

MINUTE ITEM

41. OIL AND GAS LEASE, SANTA BARBARA COUNTY - W.O. 4120 (PARCEL 6);
W.O. 4243.

Following presentation of Calendar Item 21 attached, and in resp use to a question by the Chairman as to whether the Commission might find less valuable lease offers because of failure of the Public Utilities Commission to allow a pipe line in the area, the Executive Officer replied that the staff would recommend acceptance of a lease offer only under circumstances where it had been determined that lack of a pipe line is not a deterrent.

Mr. L. E. Scott of Pauley Petroleum stated that if the Public Utilities Commission did not give permission to build the pipe line, competition for Parcel 6 would be reduced, and that his company would not bid.

Mr. John Conway of Standard Oil Company of California stated that rarely, if ever, has the presence or absence of a market deterred or inhibited exploratory activities in California. He urged the Commission to proceed with its sequential bidding program.

The Chairman asked the Executive Officer to report on the Public Utilities Commission situation regarding Gaviota and Goleta Fields. The Executive Officer replied that the application had been made for the construction of pipe-line facilities between Gaviota and Goleta, that hearings had been held, and that the Public Utilities Commission had the matter under advisement.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

THE EXECUTIVE OFFICER IS AUTHORIZED TO PUBLISH NOTICE OF INTENTION TO RECEIVE BIDS ON MARCH 27, 1962, FOR A PARCEL OF TIDE AND SUBMERGED LANDS DESIGNATED AS W.O. 4120 (PARCEL 6), IN SANTA BARBARA COUNTY, FOR OIL AND GAS LEASE, PURSUANT TO DIVISION 6 OF THE PUBLIC RESOURCES CODE. (Pursuant to Section 6836, Public Resources Code, the Commission will reserve the right to reject all bids which in the opinion of the Commission are not in the best interests of the State.)

Attachment
Calendar Item 21 (1 page)

CALENDAR ITEM

21.

OIL AND GAS LEASE, SANTA BARBARA COUNTY - W.O. 4120 (PARCEL 6).

On November 22, 1961 (Minute Item 17, page 7502), pursuant to Division 6 of the Public Resources Code, the Commission authorized the Executive Officer to offer for oil and gas lease a parcel of tide and submerged land designated as W.O. 4120 (Parcel 6), in Santa Barbara County.

On December 4 and on December 11, 1961, a "Notice of Intention" was published, specifying the time and date for the receipt of bids as February 7, 1962.

On December 21, 1961, the Commission authorized indefinite deferment of the date for the receipt of bids for the Parcel 6 oil and gas lease. This postponement was recommended pending resolution of problems in connection with the certification and construction of a gas pipe line of adequate capacity to transport gas produced in the area. Pursuant to this action, all prospective bidders who had requested copies of the bid-lease form were notified in writing of the postponement of the date for the receipt of bids.

Certification for construction of the gas pipe line has not yet been granted by the Public Utilities Commission, and this matter may not be resolved for some time. Nevertheless, it is the opinion of a segment of the industry that these conditions will not influence lease-potential valuations by prospective bidders, and therefore it would be desirable to proceed with the Commission's sequential bidding program.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO PUBLISH NOTICE OF INTENTION TO RECEIVE BIDS ON MARCH 27, 1962, FOR A PARCEL OF TIDE AND SUBMERGED LANDS DESIGNATED AS W.O. 4120 (PARCEL 6), IN SANTA BARBARA COUNTY, FOR OIL AND GAS LEASE, PURSUANT TO DIVISION 6 OF THE PUBLIC RESOURCES CODE. (Pursuant to Section 6836, Public Resources Code, the Commission will reserve the right to reject all bids which in the opinion of the Commission are not in the best interests of the State.)