

MINUTE ITEM

4. (REQUEST FOR RENEWAL OF OIL AND GAS LEASE P.R.C. 427.1, GENERAL PETROLEUM CORPORATION, RINCON FIELD, VENTURA COUNTY - W. O. 2900, P.R.C. 2162.1.)

After presentation of Calendar Item 4 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES ISSUANCE OF A NEW LEASE IN EXCHANGE FOR OIL AND GAS LEASE EXTENSION AND RENEWAL P.R.C. 427.1 IN ACCORDANCE WITH THE PROVISIONS OF SECTION 6827 OF THE PUBLIC RESOURCES CODE, AS REQUESTED BY THE GENERAL PETROLEUM CORPORATION. THE NEW LEASE IS TO BE FOR A TERM OF FIVE YEARS AND FOR SO LONG THEREAFTER AS OIL OR GAS IS PRODUCED IN PAYING QUANTITIES, OR LESSEE SHALL BE CONDUCTING PRODUCING, DRILLING, DEEPENING, REPAIRING, REDRILLING OR OTHER NECESSARY LEASE OR WELL MAINTENANCE OPERATIONS ON THE LEASED LAND, ALL OTHER TERMS AND CONDITIONS OF THE EXISTING LEASE P.R.C. 427.1 TO REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 4 (1 page)

CALENDAR ITEM

OIL & GAS

4.

(REQUEST FOR RENEWAL OF OIL AND GAS LEASE, GENERAL PETROLEUM CORPORATION, RINCON FIELD, VENTURA COUNTY - W. O. 2900.)

State Oil and Gas Lease No. 48 was issued pursuant to the provisions of Chapter 303 of the Statutes of 1921 to the General Petroleum Corporation of California on May 19, 1930 for a period of 20 years, with the preferential right in the lessee to renew for successive periods of 10 years each unless otherwise provided by law at the time of the expiration of such periods.

On May 19, 1951, pursuant to Division 6 of the Public Resources Code and the provisions of Chapter 303 of the Statutes of 1921, Oil and Gas Lease No. 48 was renewed as Oil and Gas Lease Extension and Renewal P.R.C. 427.1 for a period of 10 years. An application has been received from General Petroleum Corporation for renewal of Lease P.R.C. 427.1 in accordance with the provisions of Section 6827 of the Public Resources Code which states in part:

"...the commission may issue a new lease in exchange for any lease issued for a term of 20 years, or any renewal or extension thereof; such new lease shall be issued at the same royalty and upon the same terms and conditions as the lease for which it is exchanged, unless the commission and the lessee shall otherwise agree, except that the term of such exchange lease shall be for a term of five years and for so long thereafter as oil or gas is produced in paying quantities, or lessee shall be conducting producing, drilling, deepening, repairing, redrilling or other necessary lease or well maintenance operations on the leased land."

Currently, twenty-five wells are producing on the area under lease. Application for renewal at this time is prompted by a programmed major development plan. The extension of the lease term, as applied for, is essential in order for the operator to have an opportunity to recover new capital investment through normal producing operations.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE ISSUANCE OF A NEW LEASE IN EXCHANGE FOR OIL AND GAS LEASE EXTENSION AND RENEWAL P.R.C. 427.1 IN ACCORDANCE WITH THE PROVISIONS OF SECTION 6827 OF THE PUBLIC RESOURCES CODE, AS REQUESTED BY THE GENERAL PETROLEUM CORPORATION. THE NEW LEASE IS TO BE FOR A TERM OF FIVE YEARS AND FOR SO LONG THEREAFTER AS OIL OR GAS IS PRODUCED IN PAYING QUANTITIES, OR LESSEE SHALL BE CONDUCTING PRODUCING, DRILLING, DEEPENING, REPAIRING, REDRILLING OR OTHER NECESSARY LEASE OR WELL MAINTENANCE OPERATIONS ON THE LEASED LAND, ALL OTHER TERMS AND CONDITIONS OF THE EXISTING LEASE P.R.C. 427.1 TO REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.