

MINUTE ITEM

8. RENEWAL AND EXTENSION OF OIL AND GAS LEASE P.R.C. 129.1, ELWOOD FIELD, SANTA BARBARA COUNTY; SIGNAL OIL AND GAS COMPANY - W.O. 4965, ~~P.R.C. 3090~~ P.R.C. 129.1.

After consideration of Calendar Item 24 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AND ISSUE A NEW LEASE IN EXCHANGE FOR LEASE P.R.C. 129.1, IN ACCORDANCE WITH THE PROVISIONS OF SECTION 6827 OF THE PUBLIC RESOURCES CODE, AS REQUESTED BY THE LESSEE, SIGNAL OIL AND GAS COMPANY, 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. THE NEW LEASE IS TO BE ISSUED AT THE SAME ROYALTY AND UPON THE SAME TERMS AND CONDITIONS AS LEASE P.R.C. 129.1, FOR WHICH IT IS TO BE EXCHANGED.

Attachment  
Calendar Item 24 (1 page)

CALENDAR ITEM

24.

RENEWAL AND EXTENSION OF OIL AND GAS LEASE P.R.C. 129.1, ELWOOD FIELD, SANTA BARBARA COUNTY; SIGNAL OIL AND GAS COMPANY - W.O. 4965.

State Oil and Gas Lease P.R.C. 129.1, covering approximately 25<sup>4</sup> acres of tide and submerged land, was issued to Signal Oil and Gas Company on January 27, 1944, for a period of 20 years, with the provision that such term may be thereafter extended upon such terms and conditions and for such period of time as the State deems is in its best interests.

An application has been received from the lessee requesting the issuance of a new lease, in accordance with Section 6827 of the Public Resources Code, which states in part: "...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, re-drilling or other necessary lease or well maintenance operations on the leased land".

The lessee has directionally drilled 13 wells from onshore sites into the lease area; 12 wells are currently producing. During the last year, in addition to conducting well remedial operations, lessee has reperfored casing in two wells in the productive zone.

The spacing requirements of the lease of one gas well for each 40 acres in a gas zone or one well for each 10 acres in an oil zone have been fulfilled in the known productive zones underlying the leased area.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE AND ISSUE A NEW LEASE IN EXCHANGE FOR LEASE P.R.C. 129.1, IN ACCORDANCE WITH THE PROVISIONS OF SECTION 6827 OF THE PUBLIC RESOURCES CODE, AS REQUESTED BY THE LESSEE, SIGNAL OIL AND GAS COMPANY, 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. THE NEW LEASE IS TO BE ISSUED AT THE SAME ROYALTY AND UPON THE SAME TERMS AND CONDITIONS AS LEASE P.R.C. 129.1, FOR WHICH IT IS TO BE EXCHANGED.