOSIT BY THE LESSEE OF THE PERFORMANCE BOND OF \$25,000.

23. (APPLICATION FOR ASSIGNMENT OF OIL AND GAS LEASE P.R.C. 186, MARINE EXPLORATION COMPANY, ORANGE COUNTY.) Lease P.R.C. 186, issued September 24, 1945, to the Marine Exploration Company for a term of 20 years, provides that the lease may not be assigned, transferred or sublet, except with the written consent of the State and then only to a person, association of persons, or corporation which at the time of the proposed assignment, transfer or sublease possesses the qualifications prescribed by Division 6 of the Public Resources Code. Should the State consent in writing to the assignment, transfer, or subletting of the lease, the lessee shall continue to assume, during the term of the lease or any extension thereof, jointly with any assignee, transferee or sublessee, responsibility for compliance with all of the terms, covenants, conditions, agreements and provisions of the lease.

Pursuant to the foregoing, the Marine Exploration Company, in contemplation of dissolution of the company, has submitted an application for approval of the assignment and transfer of Lease P.R.C. 186 from the Marine Exploration Company in the following percentages: