

10/21/65

31. PROPOSED OIL AND GAS LEASE OF PROPRIETARY LANDS IN WHICH THE STATE HAS RESERVED MINERAL RIGHTS, LOS ANGELES COUNTY, TOWNLOT AREA, LONG BEACH UNIT, WILMINGTON OIL FIELD - W.O. 5826.

After consideration of Calendar Item 20 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO OFFER FOR OIL AND GAS LEASE, PURSUANT TO DIVISION 6 OF THE PUBLIC RESOURCES CODE, A PARCEL OF 0.3501 ACRE MORE OR LESS OF LANDS IN WHICH THE MINERALS LYING BELOW 500 FEET HAVE BEEN RESERVED TO THE STATE, SITUATE IN LOS ANGELES COUNTY, WHICH LANDS ARE DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF THE LANDS LYING BELOW 500 FEET FROM THE SURFACE OF:

THE WESTERLY 84 FEET OF LOTS 2, 4, 6, AND 8 IN BLOCK 98 OF THE TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19, PAGE 91 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE SOUTHERLY 17 FEET OF SAID LOT 8.

INCLUDING ALL RIGHT, TITLE AND INTEREST OF THE STATE OF CALIFORNIA IN AND TO THE MINERAL RIGHTS LYING BELOW 500 FEET FROM THE SURFACE OF ALL STREETS AND ALLEYS WITHIN OR ADJOINING THE FOREGOING DESCRIBED LAND.

CONTAINING 0.3501 ACRE MORE OR LESS.

THE COMMISSION DETERMINES THAT IT IS IN THE INTEREST OF INCREASING ULTIMATE RECOVERY OF OIL AND GAS FROM THE SUBJECT LANDS TO REQUIRE THE LESSEE UNDER THE PROPOSED LEASE TO ENTER INTO THE UNIT AGREEMENT AND UNIT OPERATING AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD, CALIFORNIA, AND A SUPPLEMENTAL POOLING AGREEMENT AND SHARING AGREEMENT APPLICABLE TO TRACT NO. 11 OF THE SAID LONG BEACH UNIT.

THE LEASE AWARD IS TO BE MADE TO THE QUALIFIED BIDDER WHO UNDERTAKES TO PAY THE HIGHEST FLAT RATE OF ROYALTY, BUT NOT LESS THAN 16-2/3 PERCENT, ON OIL, TO BE PAID ON THE PRODUCTION UNDER SAID LEASE OR ALLOCATED THERETO UNDER THE LONG BEACH UNIT AGREEMENT AND UNDER A SUPPLEMENTAL POOLING AGREEMENT AND SHARING AGREEMENT APPLICABLE TO TRACT NO. 11 OF SAID LONG BEACH UNIT; AND 16-2/3 PERCENT ON DRY GAS, NATURAL GASOLINE, AND OTHER PRODUCTS EXTRACTED AND SAVED FROM THE GAS PRODUCED UNDER SAID LEASE OR ALLOCATED THERETO UNDER THE AFORESAID AGREEMENTS.

DEVELOPMENT UNDER SUCH LEASE IS TO BE MADE BY SLANT DRILLING FROM SURFACE LOCATIONS ON LANDS NOT UNDER THE CONTROL OF THE DEPARTMENT OF MOTOR VEHICLES.

THE LEASE RENTAL IS TO BE TEN DOLLARS (\$10.00) PER YEAR.

THE BID-LEASE FORM TO BE UTILIZED SHALL BE THAT WHICH IS DESIGNATED AS EXHIBIT "A", W.O. 5826, ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF.

Attachment

Calendar Item 20 (2 pages)

PROPOSED OIL AND GAS LEASE OF PROPRIETARY LANDS IN WHICH THE STATE HAS RESERVED MINERAL RIGHTS, LOS ANGELES COUNTY, TOWNLOT AREA, LONG BEACH UNIT, WILMINGTON OIL FIELD - W.O. 5826.

The lands covered by the subject proposed lease were formerly owned and occupied by the California Department of Motor Vehicles, and were conveyed by the State in February 1964, subject to a reservation to the State of all minerals lying below 500 feet from the surface of said lands. Said lands located at Broadway and Lime Avenue are located within Tract No. 11 in the Townlot Area of the Long Beach Unit in the City of Long Beach, and due to drilling restrictions cannot be exploited for oil and gas purposes unless committed to the Long Beach Unit. Therefore, it is in the interest of increasing the ultimate recovery of oil and gas from said lands to include within said lease, provisions requiring the Lessee to enter into the Long Beach Unit and Unit Operating Agreements, as well as the pooling and sharing agreements applicable to Tract No. 11 of said Unit. Accordingly, such provisions are included within the subject proposed lease pursuant to Section 6829.2 of the Public Resources Code.

Section 6854 of the Public Resources Code provides that the Commission may lease such mineral rights without the consent of the State Agency owning (or in this case formerly owning) the surface rights if development is made by slant drilling from surface locations on lands not under the control of such State Agency, and if such drilling is provided for under the proposed lease and under the Long Beach Unit and Unit Operating Agreements.

The Staff is of the opinion that maximum oil and gas revenues may be derived from the subject lands by offering the lease to the qualified bidder who undertakes to pay the highest flat rate of royalty, but not less than 16-2/3 percent, on oil, pursuant to "alternative procedure (2)" authorized by Section 6827 of the Public Resources Code.

The form of lease (Exhibit "A" hereto) has been approved by the Office of the Attorney General.

IT IS RECOMMENDED THAT THE STATE LANDS COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO OFFER FOR OIL AND GAS LEASE, PURSUANT TO DIVISION 6 OF THE PUBLIC RESOURCES CODE, A PARCEL OF 0.3501 ACRE MORE OR LESS OF LANDS IN WHICH THE MINERALS LYING BELOW 500 FEET HAVE BEEN RESERVED TO THE STATE, SITUATE IN LOS ANGELES COUNTY, WHICH LANDS ARE DESCRIBED AS FOLLOWS:

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CALENDAR ITEM 20. (CONTD.)

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