

26. OIL AND GAS LEASE, LOS ANGELES COUNTY; MOBIL OIL CORPORATION - W.O. 5675, P.R.C. 3809.1.

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

THE COMMISSION:

1. DETERMINES THAT IT IS IMPRACTICABLE, BY REASON OF THE SMALL SIZE AND INACCESSIBILITY FROM SURFACE DRILLSITES REASONABLY AVAILABLE AND OBTAINABLE, TO FULFILL THE PROVISIONS OF SECTION 6827 OF THE PUBLIC RESOURCES CODE;
2. AUTHORIZES THE EXECUTIVE OFFICER TO ENTER INTO A RELATED OIL AND GAS LEASE WITH MOBIL OIL CORPORATION FOR THE LAND DESCRIBED IN EXHIBIT "A" ATTACHED AND HEREBY MADE A PART HEREOF;
3. AUTHORIZES THE USE OF THE LEASE FORM IDENTIFIED AS W.O. 5675 ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF;
4. AUTHORIZES THE INCLUSION INTO THE VENICE BEACH UNIT OF THAT PORTION OF THE STATE'S PARCEL LYING WITHIN THE UNIT BOUNDARY AS DESCRIBED IN THE UNIT AGREEMENT ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE HEREBY MADE A PART HEREOF.

Attachment

Calendar Item 31 (3 pages)

31.

OIL AND GAS LEASE, LOS ANGELES COUNTY; MOBIL OIL CORPORATION - W.O. 5675.

An offer has been received from Mobil Oil Corporation for a lease for the development of oil and gas from a parcel of approximately three acres of Dockweiler Beach State Park at Venice, City of Los Angeles.

The parcel, situated within an urbanized Oil Drilling District, and within the exterior boundary of Mobil's City of Los Angeles Oil and Gas Lease 135, is under the jurisdiction of the Division of Beaches and Parks, which Division has been notified of Mobil's offer. The lease will be developed by directional drilling from drillsites located on other land. No surface facilities will be located on the State parcel.

Section 6815 of the Public Resources Code provides, in part: "...whenever it appears to the commission that the wells drilled upon private lands are draining or may drain oil or gas from lands owned by the State, or where the provisions of Section 6827 are deemed by the commission to be impracticable in the particular case by reason of the small size, ... or its inaccessibility from surface drillsites reasonably available or obtainable, the commission, in lieu of following the provisions of Section 6827, ... may negotiate and enter into leases for the development of the state lands through drilling from adjoining lands only ..."

In consideration for entering into a subsurface lease, Mobil has offered \$1,000, and a royalty of 16-2/3%; in addition, at such time as the City benefits from its net profits interest in the City's lease with Mobil, the State will have the same percentage benefit in the proportion that State's interest relates to the total interest, approximately 0.3 of 1%.

The term of the lease will be 30 years. The lease form provides for unitization of the State parcel with adjoining land.

Mobil Oil Corporation has joined with Standard Oil Company of California, lessee of adjacent upland areas, and, in accordance with the terms of the State's lease, has created an operating unit identified as "Venice Beach Unit". The unit provides for the inclusion of unleased areas lying within the exterior boundaries of the unit after leases have been entered into. Two-thirds of the State's parcel lies within the above unit. Mobil is the unit operator and has completed three wells within the unit area. Under the terms of the unit agreement, royalty allocated to unleased areas in the unit will be impounded until such areas have been leased.

All available data relating to geologic development and production in this general area have been reviewed by this Division. It is the opinion of the staff that it is in the State's interest to enter into the lease offered and to commit a portion of the leased land to the unit. In the opinion of the staff counsel, the lease conforms with applicable provisions of the law, and with the rules and regulations of the State Lands Commission.

IT IS RECOMMENDED THAT THE COMMISSION:

CALENDAR ITEM 31. (CONTD.)

1. DETERMINE THAT IT IS IMPRACTICABLE, BY REASON OF THE SMALL SIZE AND INACCESSIBILITY FROM SURFACE DRILLSITES REASONABLY AVAILABLE AND OBTAINABLE, TO FULFILL THE PROVISIONS OF SECTION 6827 OF THE PUBLIC RESOURCES CODE;
2. AUTHORIZE THE EXECUTIVE OFFICER TO ENTER INTO A NEGOTIATED OIL AND GAS LEASE WITH MOBIL OIL CORPORATION FOR THE LAND DESCRIBED IN EXHIBIT "A" ATTACHED AND HEREBY MADE A PART HEREOF;
3. AUTHORIZE THE USE OF THE LEASE FORM IDENTIFIED AS W.O. 5675 ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF;
4. AUTHORIZE THE INCLUSION INTO THE VENICE BEACH UNIT OF THAT PORTION OF THE STATE'S PARCEL LYING WITHIN THE UNIT BOUNDARY AS DESCRIBED IN THE UNIT AGREEMENT ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE HEREBY MADE A PART HEREOF.

Attachment: Exhibit "A"

EXHIBIT "A"

A parcel of land in the City of Los Angeles, more particularly described as follows:

Beginning at the intersection of the Northwesterly prolongation of the Northeasterly line of Lot "A" of Tract No. 898, as per map recorded in Book 16, Page 128 of Maps, in the office of the County Recorder of said County, with the Northwesterly line of Horizon Avenue, 40 feet wide, as shown on the map of the Country Club Tract, recorded in Book 3 Page 76 of said Maps; thence Southwesterly along said Northwesterly line and the Southwesterly prolongation thereof to a point distant thereon 209 feet Southwesterly from the most Southerly corner of Lot 5 in Block 5 of said Country Club Tract, said point being in a line of mean high tide of the Pacific Ocean as described in judgment rendered July 31, 1925 in Case No. 140756 of the Superior Court of the State of California, in and for the County of Los Angeles; thence Southeasterly along said mean high tide line to a point in the Southwesterly prolongation of the Northwesterly line of Market Street, formerly Zephyr Avenue, as shown on Map of Venice of America, recorded in Book 6 Pages 126 and 127 of said Maps, records of said County; distant Southwesterly along said Northwesterly line and Southwesterly prolongation 232 feet from the most Southerly corner of Lot 5 in Block "A" of said Venice of America; thence continuing Southeasterly along said high tide line to a point in the Southwesterly prolongation of the Northwesterly line of Windward Avenue, distant Southwesterly thereon 225 feet from the most Southerly corner of Lot 2 in Block 1 of said Venice of America; thence continuing Southeasterly along said high tide line to a point in the Southwesterly prolongation of the Northwesterly line of 17th Avenue, formerly Lorelei Avenue; distant Southwesterly thereon 168 feet from the most Southerly corner of Lot 4, Block 2 of said Venice of America; thence Northeasterly along said last mentioned prolongation 148 feet, more or less, to a line parallel with and distant 10 feet Southwesterly, measured at right angles, from the Northeasterly line of Lot "C" of said Tract No. 898; thence Northwesterly along said parallel line, 77 feet; thence Northerly in a direct line 12.19 feet to a point in said Northeasterly line of Lot "C" which is Northwesterly thereon 83.97 feet from the most Easterly corner of said Lot "C"; thence Northwesterly along the Northeasterly lines of Lots "C", "B" and "A" of said Tract No. 898 and the Northwesterly prolongation of the Northeasterly line of said Lot "A" to the point of beginning, containing 3.07 acres more or less, and the adjacent strip of land 20 feet wide underlying Ocean Front Walk containing 0.37 acre. The parcel contains 3.44 acres more or less.