

13. (AGREEMENT FOR EASEMENT NO. 415, RIO VISTA, ALLOTMENT REVISION 46 (POOL BASIS), STANDARD OIL COMPANY OF CALIFORNIA) A request has been received from the Standard Oil Company of California, lessee under Agreement for Easement No. 415, Rio Vista, for approval of proposed revision No. 46 (Pool Basis) to the state's allotment of productive lands in the Rio Vista area pursuant to Agreement for Easement No. 415. The proposed revisions to the productive limits to the East Emigh, West Emigh, West Hamilton and Anderson A-6 pool are based upon water production data in the various pools. These data have been reviewed by the staff and the proposed revisions have been found to be a reasonable interpretation of the productive limits of the affected pools based upon the available engineering data and processes for estimate of pool limits by the Rio Vista Allocation Committee. The 46th Revision would result in a minor increase of State participating acreage in the West Emigh pool and minor decreases in participating acreage in the East Emigh and West Hamilton pools. The physical data relating to the proposed change are tabulated herewith:

<u>Pool</u>	<u>Total Participating Area (Acres)</u>	<u>Estimated Productive Area of State Lands (Acres)</u>	<u>Allotment to State Lands (45th ) (Revision)</u>	<u>Allotment to State Lands (46th ) (Revision)</u>
East Emigh	2678.05	11.86	0.4542%	0.4429%
West Emigh	16977.64	1838.94	10.8274	10.8315
West Hamilton	9027.49	1148.21	12.8208	12.7190
East Midland	4782.26	95.28	1.9924	1.9924
Anderson A-6	45.50	-0-	-0-	-0-

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO APPROVE THE 46TH REVISION (POOL BASIS) TO THE STATE'S ALLOTMENT OF PRODUCTIVE LANDS EFFECTIVE JANUARY 1, 1951, AS PRESENTED BY THE STANDARD OIL COMPANY OF CALIFORNIA ON MARCH 5, 1951, PURSUANT TO AGREEMENT FOR EASEMENT NO. 415.

14. (COMPENSATORY ROYALTY AGREEMENT, THORNTON GAS FIELD, AMERADA PETROLEUM CORPORATION - W.O. 325, P.R.C. 608) On October 14, 1948 (Minute Page 892, Item 9) the Commission authorized 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.

The compensatory royalty agreement for the Thornton Gas Field executed by the Amerada Petroleum Corporation, the Honolulu Oil Corporation and the Bankline Oil Company, all of the operators in the field, contains the following conditions stated in the order of the authorization for negotiation detailed above:

1. The agreement provides for a royalty of  $12\frac{1}{2}\%$  on all gas produced, saved, and sold, attributable to State lands. Dry gas has been the only product of the field since initial production December 11, 1946. However, the agreement also provides that in the event it is necessary to compress the gas for delivery to the gas company pipeline the royalty shall be 10% on all such compressed gas and  $7\frac{1}{2}\%$  of any gasoline produced. These alternative oil royalty rates are applicable to the gross value of the products and are estimated to yield a royalty equivalent to  $12\frac{1}{2}\%$  on the net value of the product. This proposed alternative specification would eliminate the necessity for detailed and continuing audit of production costs on products which will be produced only in minor quantities in the Thornton Gas Field.

2. The State's participation in total field production has been established on the basis of an engineering estimate that the State lands contain 1% of all the acreage within the productive limits of Thornton Gas Field.

3. No provision is made for adjustment of this royalty participation. The fixed participation factor appears advantageous to the State in that the limits of the field have been established at the maximum probable ratio.

4. The Amerada Petroleum Corporation has agreed that royalty payments will be made on all production in the Thornton Gas Field since December 11, 1946, the date of initial production. Such royalties will be in excess of \$2,800. total to date.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER, AFTER THE ATTORNEY GENERAL HAS APPROVED THE AGREEMENT AS TO FORM, TO EXECUTE THE COMPENSATORY ROYALTY AGREEMENT FOR THE THORNTON GAS FIELD WITH THE AMERADA PETROLEUM CORPORATION, THE HONOLULU OIL CORPORATION, AND THE BANKLINE OIL COMPANY EFFECTIVE DECEMBER 11, 1946, WHICH AGREEMENT PROVIDES FOR A  $12\frac{1}{2}\%$  ROYALTY TO THE STATE ON ITS ACREAGE SHARE OF GAS PRODUCTION FROM THE THORNTON AREA (1%) SUBJECT TO  $7\frac{1}{2}\%$  ROYALTY ON GASOLINE, AND REDUCTION TO 10% ROYALTY ON COMPRESSED GAS IN THE EVENT IT BECOMES NECESSARY TO COMPRESS THE GAS IN ORDER TO MARKET IT.

15. (REQUEST FOR APPROVAL OF GAS AND GASOLINE SALES CONTRACT, HONOLULU OIL CORPORATION - P.R.C. 422, ELWOOD OIL FIELD) Section 15 of Oil and Gas Lease P.R.C. 422, Elwood Oil Field, held by the Honolulu Oil Corporation provides in part: