

MINUTE ITEM

17. MODIFICATION OF AGREEMENT FOR EASEMENT 415.1, STANDARD OIL COMPANY OF CALIFORNIA, RIO VISTA GAS FIELD, CONTRA COSTA, SACRAMENTO, SAN JOAQUIN AND SOLANO COUNTIES - W.O. 3565.

After presentation of Calendar Item 41 attached,

UPON MOTION MADE BY COMMISSIONER CARR, SECONDED BY COMMISSIONER CRANSTON, AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

THE COMMISSION AUTHORIZES THE EXECUTIVE OFFICER TO APPROVE AN AMENDMENT TO AGREEMENT FOR EASEMENT 415.1, SUBMITTED BY THE STANDARD OIL COMPANY OF CALIFORNIA IN ITS LETTER DATED APRIL 29, 1960, EFFECTIVE OCTOBER 29, 1959, ALLOCATING FOR ROYALTY PAYMENT UNDER EASEMENT 415.1, 6.48 PER CENT OF THE GAS PRODUCED FROM NONUNITIZED ZONES INCLUDED IN THE UNIT AGREEMENT FOR THE ISLETON GAS FIELD, SACRAMENTO, CALIFORNIA, EXCLUDING THEREFROM GAS USED FOR OPERATION IN CONNECTION WITH SUCH PRODUCTION. THE CALCULATION OF ROYALTY PAYMENTS IS TO BE IN ACCORDANCE WITH STANDARD'S LETTER OF APRIL 29, 1960, WHICH CONFORMS WITH AGREEMENT FOR EASEMENT 415.1.

Attachment

Calendar Item 41 (2 pages)

CALENDAR ITEM

41.

MODIFICATION OF AGREEMENT FOR EASEMENT 415.1, STANDARD OIL COMPANY OF CALIFORNIA, RIO VISTA GAS FIELD, CONTRA COSTA, SACRAMENTO, SAN JOAQUIN AND SOLANO COUNTIES - W.O. 3565.

Agreement for Easement 415.1, covering approximately 2,827 acres of sovereign land of the State in the Rio Vista Gas Field in Contra Costa, Sacramento, San Joaquin and Solano Counties, was issued, pursuant to competitive public bidding, for a term of 20 years, on June 3, 1940, to the Standard Oil Company of California, in accordance with Chapter 5, Statutes of 1938, Extra Session.

The unit agreement for the Isleton Gas Field unit dated November 1, 1950, covering the Midland and Capay zones, was entered into by lessees of all lands at the easterly limits of the Rio Vista Gas Field in the vicinity of the City of Isleton. The unit, included in Easement 415.1, was formed on determination that more effective operation of such lands in the Isleton area could be obtained by operation of all leases in the area as a unit. Gas production from the Midland and Capay zones of the area was allocated to all leases in the proportion that individual leases then contained gas as computed from all available geologic and engineering data. The modification provided for the exclusion from the provisions of the Rio Vista rateable-taking plan of the area included in the Isleton unit.

Recent development in the Isleton unit has resulted in production from some nonunitized zones, a portion of which production should be allocated to Easement 415.1 under the terms of the unit agreement.

The surface acreage subject to Easement 415.1, which lies in the Isleton unit area, is 6.48 per cent of the total surface acreage within the area.

The lessee, Standard Oil Company of California, has proposed that after October 29, 1959, the date of completion of the first unit well in a nonunitized zone, 6.48 per cent of all gas produced by all operators from nonunitized zones in the unit area, other than gas used for production operations, shall be deemed to be gas produced under and pursuant to the terms and provisions of Easement 415.1, except that no part of such gas shall be considered a part of the allotment to the State lands as set forth in Exhibit "A" attached to Easement 415.1.

All geologic records and engineering data have been reviewed, and it has been determined that the proposed basis for production distribution is reasonable as to the State lands involved.

The nonunitized zone production is obtained from sand stringers above and below the unitized zones. Two wells have been completed in these zones. Currently one well is producing.

CALENDAR ITEM 41. (CONTD.)

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO APPROVE AN AMENDMENT TO AGREEMENT FOR EASEMENT 415.1, SUBMITTED BY THE STANDARD OIL COMPANY OF CALIFORNIA, EFFECTIVE OCTOBER 29, 1959, ALLOCATING FOR ROYALTY PAYMENT UNDER EASEMENT 415.1, 6.48 PER CENT OF THE GAS PRODUCED FROM NONUNITIZED ZONES INCLUDED IN THE UNIT AGREEMENT FOR THE ISLETON GAS FIELD, SACRAMENTO, CALIFORNIA, EXCLUDING THEREFROM GAS USED FOR OPERATION IN CONNECTION WITH SUCH PRODUCTION.