

Agreement for Easement 274.5 was issued March 1, 1934, for a term of 20 years, and provides that the grantee has the preferential right to renewal for successive periods of ten years upon such reasonable terms and conditions as may be prescribed by the State, unless otherwise provided by law at the time of the expiration of such periods. Section 6827, Public Resources Code, now provides that oil and gas leases may be for a term of twenty years and for so long hereafter as gas or oil is produced in paying quantities. Additionally, if the lease term is for twenty years, the lease may at any time prior to its expiration be extended upon such terms and conditions and for such period of time as the Commission deems for the best interest of the State. It is proposed that an extension of Agreement for Easement 274.5 be issued, in general conformance with the form approved heretofore by the Commission for extension of oil and gas leases issued pursuant to Chapter 303/1921, and incorporating all specific operating requirements and royalty provisions of the original easement agreement. The proposed composite form has been reviewed by the Office of the Attorney General with the report that "...we regard the draft in its present form...as meeting all of the conditions governing leases of the presently existing provisions of the Public Resources Code, as well as protecting the State with regard to the reservation of powers in the United States contained in Public Law 31, 83d Congress, Chapter 65, 1st Session. ...the foregoing statement is premised upon the assumption that subject 'Agreement for Easement' was valid when and as entered into on March 1, 1934." Agreement for Easement 274.5 was authorized for issuance by the Director of Finance, Chief of the Division of State Lands, and approved as to form by the Attorney General on March 12, 1934. The joint lessees, Monterey Oil Company and Suniland Oil Corporation, have agreed to the acceptability of the proposed form of lease extension and renewal.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

The Executive Officer is authorized to execute and issue to Monterey Oil Company and Suniland Oil Corporation a renewal and extension of Agreement for Easement 274.5, Huntington Beach, in the form approved by the Office of the Attorney General. The term of the extension is to be for ten years from March 1, 1954, and for so long thereafter as oil or gas is produced in paying quantities from the demised premises. The annual lease rental is to be \$50, and oil royalties will be payable in accordance with the formula specified in the original agreement for easement, subject to a minimum oil royalty rate of 16-2/3 per cent.

4. (RENEWAL AND EXTENSION, AGREEMENT FOR EASEMENT 275.5, MONTEREY OIL COMPANY AND SUNILAND OIL CORPORATION, HUNTINGTON BEACH, ORANGE COUNTY - W.O. 1514.) An application has been received from the Monterey Oil Company and Suniland Oil Corporation as successor in interest to Elsinore C. Machris, joint lessees under State Agreement for Easement 275.5, for renewal and extension of the easement agreement.

PRC 920.5

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5. (MODIFICATION OF PROSPECTING PERMIT, KERN COUNTY, CLIFFORD GILLESPIE - P.R.C. 1251.2, P.R.C. 1321.2.) Prospecting Permit P.R.C. 1251.2, covering the E $\frac{1}{2}$ of the NW $\frac{1}{4}$ of Section 36, T. 10 N., R. 13 W., S.B.B. & M., Kern County, containing 80 acres, was issued to Mr. Clifford Gillespie August 21, 1952. Additionally, Prospecting Permit P.R.C. 1321.2, covering the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 36, T. 10 N., R. 13 W., S.B.B. & M., Kern County, containing 40 acres, was issued to Mr. Gillespie October 1, 1953. Both permits provide in part that the permittee shall commence within six months from the date of the permit the work of prospecting for minerals and shall complete at least 40 shifts per month for not less than four months prior to the expiration of one year from the permit date. A shift is defined as not less than eight hours' work for one man. These operating requirements under Prospecting Permit P.R.C. 1251.2 were waived until February 21, 1954, in consideration of the exploratory operations conducted heretofore and the exploration and evaluation being conducted upon adjoining privately owned land in Section 25, T. 10 N., R. 13 W., S.B.B. & M. ✓