

MINUTE ITEM

17. PROPOSED OIL AND GAS LEASE, ORANGE COUNTY - W.O. 4710 (PARCEL 14).

After consideration of Calendar Item 14 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO OFFER A PARCEL OF SUBMERGED LAND IN ORANGE COUNTY FOR OIL-AND-GAS LEASE, PURSUANT TO DIVISION 6 OF THE PUBLIC RESOURCES CODE.

THE LEASE AWARD IS TO BE MADE TO THE QUALIFIED BIDDER OFFERING THE HIGHEST CASH-BONUS PAYMENT IN CONSIDERATION OF THE ISSUANCE OF AN OIL-AND-GAS LEASE.

THE BID-LEASE FORM TO BE AUTHORIZED FOR THE PARCEL SHALL BE THE FORM APPROVED AND ADOPTED BY THE COMMISSION ON NOVEMBER 15, 1960, WITH EXHIBIT "B" SPECIFYING THE OIL ROYALTY RATE MODIFIED IN THE FORM ATTACHED HERETO.

THE AREA PROPOSED TO BE OFFERED, DESIGNATED AS W.O. 4710 (PARCEL 14) IS DESCRIBED AS FOLLOWS:

A PARCEL OF SUBMERGED LAND IN SAN PEDRO BAY AND SAN PEDRO CHANNEL, ORANGE COUNTY, ADJOINING BOTH THE LEASE DESIGNATED AS P.R.C. 426.1, ENTERED INTO FEBRUARY 10, 1950 BETWEEN THE STATE OF CALIFORNIA AND SIGNAL OIL AND GAS COMPANY, AND ALSO THE LEASE DESIGNATED AS P.R.C. 425.1, ENTERED INTO FEBRUARY 10, 1950 BETWEEN THE STATE OF CALIFORNIA AND SOUTHWEST EXPLORATION COMPANY; SAID PARCEL BEING DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN SAN PEDRO BAY, WHICH POINT IS ON A LINE BEARING S. 40° 36' W. FROM A 2" PIPE MONUMENT AT THE NORTHWEST CORNER OF LOT E AS SHOWN ON A MAP ENTITLED "RESURVEY OF PART OF SECTION 34, T. 5 S., R. 11 W., AND PART OF SECTIONS 3, 4 AND 10 OF T. 6 S., R. 11 W., S.B.M., AS PER STEARNS RANCHOS COMPANY'S SECTIONIZED SURVEY BY CAPTAIN T. C. HEALEY, SURVEYOR," RECORDED IN BOOK 5, PAGE 28, RECORD OF SURVEYS, ORANGE COUNTY RECORDS, AND WHICH POINT IS DISTANT 10,560 FEET SOUTHWESTERLY FROM THE ORDINARY HIGH WATER MARK OF SAID BAY MEASURED ALONG THE AFOREMENTIONED LINE BEARING S. 40° 36' W., SAID POINT BEING FURTHER IDENTIFIED AS THE MOST SOUTHERLY CORNER OF LEASE P.R.C. 426.1; THENCE PROCEEDING NORTHWESTERLY FROM SAID POINT OF BEGINNING ALONG A LINE PARALLEL TO THE ORDINARY HIGH WATER MARK TO A POINT ON A LINE WHICH IS PARALLEL TO AND DISTANT 5,280 FEET FROM (MEASURED ALONG A LINE BEARING N. 38° 06' 30" W.) THE PREVIOUSLY DESCRIBED LINE BEARING S. 40° 36' W., SAID POINT BEING ALSO THE MOST WESTERLY CORNER OF LEASE P.R.C. 426.1; THENCE S. 40° 36' W., 7,668.31 FEET; THENCE SOUTHEASTERLY ALONG A LINE PARALLEL TO THE ORDINARY HIGH WATER MARK AN APPROXIMATE DISTANCE OF 12,069 FEET TO AN INTERSECTION WITH THE SOUTHWESTERLY PROLONGATION OF THE CENTERLINE OF 23RD STREET IN THE CITY OF HUNTINGTON BEACH; AS SAID STREET IS SHOWN ON THE PREVIOUSLY DESCRIBED MAP PREPARED BY CAPTAIN T. C. HEALEY;

THENCE N. 40° 36' E. ALONG SAID PROLONGATION 7,668.31 FEET TO THE MOST SOUTHERLY CORNER OF LEASE P.R.C. 425.1; THENCE NORTH-WESTERLY ALONG A LINE PARALLEL TO THE ORDINARY HIGH WATER MARK AND ALONG SAID LEASE P.R.C. 425.1 A DISTANCE OF 6,841 FEET MORE OR LESS TO THE POINT OF BEGINNING; CONTAINING 2,113.245 ACRES MORE OR LESS.

THE LEASE RENTAL IS TO BE \$1.00 PER ACRE PER YEAR.

Attachment

Calendar Item 14 (3 pages)

CALENDAR ITEM

14.

PROPOSED OIL AND GAS LEASE, ORANGE COUNTY - W.O. 4710 (PARCEL 14).

