

14. ASSIGNMENT OF SEPARATE PORTION OF OIL AND GAS LEASE P.R.C. 3177.1 FROM SIGNAL OIL AND GAS COMPANY, PAULEY PETROLEUM, INC., AND EDWIN W. PAULEY, TO UNION OIL COMPANY OF CALIFORNIA; ORANGE COUNTY - W.O. 5914, P.R.C. 3413.1.

After consideration of Calendar Item 16 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION HEREBY APPROVES THE ASSIGNMENT OF THE FOLLOWING DESCRIBED PORTION OF LANDS OF STATE OIL AND GAS LEASE P.R.C. 3177.1:

THAT PORTION OF THE FOLLOWING DESCRIBED TIDE AND SUBMERGED LAND LYING SOUTHWESTERLY OF A LINE RUNNING PARALLEL TO AND 8,760 FEET SOUTHWESTERLY FROM THE ORDINARY HIGH WATER MARK OF SAN PEDRO BAY, ORANGE COUNTY, CALIFORNIA:

A PARCEL OF TIDE AND SUBMERGED LAND IN SAN PEDRO BAY, ORANGE COUNTY, SITUATE BETWEEN SUNSET BEACH AND HUNTINGTON BEACH; SAID PARCEL BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE ORDINARY HIGH WATER MARK OF SAN PEDRO BAY WITH THE NORTHWEST BOUNDARY LINE OF STATE OIL AND GAS LEASE P.R.C. 163 WHICH BEARS N. 37° 07' 38" W. 5,279.87 FEET AND S. 41° 28' 52" W. 1,000.64 FEET FROM A STANDARD CALIFORNIA STATE LANDS COMMISSION BRASS CAP STAMPED "N.W. CORNER E. RESET 1950" AS SHOWN ON A MAP ENTITLED "SURVEY OF BOLSA CHICA BEACH IN SEC. 29, 32, & 33, T. 5 S., R. 11 W., S.B.M., AND SEC. 4, T. 6 S., R. 11 W., S.B.M., ORANGE COUNTY, CALIFORNIA, SHEET 3 OF 3," DATED APRIL 1950 AND PREPARED BY THE CALIFORNIA STATE LANDS COMMISSION, SAID POINT OF INTERSECTION HAVING CALIFORNIA ZONE COORDINATES OF X = 1,454,282.65, Y = 559,671.19 AS COMPUTED FROM THE AFOREMENTIONED MAP; THENCE PROCEEDING SOUTHWESTERLY 18,227.85 FEET, MORE OR LESS, ALONG THE NORTHWEST BOUNDARY LINES OF STATE OIL AND GAS LEASE P.R.C.s 163, 426, AND 3033 TO A POINT IN SAN PEDRO BAY; THENCE CONTINUING NORTHWESTERLY PARALLEL TO THE ORDINARY HIGH WATER MARK TO AN INTERSECTION WITH A LINE WHICH IS PARALLEL TO AND DISTANT 1,550 FEET (MEASURED ALONG A LINE BEARING N. 43° 04' 34" W.) FROM A LINE WHICH BEARS S. 46° 55' 26" W. FROM U.S.C. & G.S. TRIANGULATION STATION "CHICA 1933"; THENCE N. 40° 55' 26" E. TO THE AFOREMENTIONED ORDINARY HIGH WATER MARK AND CONTINUING THENCE SOUTHEASTERLY ALONG SAID ORDINARY HIGH WATER MARK TO THE POINT OF BEGINNING, SAID PARCEL CONTAINING 3,420 ACRES MORE OR LESS.

FROM SIGNAL OIL AND GAS COMPANY, PAULEY PETROLEUM, INC., AND EDWIN W. PAULEY, TO UNION OIL COMPANY OF CALIFORNIA, AND RETENTION BY ASSIGNOR OF A PRODUCTION PAYMENT IN THE ASSIGNED LANDS, SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1. EXCEPT AS HEREIN PROVIDED, ALL OF THE PROVISIONS OF LEASE P.R.C. 3177.1 SHALL APPLY SEPARATELY TO THE ASSIGNED AND RETAINED PORTION OF THE LEASE.

