

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to grant Honolulu-Signal-Macco, lessees under State Oil and Gas Lease No. P.R.C. 308, a deferment of drilling and operating requirements for a period of 90 days until February 14, 1949, within which time to analyze current developments and to plan the future operations on the subject lease.

9. (Compensatory Royalty Agreement - Thornton Gas Field, Amerada Petroleum Corporation, W. O. 325) The Commission was informed that operation of natural gas wells is being conducted in the Thornton Gas Field, Sacramento and San Joaquin Counties by the Amerada Petroleum Corporation upon behalf of itself, The Benkline Oil Company, and the Capital Company. The Thornton Gas Field is traversed by the Mokelumne River, a navigable stream under the jurisdiction of the State Lands Commission, and the area of the bed of the river within the productive limits of the gas field is estimated at approximately 1% of the total productive area, consisting of approximately 46 acres of State land.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to negotiate a compensatory royalty agreement with the Amerada Petroleum Corporation covering State lands in the Thornton Gas Field in Sacramento and San Joaquin Counties on the following minimum bases: 1. 12 $\frac{1}{2}$ % royalty on the value of all products attributable to State lands. 2. State's participation in total production to be in the ratio that the area of productive State land bears to the total productive area. 3. Current payment for royalty on basis of proportions available from geologic data with provisions for final adjustment of total royalty payments based on data of completed field development. 4. Royalty payments to be retroactive to initiation of production and shipment of gas from the field. 5. Draft of negotiated agreement to be presented to the Commission for consideration and approval.

10. (Probable Oil Drainage, Tide and Submerged Lands, Guadalupe Area, San Luis Obispo County, W. O. 296) The Commission was informed that the Continental Oil Company has completed and is operating an oil well known as "Sand Dune LeRoy" No. 2 in the Guadalupe Area, San Luis Obispo County, approximately 400 feet inland of the ordinary high water mark of the Pacific Ocean. Locations for additional wells at similar distances from the tidelands have also been selected for further drilling. Review of these operations and all available geological information has shown that the tide and submerged lands "may be or are being drained by means of wells upon adjacent lands," within the specification of Section 6872 of the Public Resources Code. Such condition results in "the Commission shall thereupon be authorized and empowered to lease any such lands."

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to publish a notice of intention to receive bids for an oil and gas lease on an area of State tide and submerged land one mile in width extending northerly from the southwest quarter of Lot No. 162 Rancho Guadalupe (immediately south of the mouth of the Santa Maria River in Santa Barbara County) and one mile into the Pacific Ocean from the ordinary high water mark, subject to the advance approval of the Department of Interior to such notice of intention to lease, pursuant to the terms of the stipulation entered into between the Attorney General of the United States and the Attorney General of California relating to continued operations on tide and submerged lands.