

MINUTE ITEM

7. (RENEWAL OF OIL AND GAS LEASE P.R.C. 308.1, HONOLULU OIL CORPORATION, SIGNAL OIL AND GAS COMPANY, AND RICHFIELD OIL CORPORATION, COAL OIL POINT, SANTA BARBARA COUNTY - W. O. 3049.)

After presentation of Calendar Item 34 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AND ISSUE A NEW LEASE IN EXCHANGE FOR LEASE P.R.C. 308.1, IN ACCORDANCE WITH THE PROVISIONS OF SECTION 6827 OF THE PUBLIC RESOURCES CODE, AS REQUESTED BY THE JOINT LESSEES, HONOLULU OIL CORPORATION, SIGNAL OIL AND GAS COMPANY, AND RICHFIELD OIL CORPORATION, FOR A TERM OF FIVE YEARS AND FOR SO LONG THEREAFTER AS OIL OR GAS IS PRODUCED IN PAYING QUANTITIES OR LESSEE SHALL BE CONDUCTING PRODUCING, DRILLING, DEEP-ENING, REPAIRING, REDRILLING OR OTHER NECESSARY LEASE OR WELL MAINTENANCE OPERATIONS ON THE LEASED LAND. THE NEW LEASE IS TO BE ISSUED AT THE SAME ROYALTY AND UPON THE SAME TERMS AND CONDITIONS AS LEASE P.R.C. 308.1 FOR WHICH IT IS TO BE EXCHANGED.

Attachment

Calendar Item 34 (1 page)

CALENDAR ITEM

OIL & GAS

34.

(RENEWAL OF OIL AND GAS LEASE P.R.C. 308.1, HONOLULU OIL CORPORATION, SIGNAL OIL AND GAS COMPANY, AND RICHFIELD OIL CORPORATION, COAL OIL POINT, SANTA BARBARA COUNTY - W. O. 3049.)

State Oil and Gas Lease P.R.C. 308.1 was issued to Honolulu Oil Corporation, Signal Oil and Gas Company, and Macco Construction Corporation on March 4, 1947, pursuant to Division 6 of the Public Resources Code, for a period of 20 years. The lease was assigned to Honolulu Oil Corporation, Signal Oil and Gas Company, and Richfield Oil Corporation, with the Richfield Oil Corporation designated as operator. The terms of the lease were amended as provided for under Chapter 104, Statutes of 1957, Section 6873 of the Public Resources Code. Pursuant to the terms of the lease, exploratory wells have been drilled both from upland drillsites and from mobile marine drilling equipment. None of these exploratory wells has resulted in the completion of a commercially productive oil or gas well. However, the results of these exploratory wells warrant the drilling of additional exploratory wells.

An application has been received from the joint lessees requesting the issuance of a new lease in accordance with Section 6827 of the Public Resources Code, which states in part: "...the commission may issue a new lease in exchange for any lease issued for a term of 20 years, or any renewal or extension thereof; such new lease shall be issued at the same royalty and upon the same terms and conditions as the lease for which it is exchanged, unless the commission and the lessee shall otherwise agree, except that the term of such exchange lease shall be for a term of five years and for so long thereafter as oil or gas is produced in paying quantities, or lessee shall be conducting producing, drilling, deepening, repairing, re-drilling or other necessary lease or well maintenance operations on the leased land."

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE AND ISSUE A NEW LEASE IN EXCHANGE FOR LEASE P.R.C. 308.1, IN ACCORDANCE WITH THE PROVISIONS OF SECTION 6827 OF THE PUBLIC RESOURCES CODE, AS REQUESTED BY THE JOINT LESSEES, HONOLULU OIL CORPORATION, SIGNAL OIL AND GAS COMPANY, AND RICHFIELD OIL CORPORATION, FOR A TERM OF FIVE YEARS AND FOR SO LONG THEREAFTER AS OIL OR GAS IS PRODUCED IN PAYING QUANTITIES OR LESSEE SHALL BE CONDUCTING PRODUCING, DRILLING, DEEPENING, REPAIRING, RE-DRILLING OR OTHER NECESSARY LEASE OR WELL MAINTENANCE OPERATIONS ON THE LEASED LAND. THE NEW LEASE IS TO BE ISSUED AT THE SAME ROYALTY AND UPON THE SAME TERMS AND CONDITIONS AS LEASE P.R.C. 308.1 FOR WHICH IT IS TO BE EXCHANGED.