

9. (REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, HONOLULU-SIGNAL-MACOIL, COAL OIL POINT AREA, SANTA BARBARA COUNTY - P.R.C. 308.) The Commission was informed that on January 4, 1951 (Minute Page 1258, Item 10), it authorized the deferment of drilling and operating requirements under Oil and Gas Lease P.R.C. 308 for a period of ninety days from January 24, 1951, subject to the concurrence with or non-objection to the grant of such deferment by the U. S. Oil and Gas Supervisor, Department of the Interior.

The Signal Oil and Gas Company has submitted an additional request upon behalf of the lessees for further extension of the deferment of the drilling and operating requirements under the lease to permit additional time for study and analysis of findings developed by submarine exploratory work in the area of the lease-hold. Deferment of lease requirements is requested for as long a period as may be granted by the Commission, subject to the concurrence of the Oil and Gas Supervisor, Department of the Interior. The granting of any deferment pursuant to the request will be subject to review by the Secretary of the Interior in accordance with Section 3 (b) of the Operating Stipulation between the United States and the State of California, effective October 1, 1950.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO GRANT SIGNAL OIL AND GAS COMPANY, HONOLULU OIL CORPORATION, AND MACOIL, LESSEES UNDER STATE OIL AND GAS LEASE P.R.C. 308, A DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS FOR A PERIOD OF ONE YEAR FROM APRIL 24, 1951, SUBJECT TO CONCURRENCE WITH OR NON-OBJECTION TO THE GRANT OF SUCH DEFERMENT BY THE U. S. OIL AND GAS SUPERVISOR, DEPARTMENT OF THE INTERIOR. THE GRANT OF THE DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITIONS THAT DURING THE PERIOD OF DEFERMENT THE LESSEES WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE.
2. QUITCLAIM THE ENTIRE LEASE AREA.
3. PRESENT NEW, ADEQUATE BASES NOT CONSIDERED HERETOFORE FOR CONSIDERATION AS TO ANY FURTHER EXTENSION OF THE DEFERMENT OF THE OPERATING AND DRILLING REQUIREMENTS UNDER THE LEASE.

10. (REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, HONOLULU-SIGNAL-MACOIL, COAL OIL POINT AREA, SANTA BARBARA COUNTY - P.R.C. 309.) The Commission was informed that on January 4, 1951 (Minute Page 1259, Item 11), it authorized the deferment of drilling and operating requirements under State Oil and Gas Lease P.R.C. 309 for a period of ninety days from January 24, 1951, subject to the concurrence with or non-objection to the grant of such deferment by the U. S. Oil and Gas Supervisor, Department of the Interior.

Signal Oil and Gas Company has submitted an additional request upon behalf of the lessees for the deferment of drilling and operating requirements under this lease upon the same bases as outlined in the preceding minute item.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO GRANT SIGNAL OIL AND GAS COMPANY, HONOLULU OIL CORPORATION, AND MACOIL, LESSEES UNDER STATE OIL AND GAS LEASE P.R.C. 309, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS FOR A PERIOD

OF ONE YEAR FROM APRIL 24, 1951, SUBJECT TO THE SAME CONDITIONS AND REQUIREMENTS AS RECOMMENDED FOR LEASE P.R.C. 308 IN THE PRECEDING MINUTE ITEM.

11. (REQUEST FOR APPROVAL OF GAS PROCESSING CONTRACT, SIGNAL OIL AND GAS COMPANY - SOUTHWEST EXPLORATION COMPANY, LEASE P.R.C. 425, HUNTINGTON BEACH.) The Commission was informed that Section 14 of Oil and Gas Lease P.R.C. 425, Huntington Beach Field, Southwest Exploration Company, provides in part: "In the event the State should elect to take royalty in money instead of in kind, the Lessee shall not sell or otherwise dispose of the products hereunder except in accordance with \*\*\* sales contract or other methods first approved in writing by the State."

In accordance with this provision the Signal Oil and Gas Company has submitted for approval a copy of the Gas Processing Contract between the Signal Oil and Gas Company and the Southwest Exploration Company, covering the processing by Signal of the wet gas extracted from State Lease P.R.C. 425 by Southwest. This contract adopts all of the terms and provisions of a previous agreement of July 9, 1941, between the same parties, covering the wet gas extracted from Agreement for Easement 392, Southwest Exploration Company, and applies all of those terms to the gas extracted from Lease P.R.C. 425. The aforesaid agreement of July 9, 1941, was approved by the Commission on September 3, 1941. Signal Oil and Gas Company sells all of the processed dry gas to Pacific Lighting Gas Supply Company. The sale of dry gas from the subject Lease P.R.C. 425 is covered by the Gas Sales Contract between Signal Oil and Gas Company and the Pacific Lighting Gas Supply Company, considered by the Commission in a preceding item.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO APPROVE THE PROCESSING CONTRACT OF APRIL 24, 1950, BETWEEN THE SIGNAL OIL AND GAS COMPANY AND THE SOUTHWEST EXPLORATION COMPANY, AS THE BASIS FOR THE PROCESSING AND SALE BY THE SIGNAL OIL AND GAS COMPANY OF ALL GAS PRODUCED BY THE SOUTHWEST EXPLORATION COMPANY UNDER OIL AND GAS LEASE P.R.C. 425, DATED FEBRUARY 10, 1950, SUBJECT TO THE EXPRESS CONDITION THAT THE APPROVAL OF THE PROCESSING CONTRACT SHALL NOT BE CONSTRUED TO MODIFY OR AFFECT IN ANY MANNER ANY OF THE LEASE TERMS, INCLUDING FULL COMPLIANCE BY THE LESSEE WITH ALL THE TERMS AND CONDITIONS OF OIL AND GAS LEASE P.R.C. 425, AND THE RULES AND REGULATIONS OF THE COMMISSION.

12. (PACIFIC GAS AND ELECTRIC COMPANY'S EASEMENT ACROSS GEORGIANA SLOUGH - W.O. 1020, P.R.C. 595.) Anthony Kennedy, Esquire, representing the Hottinger Well in the Isleton Area, appeared before the Commission and stated that his client, the owner of the Hottinger Well, was unable to produce and sell gas from this well, inasmuch as the Pacific Gas and Electric Company was claiming that, due to the special restrictions placed on the transporting of gas across the Georgiana Slough, it was not in a position to purchase gas from this well without specific clearance from the State Lands Commission. (Special restriction referred to, covered by Minutes of Meeting of February 28, 1951, Minute Page 1286, is to the effect that: "Subject to the condition that all producers delivering gas to these pipe lines agree that all deliveries of gas under their Pacific Gas and Electric Company contract will be (1) not in excess of individual well production rates as determined from the Rio Vista Rateable Taking plan or (2) in accordance with an equitable producing plan for the Tyler Island Area should it be determined to be a separate producing unit outside the technically described Rio Vista