

OJAI OIL CO.

IBLA 78-514

Decided January 30, 1979

Appeal from a decision of the California State Office, Bureau of Land Management, rejecting high bid for competitive oil and gas lease CA 4970.

Set aside and remanded.

1. Oil and Gas Leases: Competitive Leases

Where the high bid tendered at a competitive upland oil and gas lease sale, which is not clearly spurious or irresponsible, is rejected, and on appeal the offeror makes assertions which, if true, would undermine the factual basis for the rejection of the offer, the decision rejecting the offer will be set aside and the case remanded for the compilation of a more complete record and readjudication of the acceptability of the bid.

APPEARANCES: Theodore Off, President, Ojai Oil Company, for the appellant.

OPINION BY ADMINISTRATIVE JUDGE BURSKI

Ojai Oil Co. has appealed from a decision of the California State Office, Bureau of Land Management (BLM), dated June 9, 1978, rejecting its high bid for competitive oil and gas lease CA 4970.

In support of its decision, BLM cited a memorandum by the U.S. Geological Survey (Survey) advising it that appellant's bid was inadequate and recommending that the bid be rejected. Survey based its

recommendation on "among other things" the fact that the subject parcel is situated on the east flank of the West Mountain Field Structure, all wells in the vicinity were productive, no drilling has occurred on the parcel, wells 200 feet east of the parcel had initial production of between 59 and 205 barrels of oil per day and some have been producing since 1945 and the parcel has a high probability of being productive. Survey valued the land for oil production at \$247, "almost twice" the amount bid (\$132.75). BLM has submitted no other evidence supporting its decision to reject appellant's bid.

On this record, we are unable to make an independent determination whether there is a reasonable basis in fact to support the decision. See Gerald S. Ostrowski, 34 IBLA 254 (1978). The fact that the subject parcel is situated on the east flank of the West Mountain Field Structure tells us nothing about the potential occurrence of oil or gas on the parcel. While the fact that all the wells in the vicinity were "productive" and some wells 200 feet east of the parcel have been producing since 1945 would seem to indicate the presence of a quantity of oil on the adjacent subject parcel, BLM has provided no geological data to indicate that such oil extends into the parcel. No other facts are offered to support the conclusions of Survey that there is a "high probability" of the parcel being productive and that the parcel is accurately valued at \$247.

Appellant has itself raised significant objections to the validity of the BLM decision, particularly the assertions that the parcel is in a "saddle" area characterized by lower productivity, the four closest wells were not "economically successful", the bottom holes of "some good wells" located east of the parcel were more than 200 feet east, the initial production figures for such wells failed to take account of the return of a "completion fluid" used to prime the wells and a newly drilled well 1,200 feet northwest of the parcel produced "mostly water". Moreover, these assertions, if substantiated, would indicate that appellant's bid was not clearly spurious or unreasonable. These assertions stand un rebutted on the present record.

Where the bid is not clearly spurious or unreasonable on its face and the record fails to disclose the factual basis for the conclusion that the bid is inadequate, the Board has held that the decision must be set aside and the case remanded for compilation of a more complete record and readjudication of the acceptability of the bid. Yates Petroleum Corporation, 32 IBLA 196 (1977); Frances J. Richmond, 24 IBLA 303 (1976); Arkla Exploration Co., 22 IBLA 92 (1975).

Therefore, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is set aside and the case is remanded to allow the

compilation of a more complete record and readjudication of the bid. Due consideration should be given to appellant's assertions.

James L. Burski
Administrative Judge

I concur.

Frederick Fishman
Administrative Judge

ADMINISTRATIVE JUDGE GOSS CONCURRING:

I concur that the matter should be remanded in order that Geological Survey and Bureau of Land Management will have the first opportunity to review the matters submitted by Ojai Oil Co. on appeal, but I withhold other comment at this time.

Joseph W. Goss
Administrative Judge

