

9. NORTH RIVER ISLAND GAS UNIT COVERING PORTIONS OF THE LANDS INCLUDED WITHIN GAS LEASES P.R.C. 714.1 AND P.R.C. 729.1; SACRAMENTO COUNTY - W.O. 6229.

After consideration of Calendar Item 31 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. DETERMINES THAT THE FORMATION OF NORTH RIVER ISLAND UNIT BY "UNIT DECLARATION" EXECUTED AS OF JANUARY 31, 1966, ON FILE IN THE OFFICE OF THE COMMISSION AND HEREBY MADE A PART HEREOF BY REFERENCE, AND THAT THE ENTERING INTO AND THE PERFORMANCE OF THE OPERATING AGREEMENT ENTERED INTO AS OF FEBRUARY 1, 1966, COVERING OPERATIONS IN SAID UNIT, ARE IN THE PUBLIC INTEREST FOR THE PURPOSE OF PROMOTING CONSERVATION AND PREVENTING UNREASONABLE WASTE OF NATURAL GAS, CONDENSATE, AND ASSOCIATED HYDROCARBONS;
2. APPROVES THE AFORESAID UNIT DECLARATION AND AFORESAID OPERATING AGREEMENT (WITH EXHIBITS), ON FILE IN THE OFFICE OF THE COMMISSION AND HEREBY MADE A PART HEREOF BY REFERENCE; AND
3. AUTHORIZES THE EXECUTIVE OFFICER TO EXECUTE THE JOINDER AGREEMENT DESIGNATED AS EXHIBIT "A" ATTACHED HERETO AND HEREBY MADE A PART HEREOF.

Attachment

Calendar Item 31 (7 pages)

31.

NORTH RIVER ISLAND GAS UNIT COVERING PORTIONS OF THE LANDS INCLUDED WITHIN GAS LEASES P.R.C. 714.1 AND P.R.C. 729.1; SACRAMENTO COUNTY - W.O. 6229.

Gas Lease P.R.C. 714.1 was issued to the Brazos Oil and Gas Company April 8, 1952, pursuant to competitive public bidding. Gas Lease P.R.C. 729.1 was issued to the same company June 30, 1952. Pursuant to approved assignments, both gas leases are now held by Standard Oil Company of California.

The State Lands Commission previously approved other unit agreements that include State land within leases P.R.C.s 714 and 729.

Standard Oil Company of California and Texaco Inc., who both hold other leases in the area of P.R.C. 714 and P.R.C. 729, have undertaken to form another unit containing 577.47 acres and to include within that unit 60 acres lying within gas Lease P.R.C. 729.1 and 29.82 acres of land lying within gas Lease P.R.C. 714.1. The State lands are described in Exhibit "B". This new unit is to bear the title "North River Island Gas Unit". Standard Oil Company of California has been designated Operator of the new unit. 5.1639% of the gas produced from the unit will be allocated to P.R.C. 714.1, and 10.3902% will be allocated to P.R.C. 729.1. The royalty rate to be applied to this allocated gas shall be the same as is provided for in each of the original lease agreements.

Both State gas leases provide: "Subject to agreement by a majority of the total production from the pool or field affected the State at its option may require the inclusion of the lands in this lease in a cooperative or unit plan of development or operation for any pool, or the field. Such cooperative or unit plan of development or operation shall be deemed by the State as necessary or proper to secure the proper protection of the interests of the State."

Section 6832 of the Public Resources Code, provides in part: "For the purpose of more properly conserving the natural resources of any oil or gas pool or field, or any part thereof, lessees hereunder and their representatives may unite with each other jointly or separately, or jointly or separately with others owning or operating lands not belonging to the State, including lands belonging to the United States, in collectively adopting and operating under a cooperative or unit plan of development or operation of the pool or field, or any part thereof, whenever it is determined by the Commission to be necessary or advisable in the public interest".

In addition to participation in any production developed, the State will benefit from this agreement in that after formation of the unit the well to be drilled will help evaluate the oil and gas potential of the deeper zones underlying the State land in the area. The agreement will also help to promote conservation of natural resources.

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The staff has reviewed the proposed agreement covering operations in said unit and has determined that the entering into and performance of the agreement is in the public interest and will promote conservation and will prevent unreasonable waste of natural gas, condensate and associate hydrocarbons.

