

(a) The Southwest Exploration Company may suspend drilling of the offset well to Standard's Bolsa No. 31 at Huntington Beach until such time as further knowledge of the oil structure indicates a probable economically commercial producer;

(b) Under such suspension agreement the Southwest Exploration Company will pay to the State a royalty which shall be computed under the royalty formula applied to Easement No. 392 in its application to the rate of production obtained by Standard's "Bolsa" No. 31 well. Such royalty shall be partial consideration tendered by Southwest Exploration Company in lieu of the required drilling of the offset well. This royalty payment shall commence and be payable from and after June 1, 1942;

(c) The Southwest Exploration Company will also agree to drill additional wells to the main zone. These wells shall be bottomed westerly of their present first or second line wells. The number of these additional wells shall be such as are deemed necessary to reach and determine the westerly limits of the commercially productive areas of their leasehold.

18. (Easement No. 314, Beloil Corporation.) Upon motion duly made and unanimously carried, a resolution was adopted approving the Beloil Corporation's application to redrill their "H.B." No. 1 well on Easement 314 within the Jones Zone provided Beloil will file a \$100,000.00 indemnity bond to protect the State against any claims or damages; and further provided that such redrilling shall be done in accordance with the rules and regulations of the Commission and upon a course to be approved in writing by the Executive Officer.

19. (Easement No. 318, Beloil Corporation.) Upon motion duly made and unanimously carried, a resolution was adopted approving the redrilling and deepening of "Jones" No. 1 well on Easement No. 318 to the main zone in the Huntington Beach Field subject to the following conditions:

(a) A surety bond in the amount of \$100,000.00 to be filed by Beloil Corporation to protect the State against any claim or damage incident to the redrilling and deepening operations;

(b) Beloil Corporation, Ltd., will file with the State Lands Commission waivers of any objection to the proposed redrilling or deepening operations from those operators who have wells within the radius area outlined under the rules and regulations;

(c) Existing easement to be modified to provide for a minimum royalty to the State of $12\frac{1}{2}\%$ under this easement;

(d) The well shall be redrilled by sidetracking operations out of the present casing at approximately a depth of 2,000 feet and the course of redrilling shall not be within 100 feet of any