

MINUTE ITEM

6. REQUEST FOR APPROVAL OF CRUDE OIL SALES CONTRACT, CHAS. W. CAMP,
P.R.C. 989.1, HUNTINGTON BEACH OIL FIELD, ORANGE COUNTY - W.O. 4170.

After consideration of Calendar Item 11 attached, and upon motion duly
made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO APPROVE THE CRUDE OIL SALES CONTRACT
ENTERED INTO AND EFFECTIVE ON AUGUST 1, 1961, BETWEEN CHAS. W. CAMP AND
MACMILLAN RING-FREE OIL CO., INC., AS THE BASIS FOR THE SALE AND DELIVERY
OF OIL PRODUCED FROM LEASE P.R.C. 989.1, SUBJECT TO THE CONDITION THAT THE
APPROVAL OF THE SALES CONTRACT SHALL NOT BE CONSTRUED TO MODIFY OR AFFECT
IN ANY MANNER ANY OF THE LEASE TERMS, INCLUDING FULL COMPLIANCE BY THE
LESSEE WITH ALL OF THE TERMS AND CONDITIONS OF OIL AND GAS LEASE P.R.C.
989.1 AND THE RULES AND REGULATIONS OF THE COMMISSION.

Attachment

Calendar Item 11 (1 page)

CALENDAR ITEM

11.

REQUEST FOR APPROVAL OF CRUDE OIL SALES CONTRACT, CHAS. W. CAMP, P.R.C. 989.1, HUNTINGTON BEACH OIL FIELD, ORANGE COUNTY - W.O. 4170.

Oil and Gas Easement No. 295 was issued to C. W. Camp, et al., on March 1, 1934, and was renewed and extended as Oil and Gas Lease P.R.C. 989.1 on May 24, 1954, pursuant to Division 6 of the Public Resources Code.

Section 14 of the lease provides in part: "In the event the State shall elect to take royalty in money instead of in kind, the lessee shall not sell or otherwise dispose of the products produced hereunder except in accordance with such sales contracts or other methods first approved in writing by the State." Section 2 provides in part: "When paid in money, the royalty shall be calculated upon the reasonable market price of the oil at the well as determined by the State, which price shall not be less than the highest price at which a major oil company then buying oil of like gravity and quality in substantial quantities at the Huntington Beach Field in Orange County, California, is offering for oil of like gravity and quality at the well,..."

In accordance with this provision, Charles W. Camp, lessee, has submitted for approval a copy of the crude oil sales contract between Charles W. Camp and Macmillan Ring-Free Oil Co., Inc., covering the delivery of the oil produced from the lease at a gravity of not less than 14° API, currently averaging 18° gravity at the current prices offered by Standard Oil Company of California for oil of like gravity and quality in the Huntington Beach oil field. Fourteen degree gravity is the lowest gravity for which Standard quotes a price at Huntington Beach. In the absence of a quoted price for gravities below 14°, the contract provides for the payment of six cents per barrel less than the 14° gravity posted price for 13° gravity crude oil; and five cents per barrel less than the 13° gravity extrapolated price for 12° gravity crude. The contract is to remain in effect for a period of three years after the effective date, August 1, 1961, subject to cancellation by either party after three years upon six months' written notice. Other terms and conditions of the contract relating to the manner of delivery procedure and for testing oil samples are in conformance with the lease terms and general practice in the industry.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO APPROVE THE CRUDE OIL SALES CONTRACT ENTERED INTO AND EFFECTIVE ON AUGUST 1, 1961, BETWEEN CHAS. W. CAMP AND MACMILLAN RING-FREE OIL CO., INC., AS THE BASIS FOR THE SALE AND DELIVERY OF OIL PRODUCED FROM LEASE P.R.C. 989.1, SUBJECT TO THE CONDITION THAT THE APPROVAL OF THE SALES CONTRACT SHALL NOT BE CONSTRUED TO MODIFY OR AFFECT IN ANY MANNER ANY OF THE LEASE TERMS, INCLUDING FULL COMPLIANCE BY THE LESSEE WITH ALL OF THE TERMS AND CONDITIONS OF OIL AND GAS LEASE P.R.C. 989.1 AND THE RULES AND REGULATIONS OF THE COMMISSION.