In the opinion of the office of the Attorney General, the "Unit Declaration", the "Operating Agreement" and the "Agreement by the State of California to Joinder to the North River Island Gas Unit of Certain Lands of the State of California Situate in Sacramento County, California" all conform with applicable provisions of law and the Rules and Regulations of the State Lands Commission.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT THE FORMATION OF NORTH RIVER ISLAND UNIT BY "UNIT DECLARATION" EXECUTED AS OF JANUARY 31, 1966, ON FILE IN THE OFFICE OF THE COMMISSION AND HEREBY MADE A PART HEREOF BY REFERENCE, AND THAT THE ENTERING INTO AND THE PERFORMANCE OF THE OPERATING AGREEMENT ENTERED INTO AS OF FEBRUARY 1, 1966, COVERING OPERATIONS IN SAID UNIT, ARE IN THE PUBLIC INTEREST FOR THE PURPOSE OF PROMOTING CONSERVATION AND PREVENTING UNREASONABLE WASTE OF NATURAL GAS, CONDENSATE, AND ASSOCIATED HYDROCARBONS;
2. APPROVE THE AFORESAID UNIT DECLARATION AND AFORESAID OPERATING AGREEMENT (WITH EXHIBITS), ON FILE IN THE OFFICE OF THE COMMISSION AND HEREBY MADE A PART HEREOF BY REFERENCE; AND
3. AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE JOINDER AGREEMENT DESIGNATED AS EXHIBIT "A" ATTACHED HERETO AND HEREBY MADE A PART HEREOF.

Attachment

Exhibit "A"
Exhibit "B"

EXHIBIT "A"AGREEMENT BY THE STATE OF CALIFORNIA TO JOINDER
TO THE NORTH RIVER ISLAND GAS UNIT OF CERTAIN
LANDS OF THE STATE OF CALIFORNIA SITUATE
IN SACRAMENTO COUNTY, CALIFORNIA

The State Lands Commission of the State of California determined at its regular meeting held on _____ that the formation of North River Island Gas Unit is in the public interest for the purpose of promoting conservation and preventing unreasonable waste of natural gas, condensate and associated hydrocarbons and approved the basis for royalty payments to be paid to the State of California upon production from this Unit.

Under Section 6832 of the Public Resources Code, the Lessees of State lands may, whenever it is determined by the Commission to be necessary or advisable in the public interest, unite with each other jointly or separately, or jointly or separately with others owning or operating lands not belonging to the State, in collectively adopting and operating under a unit plan of development or operation of a field for the purpose of more properly conserving the natural resources of the gas field.

The Commission on behalf of the State as royalty interest owner, hereby agrees to and affirms the joinder by its Lessee of the State lands described as follows to the North River Island Gas Unit:

1. Gas Lease No. 729.1 P.R.C. dated June 30, 1952, from the State of California to Brazos Oil and Gas Company covering certain tide and submerged lands lying northerly and westerly of a line drawn midway between the center lines of the Sacramento River and Georgiana Slough, INSOFAR AND ONLY INSOFAR as said lease covers that portion of the Sacramento River lying between a projection of the North line of the Josephine Robinson lease (recorded in Book 1204, Page 26, Official Records of Sacramento County, California) and the North line of Dow, et al, Sacramento River Gas Unit No. 1 (recorded in Book 3586, Page 591, Official Records of Sacramento County, California), said area estimated to contain 60 acres, and INSOFAR AND ONLY INSOFAR as said lease covers all depths below the depth of the

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base of the Nortonville Zone, such depth being the stratigraphic equivalent of 3600 feet on the electric log of the Brazos-Josephine Robinson Unit Well, Section 9, Township 4 North, Range 4 East, Sacramento County, California.

2. Gas Lease No. 714.1 P.R.C. dated April 18, 1952, from the State of California to Brazos Oil and Gas Company covering certain submerged lands lying southerly and easterly of a line drawn midway between the center lines of the channels of the Sacramento River and Georgiana Slough INSOFAR AND ONLY INSOFAR as said lease covers that portion of Georgiana Slough lying between the South line of the Texaco-Dow Georgiana Slough Gas Unit (recorded in Book 2889, Page 90, Official Records of Sacramento County, California) and the North Line of Dow, et al Sacramento River Gas Unit No. 1 (recorded in Book 3586, Page 591, Official Records of Sacramento County, California), said area estimated to contain 29.82 acres, and INSOFAR AND ONLY INSOFAR as said lease covers all depths below the depth of the base of the Nortonville Zone, such depth being the stratigraphic equivalent of 3600 feet on the electric log of the Brazos-Josephine Robinson Unit Well, Section 9, Township 4 North, Range 4 East, Sacramento County, California.

