

MINUTE ITEM

25. EXTENSION OF LEASE AGREEMENT, ROYALTY SERVICE CORPORATION, PACIFIC ELECTRIC - LONG BEACH TRACT, WILMINGTON FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,153.

After consideration of Calendar Item 23 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION, PURSUANT TO THE PROVISIONS OF CHAPTER 1551, STATUTES OF 1959, AND OF CHAPTER 704, STATUTES OF 1961, APPROVES AND AUTHORIZES THE EXECUTIVE OFFICER TO CERTIFY APPROVAL OF THE EXTENSION OF LEASE AGREEMENT BETWEEN THE CITY OF LONG BEACH AND ITS BOARD OF HARBOR COMMISSIONERS AS FIRST PARTIES; ROYALTY SERVICE CORPORATION AND OTHERS AS SECOND PARTIES; AND LONG BEACH AMUSEMENT COMPANY, PACIFIC ELECTRIC RAILWAY COMPANY, TRUSTEES OF THE DISSOLVED SEASIDE WATER COMPANY, AND OTHERS AS THIRD PARTIES, HERETOFORE APPROVED BY THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH AND THE CITY COUNCIL OF THE CITY OF LONG BEACH.

Attachment

Calendar Item 23 (2 pages)

CALENDAR ITEM

23.

EXTENSION OF LEASE AGREEMENT, ROYALTY SERVICE CORPORATION, PACIFIC ELECTRIC - LONG BEACH TRACT, WILMINGTON FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,153.

The City of Long Beach has submitted for the approval of the State Lands Commission, in accordance with the provisions of Chapter 1551, Statutes of 1959, and Chapter 704, Statutes of 1961, an Agreement extending a Lease Agreement between the City of Long Beach and its Board of Harbor Commissioners as First Parties; Royalty Service Corporation and others as Second Parties; and Long Beach Amusement Company, Pacific Electric Railway Company, trustees of the dissolved Seaside Water Company, and others as Third Parties.

The purpose of this proposed agreement is to extend the lease and provide for the property to be included in the Fault Block IV Unit Agreements. The subject property has been designated as Tract 27, Fault Block IV Unit Agreement.

The City is designated as owner of a $12\frac{1}{2}\%$ royalty interest in all oil and gas produced and saved from or allocated to the entire leased premises. The remaining $17\frac{1}{2}\%$ royalty interest is allocated among various successors in interest to the original lessors. Royalty Service Corporation is designated as owner of 31.25% of the 70% working interest, and the remainder of said working interest is allocated among various successors in interest to Royalty.

The Agreement requires each party to enter into and execute the Fault Block IV Unit Agreements within thirty days after receipt thereof, and the effect of unitization will be to modify existing agreements to the extent necessary to conform to said Unit Agreements.

The proposed Agreement was approved by resolution adopted by the Board of Harbor Commissioners at its meeting of September 11, 1961, and by resolution of the Long Beach City Council adopted at its meeting of September 12, 1961.

This Agreement will become effective for a term of 24 years and 11 months upon execution by First Parties, Second Parties, Amusement Company, Seaside, and Pacific Electric.

The Office of the Attorney General has stated that the State Lands Commission may properly approve the subject agreement in the form submitted, provided that it determines that the execution thereof may reasonably be deemed necessary or appropriate to effect unitization of Fault Block IV, and provided that it deems the terms thereof, financial and otherwise, to be reasonable and equitable under the circumstances.

The staff has reviewed the proposed amendment and finds that it is desirable and appropriate in order to facilitate the complete unitization of Fault Block IV, and that under unitization the secondary recovery of oil will probably increase the revenue received by the City above that expected under the original agreement.

CALENDAR ITEM 23. (CONFD.)

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO THE PROVISIONS OF CHAPTER 1551, STATUTES OF 1959, AND OF CHAPTER 704, STATUTES OF 1961, APPROVE AND AUTHORIZE THE EXECUTIVE OFFICER TO CERTIFY APPROVAL OF THE EXTENSION OF LEASE AGREEMENT BETWEEN THE CITY OF LONG BEACH AND ITS BOARD OF HARBOR COMMISSIONERS AS FIRST PARTIES; ROYALTY SERVICE CORPORATION AND OTHERS AS SECOND PARTIES; AND LONG BEACH AMUSEMENT COMPANY, PACIFIC ELECTRIC RAILWAY COMPANY, TRUSTEES OF THE DISSOLVED SEASIDE WATER COMPANY, AND OTHERS AS THIRD PARTIES, HERETOFORE APPROVED BY THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH AND THE CITY COUNCIL OF THE CITY OF LONG BEACH.