

MINUTE ITEM

9. REQUEST FOR NEW LEASE IN EXCHANGE FOR OIL AND GAS LEASE P.R.C. 145.1, RINCON OIL FIELD, VENTURA COUNTY; HUMBLE OIL & REFINING COMPANY, BELOIL CORPORATION, LTD., SEXTON CORPORATION, NEPTUNE CORPORATION, G. L. ROSEN, AND AMERICAN METAL CLIMAX, INC. - W.O. 4975.

After consideration of Calendar Item 5 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AND ISSUE A NEW LEASE TO HUMBLE OIL & REFINING COMPANY, BELOIL CORPORATION, LTD., SEXTON CORPORATION, NEPTUNE CORPORATION, G. L. ROSEN, AND AMERICAN METAL CLIMAX, INC., AS REQUESTED BY THE OPERATOR, HUMBLE OIL & REFINING COMPANY, IN EXCHANGE FOR OIL AND GAS LEASE P.R.C. 145.1, IN ACCORDANCE WITH SECTION 6827 OF THE PUBLIC RESOURCES CODE, FOR A TERM OF FIVE YEARS AND FOR SO LONG THEREAFTER AS OIL OR GAS IS PRODUCED IN PAYING QUANTITIES, OF LESSEE SHALL BE CONDUCTING PRODUCING, DRILLING, DEEPENING, REPAIRING, REDRILLING OR OTHER NECESSARY LEASE OR WELL-MAINTENANCE OPERATIONS ON THE LEASED LAND. THE NEW LEASE IS TO BE ISSUED AT THE SAME ROYALTY AND UPON THE SAME TERMS AND CONDITIONS AS LEASE P.R.C. 145.1, FOR WHICH IT IS TO BE EXCHANGED, EXCEPT AS SPECIFICALLY MODIFIED AS PROVIDED FOR IN SECTION 6873 OF THE PUBLIC RESOURCES CODE.

Attachment
Calendar Item 5 (2 pages)

CALENDAR ITEM

5.

REQUEST FOR NEW LEASE IN EXCHANGE FOR OIL AND GAS LEASE P.R.C. 145.1, RINCON OIL FIELD, VENTURA COUNTY; HUMBLE OIL & REFINING COMPANY, BELOIL CORPORATION, LTD., SEXTON CORPORATION, NEPTUNE CORPORATION, G. L. ROSEN, AND AMERICAN METAL CLIMAX, INC. - W.O. 4975.

State Oil and Gas Lease P.R.C. 145.1, covering approximately 326 acres of tide and submerged lands in Ventura County, issued July 3, 1944, for a period of 20 years, with the provision that such term may be thereafter extended upon such terms and conditions and for such period of time as the State may deem to be in its best interests, is now held by Humble Oil & Refining Company, Beloil Corporation, Ltd., Sexton Corporation, Neptune Corporation, G. L. Rosen, and American Metal Climax, Inc.

An application has been received from the operator, Humble Oil & Refining Company, requesting the issuance of a new lease in exchange for Oil and Gas Lease P.R.C. 145.1, in accordance with Section 6827 of the Public Resources Code, the new lease (see Exhibit "B") to be modified as provided for in Section 6873 of the Public Resources Code, as amended by Chapter 45, Statutes of 1963, in order that the lessee may take advantage of the more flexible operating and development conditions specified.

Section 6827 of the Public Resources Code 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."

It is the opinion of the office of the Attorney General that Oil and Gas Lease P.R.C. 145.1 may be modified in accordance with the provisions of Section 6873 of the Public Resources Code.

The lessee has directionally drilled 12 wells from onshore drillsites into the leased area. All 12 wells are currently producing. The spacing requirements of the lease specify that there shall be drilled into each known productive zone one well for each 10 acres. This condition has been fulfilled in the known productive oil and gas zones underlying the lease.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE AND ISSUE A NEW LEASE TO HUMBLE OIL & REFINING COMPANY, BELOIL CORPORATION, LTD., SEXTON CORPORATION, NEPTUNE CORPORATION, G. L. ROSEN, AND AMERICAN METAL CLIMAX, INC., AS REQUESTED BY THE OPERATOR, HUMBLE OIL & REFINING COMPANY, IN EXCHANGE FOR OIL AND GAS LEASE P.R.C. 145.1, IN ACCORDANCE WITH SECTION 6827 OF THE PUBLIC RESOURCES CODE, 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,

CALENDAR ITEM 5. (CONTD.)

REPAIRING, REDRILLING OR OTHER NECESSARY LEASE OR WELL-MAINTENANCE OPERATIONS ON THE LEASED LAND. THE NEW LEASE IS TO BE ISSUED AT THE SAME ROYALTY AND UPON THE SAME TERMS AND CONDITIONS AS LEASE P.R.C. 145.1, FOR WHICH IT IS TO BE EXCHANGED, EXCEPT AS SPECIFICALLY MODIFIED AS PROVIDED FOR IN SECTION 6873 OF THE PUBLIC RESOURCES CODE.