The Commission on behalf of the State as royalty interest owner, further hereby agrees that there shall be allocated to said Gas Lease No. 729.1 P.R.C. and said Gas Lease No. 714.1 P.R.C. that proportion of all production from the North River Island Gas Unit (without regard to the particular tract from which it was produced) that the number of surface acres accredited to each of said Gas Leases bears to the total number of surface acres within the North River Island Gas Unit. For the purpose of calculating the production to be allocated to State lands hereunder, State Lease No. 729.1 P.R.C. and State Lease No. 714.1 P.R.C. shall be deemed to have 60.00 acres and 29.82 acres respectively within the limits of the North River Island Gas Unit and said Unit shall be deemed to comprise 577.47 acres. The royalty rate to be paid to the State of California upon production from said Unit which is allocated to the State lands shall be computed under the terms of Exhibit "C" to said Lease No. 729.1 P.R.C. and Exhibit "C" to said Gas Lease No. 714.1 P.R.C.

EXHIBIT "A" (CONTD.)

The foregoing provisions with respect to the allocation of production to State lands within the North River Island Gas Unit and the payment of royalty on such production supersede the provisions of said leases insofar as such provisions relate to the lands hereinabove described and which are committed to said North River Island Gas Unit. Nothing herein contained shall alter or affect royalty or payments payable on production under said leases from formations above the depths which are subject to said Unit.

Dated the ___ day of _____ 1966.

STATE LANDS COMMISSION OF
THE STATE OF CALIFORNIA

By _____

By Assignment dated February 1, 1966 Standard Oil Company of California became the owner of all of the Lessee's interests under State Lease No. P.R.C. 729.1 and State Lease 714.1 P.R.C. insofar as said leases cover the lands within the North River Island Gas Unit subject to the consent of the State of California to said assignment. As Lessee of such interests Standard Oil Company of California hereby agrees to the foregoing provisions providing for the allocation of production to the State lands included within the North River Island Gas Unit and the payment of royalty on such production.

STANDARD OIL COMPANY OF CALIFORNIA

By /S/ Geo. D. English
Contract Agent

By /S/ E. A. Hansen
Assistant Secretary

EXHIBIT "B"

Dow and Standard Lease C-661. Gas Lease No. 729.1 P.R.C. dated June 30, 1952, from the State of California to Brazos Oil and Gas Company covering certain tide and submerged lands lying northerly and westerly of a line drawn midway between the center lines of the Sacramento River and Georgiana Slough, INSO FAR AND ONLY INSO FAR as said lease covers that portion of the Sacramento River lying between a projection of the North line of the Josephine Robinson lease (recorded in Book 1804, Page 26, Official Records of Sacramento County, California) and the North line of Dow, et al, Sacramento River Gas Unit No. 1 (recorded in Book 3586, Page 591, Official Records of Sacramento County, California), said area estimated to contain 60 acres and INSO FAR AND ONLY INSO FAR as said lease covers all depths below the depth of the base of the Nortonville Zone, such depth being the stratigraphic equivalent of 3600 feet on the electric log of the Brazos-Josephine Robinson Unit Well, Section 9, Township 4 North, Range 4 East, Sacramento County, California.

Dow and Standard Lease C-243. Gas Lease No. 714.1 P.R.C. dated April 18, 1952, from the State of California to Brazos Oil and Gas Company covering certain submerged lands lying southerly and easterly of a line drawn midway between the center lines of the channels of the Sacramento River and Georgiana Slough INSO FAR AND ONLY INSO FAR as said lease covers that portion of Georgiana Slough lying between the South line of the Texaco-Dow Georgiana Slough Gas Unit (recorded in Book 2889, Page 90, Official Records of Sacramento County, California) of 677.539 acres and the North line of Dow, et al Sacramento River Gas Unit No. 1 (recorded in Book 3586, Page 591, Official Records of Sacramento County, California), said area estimated to contain 29.82 acres and INSO FAR AND ONLY INSO FAR as said lease covers all depths below the depth of the base of the Nortonville Zone, such depth being the

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stratigraphic equivalent of 3600 feet on the electric log of the
Brazos-Josephine Robinson Unit Well, Section 9, Township 4 North,
Range 4 East, Sacramento County, California