On July 26, 1962 (Minute Item 25, page 8228), the Commission authorized the Executive Officer to conduct a public review at Huntington Beach, Orange County, of the terms and conditions of the proposed oil-and-gas bid-lease form to be utilized in Orange County, on tide and submerged lands lying between the northerly city limits of the City of Newport Beach and the easterly boundary of the City of Long Beach.

In this review held at Huntington Beach on October 16, 1962, the specific concern expressed by representatives of the local residents related to the number, size, type, and location of offshore drilling and production platforms and the possibility of pollution of the ocean waters resulting from oil and gas operations. After a review of the Commission regulations governing the construction of offshore platforms, of the techniques of ocean-floor completion of oil wells, and of the precautions currently being taken by State lessees to prevent water pollution, no further concern was expressed.

Pursuant to the sequential bidding procedure approved by the State Lands Commission on November 15, 1960 for oil-and-gas lease offers of tide and submerged lands under the jurisdiction of the Commission, it has been determined by the staff that the offshore area designated as W.O. 4710 Parcel 14), lying offshore the City of Huntington Beach, should be offered for lease.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO OFFER A PARCEL OF SUBMERGED LAND IN ORANGE COUNTY FOR OIL-AND-GAS LEASE, PURSUANT TO DIVISION 6 OF THE PUBLIC RESOURCES CODE.

THE LEASE AWARD IS TO BE MADE TO THE QUALIFIED BIDDER OFFERING THE HIGHEST CASH-BONUS PAYMENT IN CONSIDERATION OF THE ISSUANCE OF AN OIL-AND-GAS LEASE.

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THE AREA PROPOSED TO BE OFFERED, DESIGNATED AS W.O. 4710 (PARCEL 14) IS DESCRIBED AS FOLLOWS:

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CALENDAR ITEM 14. (CONTD.)

SECTION 34, T. 5 S., R. 11 W., AND PART OF SECTIONS 3, 4 AND 10 OF T. 6 S., R. 11 W., S.B.M., AS PER STEARNS RANCHOS COMPANY'S SECTIONIZED SURVEY BY CAPTAIN T. C. HEALEY, SURVEYOR," RECORDED IN BOOK 5, PAGE 28, RECORD OF SURVEYS, ORANGE COUNTY RECORDS, AND WHICH POINT IS DISTANT 10,560 FEET SOUTHWESTERLY FROM THE ORDINARY HIGH WATER MARK OF SAID BAY MEASURED ALONG THE AFOREMENTIONED LINE BEARING S. 40° 36' W., SAID POINT BEING FURTHER IDENTIFIED AS THE MOST SOUTHERLY CORNER OF LEASE P.R.C. 426.1; THENCE PROCEEDING NORTHWESTERLY FROM SAID POINT OF BEGINNING ALONG A LINE PARALLEL TO THE ORDINARY HIGH WATER MARK TO A POINT ON A LINE WHICH IS PARALLEL TO AND DISTANT 5,280 FEET FROM (MEASURED ALONG A LINE BEARING N. 38° 06' 30" W.) THE PREVIOUSLY DESCRIBED LINE BEARING S. 40° 36' W., SAID POINT BEING ALSO THE MOST WESTERLY CORNER OF LEASE P.R.C. 426.1; THENCE S. 40° 36' W., 7,668.31 FEET; THENCE SOUTHEASTERLY ALONG A LINE PARALLEL TO THE ORDINARY HIGH WATER MARK AN APPROXIMATE DISTANCE OF 12,069 FEET TO AN INTERSECTION WITH THE SOUTHWESTERLY PROLONGATION OF THE CENTERLINE OF 23RD STREET IN THE CITY OF HUNTINGTON BEACH; AS SAID STREET IS SHOWN ON THE PREVIOUSLY DESCRIBED MAP PREPARED BY CAPTAIN T. C. HEALEY; THENCE N. 40° 36' E. ALONG SAID PROLONGATION 7,668.31 FEET TO THE MOST SOUTHERLY CORNER OF LEASE P.R.C. 425.1; THENCE NORTHWESTERLY ALONG A LINE PARALLEL TO THE ORDINARY HIGH WATER MARK AND ALONG SAID LEASE P.R.C. 425.1 A DISTANCE OF 6,841 FEET MORE OR LESS TO THE POINT OF BEGINNING; CONTAINING 2,113.245 ACRES MORE OR LESS.

THE LEASE RENTAL IS TO BE \$1.00 PER ACRE PER YEAR.

Attachment

Exhibit "B" of Bid-Lease Form

EXHIBIT "B"

The oil royalty which the Lessee shall pay to the State shall be according to the following formula:

$$R = \frac{P}{3 + 0.01P}$$

Where R is the royalty rate in per cent, and

P is the average production of oil per well per day under the lease determined by dividing the total lease production in barrels for the month by the total number of well-production days of twenty-four (24) hours each.

Provided, however, the Lessee shall pay at all times a minimum oil royalty rate of not less than sixteen and two-thirds (16-2/3) per cent, and a maximum oil royalty rate of not more than fifty (50) per cent.