

MINUTE ITEM

11/17/66

17. APPROVAL OF GAS SALES AGREEMENT, P.R.C. 2205.1 AND P.R.C. 2933.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 3959.

After consideration of Calendar Item 18 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION APPROVES THE GAS SALES AGREEMENT DATED JANUARY 20, 1961, AND THE AMENDMENTS DATED JANUARY 25, 1961, DECEMBER 11, 1961, AND FEBRUARY 24, 1964, BETWEEN PHILLIPS PETROLEUM COMPANY AND PACIFIC LIGHTING GAS SUPPLY COMPANY, AS A BASIS FOR THE SALE OF THE STATE'S ROYALTY SHARE OF GAS PRODUCED UNDER LEASES P.R.C. 2205.1 AND P.R.C. 2933.1; SUBJECT TO THE CONDITION THAT SUCH APPROVAL DOES NOT 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 LEASES P.R.C. 2205.1 AND P.R.C. 2933.1, AND WITH THE RULES AND REGULATIONS OF THE COMMISSION.

Attachment

Calendar Item 18 (1 page)

18.

APPROVAL OF GAS SALES AGREEMENT, P.R.C. 2205.1 AND P.R.C. 2933.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 3950.

Phillips Petroleum Company has submitted for approval a gas sales agreement dated January 20, 1961, and four amendments dated January 25, 1961, December 11, 1961, September 7, 1962, and February 24, 1964, between Phillips Petroleum Company and Pacific Lighting Gas Supply Company, which provides for the sale of gas produced by Phillips from lands within Los Angeles, Orange, Riverside, San Bernardino, Ventura, Santa Barbara, San Luis Obispo, and Kern Counties, State of California.

Oil and Gas leases issued by the Commission in the above areas that will be affected by this agreement include P.R.C. 2205.1, P.R.C. 2207.1, and P.R.C. 2933.1. Lease P.R.C. 2207.1 gas sales agreement will be considered under Calendar Item 20 of this agenda. The subject leases provide, in part, that the lessee shall not sell or otherwise dispose of the royalty share of the products produced from the lease, except in accordance with approved sales contracts or other methods first approved in writing by the State.

The agreement dated January 20, 1961, was effective March 1, 1961, for the term ending December 31, 1971, and will continue thereafter until terminated by either party on ten years written notice to the other. The sales price is in the amount of 29 cents per Mcf for the period March 1, 1961, through December 31, 1961, and the border price in effect for the period January 1, 1962, through December 31, 1971. The current border price in effect is 31.02 cents per Mcf.

The amendments dated January 25, 1961, December 11, 1961, and February 24, 1964, set forth certain terms and conditions relating to the obligated volume of deliveries per day.

The amendment dated September 7, 1962, was effective September 1, 1962, and provides for the sale of gas from Lease P.R.C. 2207.1 (see Calendar Item 20).

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE GAS SALES AGREEMENT DATED JANUARY 20, 1961, AND THE AMENDMENTS DATED JANUARY 25, 1961, DECEMBER 11, 1961, AND FEBRUARY 24, 1964, BETWEEN PHILLIPS PETROLEUM COMPANY AND PACIFIC LIGHTING GAS SUPPLY COMPANY, AS A BASIS FOR THE SALE OF THE STATE'S ROYALTY SHARE OF GAS PRODUCED UNDER LEASES P.R.C. 2205.1 AND P.R.C. 2933.1; SUBJECT TO THE CONDITION THAT SUCH APPROVAL DOES NOT 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 LEASES P.R.C. 2205.1 AND P.R.C. 2933.1, AND WITH THE RULES AND REGULATIONS OF THE COMMISSION.