

LANDWARD OF THE WEST BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 429; THENCE SOUTH ALONG THE LANDWARD PROJECTION AND THE WEST BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 429 TO THE SOUTHWEST CORNER OF SAID LEASE; THENCE EAST 1,256 FEET, MORE OR LESS, ALONG THE SOUTH BOUNDARY OF SAID LEASE TO THE NORTHWESTERLY BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 427; THENCE SOUTH 44° 41' WEST 1,050 FEET, MORE OR LESS, ALONG THE NORTHWESTERLY BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 427 TO THE MOST WESTERLY CORNER OF STATE OIL AND GAS LEASE P.R.C. 427; THENCE SOUTH 39° 46' EAST, 1,234 FEET, MORE OR LESS, ALONG THE SOUTHWESTERLY BOUNDARY OF SAID LEASE TO THE NORTHWESTERLY CORNER OF STATE OIL AND GAS LEASE P.R.C. 145; THENCE SOUTH 525 FEET ALONG THE WEST BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 145 TO A POINT; THENCE WEST 10,560 FEET TO A POINT; THENCE NORTH 5,280 FEET TO A POINT; THENCE EAST 8,300 FEET, MORE OR LESS, TO THE ORDINARY HIGH WATER MARK; THENCE ALONG THE ORDINARY HIGH WATER MARK TO THE POINT OF BEGINNING."

AUTHORIZATION OF THE PROPOSED EXPLORATIONS SHALL BE SUBJECT TO THE REQUIREMENTS:

1. COPIES OF ALL EXPLORATION RESULTS, LOGS AND RECORDS SHALL BE MADE AVAILABLE TO AND FILED WITH THE STATE AS REQUIRED OF ALL WELL DATA UNDER OIL AND GAS LEASE P.R.C. 1466.1
2. ALL DRILLING PROGRAMS SHALL BE APPROVED AS REQUIRED FOR WELLS UNDER LEASE P.R.C. 1466.1.
9. (REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, SIGNAL OIL AND GAS COMPANY, HONOLULU OIL CORPORATION, RICHFIELD OIL CORPORATION, COAL OIL POINT, SANTA BARBARA COUNTY - P.R.C. 308.) The following report was presented to the Commission:

"On December 17, 1954 (Minute Item 5, pages 2196-97) the Commission authorized the further deferment of drilling and operating requirements under Oil and Gas Leases P.R.C. 308 and P.R.C. 309 to January 1, 1956, subject to the express conditions that during the period of deferment the lessees would perform one of the following actions:

1. Initiate development on a lease.
2. Quitclaim entire lease areas.
3. Present new, adequate bases, not considered heretofore, for consideration as to any further extension of the further deferment of the operating and drilling requirements under the respective lease(s).

"Since September 29, 1955, drilling has been conducted and is continuing in well Richfield-Honolulu-Signal State 309-5 under Oil and Gas Lease P.R.C. 309. In addition, the lessees report that expenditures under the adjoining leases P.R.C. 308 and P.R.C. 309 now exceed \$3,000,000.

"In consideration of the initiation of development on Lease P.R.C. 309 as required by the prior grant of deferment, the lessees have requested a further deferment of the drilling and operating requirements under adjoining Lease P.R.C. 308 for a period not to exceed one year, during which period exploratory drilling may be continued under Lease P.R.C. 309."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT SIGNAL OIL AND GAS COMPANY, HONOLULU OIL CORPORATION AND RICHFIELD OIL CORPORATION, LESSEES UNDER STATE OIL AND GAS LEASE P.R.C. 308.1, A DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS TO JANUARY 1, 1957.

10. (APPLICATION FOR SUSPENSION OF PRODUCTION REQUIREMENTS, LEASES NO. P.R.C. 273, P.R.C. 356, KAISER ALUMINUM AND CHEMICAL CORPORATION, OWENS LAKE, INYO COUNTY.) The following report was presented to the Commission:

"On December 17, 1951 (Minute Item 17, page 1502), the Commission authorized the suspension of production requirements under Leases P.R.C. 273 and P.R.C. 356 for the lease years 1952 and 1953 subject to the payment by the lessee of the annual rentals and minimum royalties as specified in the respective leases. No production operations were conducted on the subject leases during the 1954-55 lease years. Prior operating deferments have been granted on the basis that increases in defense requirements and expansion in the aluminum industry might require increased quantities of raw materials. The lessee reports that the conditions which have resulted in lack of operations at Owens Lake continue substantially unchanged and the possibilities for production are still only prospective."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO SUSPEND THE REQUIREMENTS FOR PRODUCTION OF MINERALS FROM LEASES P.R.C. 273 AND P.R.C. 356 AS SET FORTH IN PARAGRAPH D, SECTION 2 OF THE RESPECTIVE LEASES. THESE SUSPENSIONS ARE TO BE EFFECTIVE FOR THE LEASE YEARS ENDING JANUARY 7, 1954, 1955 AND 1956 FOR LEASE P.R.C. 273, AND FOR THE LEASE YEARS ENDING MAY 18, 1954, 1955 AND 1956 FOR LEASE P.R.C. 356, PROVIDED THAT THE LESSEE PAYS TO THE STATE ON A QUARTERLY BASIS ROYALTY EQUAL TO THAT WHICH THE LESSEE WOULD HAVE PAID HAD THE MINIMUM REQUIRED TONNAGE BEEN PRODUCED AND SOLD FROM THE LEASES. ANNUAL RENTALS PAID ARE TO BE ACCOUNTED AS A CREDIT AGAINST THE MINIMUM ROYALTY PAYMENTS SO MADE IN ACCORDANCE WITH THE LEASE TERMS. THE GRANT OF DEFERMENTS IS TO BE SUBJECT TO THE CONDITION THAT SUCH ACTION SHALL NOT BE CONSTRUED AS RELIEVING THE LESSEE FROM ANY OF THE OTHER CONTINUING OBLIGATIONS SET FORTH IN LEASE P.R.C. 273 AND LEASE P.R.C. 356.