2. THE RENTAL SHALL BE APPORTIONED AS BETWEEN THE ASSIGNED AND RETAINED LANDS IN PROPORTION TO THE RESPECTIVE ACREAGE OF THE TWO PARCELS.
3. ASSIGNOR AND ASSIGNEE SHALL EACH FURNISH A BOND IN THE AMOUNT OF \$50,000, SUBJECT TO THE TERMS OF SECTION 14 OF SAID LEASE P.R.C. 3177.1.
4. ASSIGNOR AND ASSIGNEE SHALL EACH BEGIN DRILLING OPERATIONS ON THEIR RESPECTIVE PORTIONS OF THE LEASED LANDS WITHIN THREE YEARS OF THE EFFECTIVE DATE OF LEASE P.R.C. 3177.1, SUBJECT TO EXTENSION AS PROVIDED IN SECTION 22(c) OF SAID LEASE, AND SHALL THEREAFTER CARRY OUT ON THEIR RESPECTIVE PARCELS THE DRILLING REQUIREMENTS PROVIDED IN EXHIBIT "A" OF LEASE P.R.C. 3177.1.

Attachment
Calendar Item 16 (2 pages)

16.

ASSIGNMENT OF SEPARATE PORTION OF OIL AND GAS LEASE P.R.C. 3177.1 FROM SIGNAL OIL AND GAS COMPANY, PAULEY PETROLEUM, INC., AND EDWIN W. PAULEY, TO UNION OIL COMPANY OF CALIFORNIA; ORANGE COUNTY - W.O. 5914.

Signal Oil and Gas Company, Pauley Petroleum, Inc., and Edwin W. Pauley, present lessees of State Lease P.R.C. 3177.1, have executed an assignment of a separate portion of said lease to Union Oil Company of California, excepting and reserving to the assignors a production payment. To accomplish this assignment, there has been prepared an assignment and conveyance of interest in the oil and gas lease and reservation of production payment executed by the assignors and assignee. These documents have been executed pursuant to respective board authorizations by the corporations involved and furnished to the Division. The parties to the agreement have requested the approval thereto by the State Lands Commission. The assignee, Union Oil Company of California, is qualified to be a State lessee under the provisions of Public Resources Code Section 6801. The required additions and endorsements on the performance bonds affecting the lease have been completed.

The Office of the Attorney General in an informal opinion dated October 25, 1965, has concluded that pursuant to Section 6804 of the Public Resources Code a valid assignment by the lessee of a portion of the lands covered by an oil and gas lease does, in effect, create two individual leases and vests in the assignors and assignees respectively separate rights and obligations with respect to the retained and assigned portions of the leased lands. Further, the assignors and assignees are separately obligated to comply with the drilling and operating requirements and royalty and rental provisions attributable to the retained and assigned portions of the leased land respectively. The Commission may require as a condition precedent to its approval that the assignors and assignee each assume a separate obligation on the bond requirements in an amount deemed adequate to protect the interests of the State. The \$5 filing fee has been submitted.

IT IS RECOMMENDED THAT THE COMMISSION HEREBY APPROVE THE ASSIGNMENT OF THE FOLLOWING DESCRIBED PORTION OF LANDS OF STATE OIL AND GAS LEASE P.R.C. 3177.1:

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CALENDAR ITEM 16. (CONTD.)

"N.W. CORNER E. RESET 1950" AS SHOWN ON A MAP ENTITLED "SURVEY OF BOLSA CHICA BEACH IN SEC. 29, 32, & 33, T. 5 S., R. 11 W., S.B.M., AND SEC. 4, T. 6 S., R. 11 W., S.B.M., ORANGE COUNTY, CALIFORNIA, SHEET 3 OF 3," DATED APRIL 1950 AND PREPARED BY THE CALIFORNIA STATE LANDS COMMISSION, SAID POINT OF INTERSECTION HAVING CALIFORNIA ZONE 6 COORDINATES OF X = 1,454,282.65, Y = 559,671.19 AS COMPUTED FROM THE AFOREMENTIONED MAP; THENCE PROCEEDING SOUTHWESTERLY 18,227.85 FEET, MORE OR LESS, ALONG THE NORTHWEST BOUNDARY LINES OF STATE OIL AND GAS LEASES P.R.C.s 163, 426, AND 3033 TO A POINT IN SAN PEDRO BAY; THENCE CONTINUING NORTHWESTERLY PARALLEL TO THE ORDINARY HIGH WATER MARK TO AN INTERSECTION WITH A LINE WHICH IS PARALLEL TO AND DISTANT 1,550 FEET (MEASURED ALONG A LINE BEARING N. 43° 04' 34" W.) FROM A LINE WHICH BEARS S. 46° 55' 26" W. FROM U.S.C. & G.S. TRIANGULATION STATION "CHICA 1933"; THENCE N. 46° 55' 26" E. TO THE AFOREMENTIONED ORDINARY HIGH WATER MARK AND CONTINUING THENCE SOUTHEASTERLY ALONG SAID ORDINARY HIGH WATER MARK TO THE POINT OF BEGINNING, SAID PARCEL CONTAINING 3,420 ACRES MORE OR LESS.

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