

12. (REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, HONOLULU-SIGNAL-MACCO, COAL OIL POINT - SANTA BARBARA COUNTY - P.R.C. 309) The Commission was informed that on November 21, 1949, (Minute Page 1028 - Item 37) the Commission authorized the deferment of drilling and operating requirements under Oil and Gas Lease P.R.C. 309 for a period of ninety days until January 29, 1950, within which time to permit the completion of an analysis of accumulated geological information and to formulate plans for future exploration on the lease. Honolulu Oil Corporation, as the Operator under Lease P.R.C. 309 has requested an additional deferment of drilling and operating requirements until April 29, 1950, within which time to formulate the plans for additional exploration on the lease.

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. 309, a deferment of drilling and operating requirements until April 29, 1950.

13. (EXTENSION OF OIL AND GAS LEASE NO. 90 (303-1921), HONOLULU OIL CORPORATION, ELWOOD FIELD, SANTA BARBARA COUNTY - W.O. 583, P.R.C. 422) The Commission was informed that the form of Oil and Gas Lease Extension and Renewal for Oil and Gas Lease No. 90, Honolulu Oil Corporation, Elwood Field, provides in Section 2 thereof that the oil royalty shall be calculated upon the reasonable market price of the oil at the well as determined by the State unless such oil is sold pursuant to a sales contract approved by the State. Section 15 requires that the lessee shall file with the State, true and correct copies of all sales contracts for the distribution of oil, gas, natural gasoline and other substances produced under the lease. The Honolulu Oil Corporation, as lessee under the Extension and Renewal of Oil and Gas Lease 90 (P.R.C. 422) has requested the approval of the continuation of the lessee's present crude oil sales program whereunder crude oil produced on the lease is being sold under contract to the Standard Oil Company of California at the Standard Oil Company of California posted market price for oil f.o.b. ship, Elwood, California, less 5 cents per barrel handling charge, paid to the Bankline Oil Company, the operators of the Marine Shipping Terminal at Elwood. Such price schedules have been used in the standard accounting practice for all State royalty oil on State leases at Elwood.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to inform the Honolulu Oil Corporation, lessee under extension and renewal of Oil and Gas Lease No. 90 (P.R.C. 422) that pursuant to Section 2 of said extension and renewal and until further notice from the State Lands Commission all royalty shall be calculated upon the reasonable market price for the oil at the well which shall be the price posted by the Standard Oil Company for oil of like quality and gravity, f.o.b. ship, Elwood, California, less five cents per barrel for handling and shipping charges.

14. (EXTENSION OF OIL AND GAS LEASE 90 (303-1921) HONOLULU OIL CORPORATION, ELWOOD OIL FIELD, SANTA BARBARA COUNTY - W.O. 583, P.R.C. 422) The Commission was informed that on November 21, 1949, the Commission authorized the Executive Officer to execute and issue to the Honolulu Oil Corporation, a ten year extension of State Oil and Gas Lease 90, Elwood Oil Field, Santa Barbara County, (Minute Page 1016-1017, Item 7). Concurrent with the execution of the lease form as authorized, the lessee has proposed for the first time certain modifications of the lease. The staff agree that the majority of the proposed changes are reasonable.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to execute and issue to the Honolulu Oil Corporation a ten year extension of State Oil and Gas Lease 90, Elwood Oil Field, Santa Barbara County, as authorized November 21, 1949, with the following amendments in the form of lease:

(1) (Section 3, Page 4)

Add "Any such lease of the surface by the State shall be made expressly subject to the lessee's then existing structures and to the lessee's right to use the surface in its operations."

(2) (Section 6, Page 7)

Revise first sentence to read "In the event any well is completed hereafter in any zone with any part***."

(3) (Section 13A, Page 10)

Add "Provided that if the option last mentioned is at any time to be exercised by the State it shall give sixty days written notice to the lessee of its intention to exercise said option."

15. (REFUND, OVERPAYMENT OIL ROYALTIES, EASEMENTS NOS. 284, HAMMIL OIL CORPORATION, \$549.47; 285, MILTON OIL COMPANY, \$60.48; - W.O. 456.3) The Commission was informed that at its meeting held April 27, 1949, in Sacramento, the Commission was advised of action being taken by the Division of State Lands to close balances of accounts receivable with tideland lease operators as of June 22, 1947. As previously recited, these balances resulted from an accumulation of differences under the prior lease years.

Claims from the following tideland lease operators properly executed have now been received:

<u>Lessee</u>	<u>Easement No.</u>	<u>Amount of Claim</u>
Hammil Oil Corporation	284	\$549.47
Milton Oil Company	285	60.48

Upon motion duly made and unanimously carried, a resolution was adopted approving the claims to the following holders of agreements for easements under Chapter 303/1921, the amounts of overpayment of oil royalties due the State of California, to and including June 22, 1947:

<u>Lessee</u>	<u>Easement No.</u>	<u>Amount of Claim</u>
Hammil Oil Corporation	284	\$549.47
Milton Oil Company	285	60.48

and authorizing the Executive Officer to present these claims to the State Board of Control with the recommendation that said Board allow the amounts so claimed to the lease operators herein described.