

MINUTE ITEM

7. EXTENSION OF LEASE P.R.C. 428.1, WILLIAM L. APPLEFORD AND
SIGNAL OIL AND GAS COMPANY, OPERATOR, ELWOOD FIELD, SANTA BARBARA COUNTY -
W.C.

After consideration of Calendar Item 31 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. 428.1, ELWOOD FIELD, SANTA BARBARA COUNTY, AS REQUESTED BY
WILLIAM L. APPLEFORD, LESSEE, AND BY SIGNAL OIL AND GAS COMPANY, OPERATOR,
AT THE SAME ROYALTY AND UPON THE SAME TERMS AND CONDITIONS, 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 OPERA-
TIONS ON THE LEASED LAND.

Attachment

Calendar Item 31 (2 pages)

CALENDAR ITEM

31.

REQUEST FOR EXTENSION OF LEASE P.R.C. 428.1, WILLIAM L. APPLEFORD AND SIGNAL OIL AND GAS COMPANY, OPERATOR, ELWOOD FIELD, SANTA BARBARA COUNTY - W.O. 3613.

State Oil and Gas Lease 98 was issued on July 29, 1930 to William L. Appleford, pursuant to the provisions of Chapter 303/21 for a period of twenty years, covering an area of 69.21 acres of tide and submerged lands in the Elwood Field. The operating rights under the subject lease and any extensions thereof are held by the Signal Oil and Gas Company, a Delaware corporation.

On July 6, 1950 (Minute Item 5, pages 1142-43), the term of the lease was extended for ten years under Oil and Gas Lease P.R.C. 428.1, as provided for in State Oil and Gas Lease 98.

An application has been received from William L. Appleford and from Signal Oil and Gas Company, a Delaware corporation, the operator, 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, five wells remain on production.

Paragraph 2, page 2, of Oil and Gas Lease Extension and Renewal P.R.C. 428.1 states, in part: "The term of this extension and renewal of 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 20 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 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, redrilling 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. 428.1, ELWOOD FIELD, SANTA BARBARA COUNTY, AS REQUESTED BY WILLIAM L. APPLEFORD, LESSEE, AND BY SIGNAL OIL AND GAS COMPANY, OPERATOR, AT THE SAME ROYALTY AND UPON THE SAME TERMS

CALENDAR ITEM 31. (CONTD.)

AND CONDITIONS, 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.