

POINT DUME, LOS ANGELES COUNTY, EXCEPT FOR THE AREA OFFSHORE FROM THE CITY OF SANTA BARBARA, FOR THE PERIOD TERMINATING DECEMBER 9, 1954, INCLUSIVE. ALL OTHER TERMS AND CONDITIONS OF THE EXPLORATION PERMITS ARE TO REMAIN UNCHANGED, AND THE EXTENSIONS ARE TO BE EFFECTIVE ONLY TO THE EXTENT THAT CONCURRENT PERMITS BY THE FISH AND GAME COMMISSION ARE IN EFFECT FOR THE SAME OPERATING AREA.

6. (AMENDMENT, AGREEMENT P.R.C. 28.5, GOLETA GAS FIELD, SANTA BARBARA COUNTY, PACIFIC LIGHTING GAS SUPPLY COMPANY - W.O. 1892.) Agreement P.R.C. 28.5 was entered into April 30, 1942, to cover storage and production of gas from that portion of the Goleta Gas Field underlying tide and submerged lands in Santa Barbara County. The agreement provides that the term "shall be for a period of twenty (20) years from the date hereof, with the preferential right in the Company to renew this agreement for successive periods of 10 years each upon such reasonable terms and conditions as may be prescribed by the Commission, unless otherwise provided by law at the time of the expiration of such periods". Since 1951 the Public Resources Code has provided that leases for the extraction and removal of oil and gas deposits may be for a term of twenty years and for so long thereafter as gas or oil is produced in paying quantities from the leased lands. To permit more effective long-range development, the Lessee, Pacific Lighting Gas Supply Company, has requested that Agreement P.R.C. 28.5 be amended by mutual consent to provide that the term of the agreement shall be for a period of twenty years and for so long thereafter as virgin gas is produced in paying quantities from the Goleta Gas Field, or for so long thereafter as natural gas is stored in paying quantities in said Goleta Gas Field. Section 20 of Agreement P.R.C. 28.5 provides that this agreement may be terminated, and any other provisions hereof may be modified and/or amended by written agreement upon a mutual consent of the parties hereto. ✓
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In addition to the foregoing, Section 4 of the agreement requires "On the 1st day of January of each calendar year thereafter, commencing with January 1, 1953 in computing the State's royalty for virgin gas (for the purposes of this agreement) thereafter removed by the Company from the Goleta Gas Field...". Authorized storage operations under the agreement to date have resulted in a continuous reserve of stored gas which has precluded the necessity for producing virgin gas on which a royalty computation would be required. These operating conditions will probably also be applicable for the next several years. Therefore, the Lessee, Pacific Lighting Gas Supply Company, has also suggested the desirability of an amendment to limit the initial computation of the State's royalty for virgin gas to the time when such royalty production first becomes an actuality.

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO CONSENT TO AN AMENDMENT OF AGREEMENT P.R.C. 28.5 BY MUTUAL CONSENT TO ACCOMPLISH THE FOLLOWING:

1. ELIMINATE THE NECESSITY FOR ANNUAL COMPUTATION OF THE GAS SALES PRICE UNTIL GAS IS ACTUALLY PRODUCED FOR SALE UNDER THE AGREEMENT.
2. AMEND THE TERMS OF THE AGREEMENT TO BE FOR SO LONG AS VIRGIN GAS IS PRODUCED IN PAYING QUANTITIES FROM THE GOLETA GAS FIELD, OR FOR SO LONG AS NATURAL GAS IS STORED IN PAYING QUANTITIES IN SAID FIELD.