

MINUTE ITEM

17. AGREEMENT AND RATIFICATION, COMPENSATORY ROYALTY AGREEMENT P.R.C. 2834.1, McMULLIN RANCH AREA, SAN JOAQUIN COUNTY; GREAT BASINS PETROLEUM COMPANY - W.O. 4426.

After consideration of Calendar Item 17 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO CONSENT TO THE "AGREEMENT AND RATIFICATION" UNDER WHICH THE OWNERS OF OPERATING RIGHTS OF "OUTSIDE LANDS", GREAT BASINS PETROLEUM COMPANY; PORTER SESNON, BARBARA SESNON CAPTAN AND WILLIAM T. SESNON, JR., AS TENANTS IN COMMON; SANTA FE DRILLING COMPANY; G. R. SCOTT; J. W. DART AND R. G. GREENE, WILL ASSUME THE OBLIGATIONS OF COMPENSATORY ROYALTY AGREEMENT P.R.C. 2834.1 WITH RESPECT TO PRODUCTION OF GAS FROM WELLS DRILLED ON SAID "OUTSIDE LANDS", McMULLIN RANCH AREA, SAN JOAQUIN COUNTY, WITH GREAT BASINS PETROLEUM COMPANY TO BE DESIGNATED AS OPERATOR.

Attachment

Calendar Item 17 (1 page)

CALENDAR ITEM

17.

AGREEMENT AND RATIFICATION, COMPENSATORY ROYALTY AGREEMENT P.R.C. 2834.1, McMULLIN RANCH AREA, SAN JOAQUIN COUNTY; GREAT BASINS PETROLEUM COMPANY - W.O. 4426.

Compensatory Royalty Agreement P.R.C. 2834.1 was issued to Great Basins Petroleum Company on November 23, 1961, and runs coextensively with Great Basins, et al., oil and gas leases affecting certain lands known as the McMullin Ranch Area, San Joaquin County, California. This agreement was entered into pursuant to Section 6815 of the Public Resources Code, to assure compensation to the State for drainage of gas from State lands by wells drilled upon private lands within the McMullin Ranch Area in the bed of a portion of the San Joaquin River and certain swamp and overflowed lands in Sections 22, 23, 26, 27, 34, 35 and 36, T. 2 S., R. 6 E., M.D.B. & M., San Joaquin County.

Compensatory Royalty Agreement P.R.C. 2834.1 defines "Outside Lands" as those lands within said McMullin Ranch Area abutting State lands, with respect to which Lessee does not own all of the oil and gas operating rights (see Exhibit "A"). Paragraph 3 of the Compensatory Royalty Agreement provides among other things that within one hundred eighty days from the effective date of the Agreement, the Lessee is to consummate agreements with the owners of oil-and-gas operating-rights in said "Outside Lands", under which said owners, with the consent of the State, will assume the obligations of this agreement with respect to production of gas from wells drilled on said "Outside Lands...". Such an agreement, entitled "Agreement and Ratification", has been entered into by Great Basins Petroleum Company; Porter Sesnon, Barbara Sesnon Cartan and William T. Sesnon, Jr., as Tenants in Common; Santa Fe Drilling Company; G. R. Scott; J. W. Dart and R. G. Greene; the owners of oil-and-gas operating-rights under said "Outside Lands". Great Basins have now made an application requesting the State's consent to the aforesaid "Agreement and Ratification".

IT IS RECOMMENDED THAT THE EXECUTIVE OFFICER BE AUTHORIZED TO CONSENT TO THE "AGREEMENT AND RATIFICATION" UNDER WHICH THE OWNERS OF OPERATING RIGHTS OF "OUTSIDE LANDS", GREAT BASINS PETROLEUM COMPANY; PORTER SESNON, BARBARA SESNON CARTAN AND WILLIAM T. SESNON, JR., AS TENANTS IN COMMON; SANTA FE DRILLING COMPANY; G. R. SCOTT; J. W. DART AND R. G. GREENE, WILL ASSUME THE OBLIGATIONS OF COMPENSATORY ROYALTY AGREEMENT P.R.C. 2834.1 WITH RESPECT TO PRODUCTION OF GAS FROM WELLS DRILLED ON SAID "OUTSIDE LANDS", McMULLIN RANCH AREA, SAN JOAQUIN COUNTY, WITH GREAT BASINS PETROLEUM COMPANY, TO BE DESIGNATED AS OPERATOR.