

MINUTE ITEM

4. EXTENSION OF OIL AND GAS LEASE P.R.C. 424.1, SEAWARD OIL COMPANY, LTD., ELWOOD FIELD, SANTA BARBARA COUNTY - W.O. 3368.

After consideration of Calendar Item 22 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES THE EXTENSION OF THE TERM OF STATE OIL AND GAS LEASE P.R.C. 424.1, ELWOOD FIELD, SANTA BARBARA COUNTY, AS REQUESTED BY THE LESSEE, SEAWARD OIL COMPANY, LTD., AT THE SAME ROYALTY AND UPON THE SAME TERMS AND CONDITIONS, AS ARE SET FORTH IN SAID LEASE, 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, REDRILLING OR OTHER NECESSARY LEASE OR WELL MAINTENANCE OPERATIONS ON THE LEASED LAND.

Attachment

Calendar Item 22 (1 page)

CALENDAR ITEM

22.

EXTENSION OF OIL AND GAS LEASE P.R.C. 424.1, SEAWARD OIL COMPANY, LTD.,
ELWOOD FIELD, SANTA BARBARA COUNTY - W.O. 3368.

State Lease 91 was issued, pursuant to the provisions of Chapter 303/21, to C. J. Mahoney for a period of twenty years, covering an area of 86.87 acres of tide and submerged lands in the Elwood Field, and was assigned to Seaward Oil Company, Ltd., on November 8, 1949.

On December 21, 1949 (Minute Item 32, pages 1047-48), the term of the lease was extended for a period of ten years under Oil and Gas Lease P.R.C. 424.1 as provided in Lease 91. The area included in the lease was reduced to twenty acres.

An application has been received from the Seaward Oil Company, Ltd., for the extension of the term of the lease, as provided for under Division 6 of the Public Resources Code. The lease has been thoroughly explored; currently two wells remain on production.

Paragraph 2, page 2, of Oil and Gas Lease Extension and Renewal P.R.C. 424.1, states in part: "The term of this extension and renewal of the lease shall continue for a period of ten (10) years from and after the date hereof and provided such term may be thereafter extended upon such terms and conditions and for such periods of time as and if the Legislature may provide".

Section 6827 of the Public Resources Code provides in part: "Any lease heretofore issued under this chapter for a term of twenty years, or any renewal or extension thereof, may at any time or times prior to its expiration be extended upon such terms and conditions and for such period of time as the commission deems for the best interests of the State or as the Legislature may provide; provided further, that upon the lessee's timely application therefor the commission may issue a new lease in exchange for any lease issued for a term of twenty 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 EXTENSION OF THE TERM OF STATE OIL AND GAS LEASE P.R.C. 424.1, ELWOOD FIELD, SANTA BARBARA COUNTY, AS REQUESTED BY THE LESSEE, SEAWARD OIL COMPANY, LTD., AT THE SAME ROYALTY AND UPON THE SAME TERMS AND CONDITIONS, AS ARE SET FORTH IN SAID LEASE, 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, REDRILLING OR OTHER NECESSARY LEASE OR WELL MAINTENANCE OPERATIONS ON THE LEASED LAND.