

MINUTE ITEM

8/21/67

15. QUITCLAIM OF OIL AND GAS LEASE P.R.C. 3524.1, VENTURA COUNTY; TIDEWATER OIL COMPANY - W.O. 6636.

After consideration of Calendar Item 1 attached, and upon motion duly made and carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO ACCEPT A QUITCLAIM AND TO TERMINATE OIL AND GAS LEASE P.R.C. 3524.1 EFFECTIVE JUNE 30, 1967, IN ACCORDANCE WITH SECTION 5 OF THE LEASE, AS REQUESTED BY THE LESSEE, TIDEWATER OIL COMPANY.

Attachment

Calendar Item 1 (1 page)

1.

QUITCLAIM OF OIL AND GAS LEASE P.R.C. 3524.1, VENTURA COUNTY; TIDEWATER OIL COMPANY - W.O. 6636.

On August 8, 1966, Oil and Gas Lease P.R.C. 3524.1, covering 124.23 acres of reserved mineral interests, was issued to Tidewater Oil Company pursuant to competitive public bidding in accordance with Division 6 of the Public Resources Code. In addition to the first year's rent of \$5 per acre, the lessee paid to the State the sum of \$249,698.57 as a cash bonus in consideration of the issuance of the lease.

Tidewater drilled a test well approximately 1400 feet east of the lease, to a depth of 15,423 feet, and then redrilled to 15,107 feet. Over \$1,000,000 was expended in drilling and testing the well, which was abandoned June 17, 1967. This exploratory activity has assisted in evaluating the State parcel, and has shown that it is not feasible to drill a well on the State lease.

The lessee submitted a quitclaim, dated June 30, 1967, to surrender and terminate the lease. Section 5 of the lease provides that the lessee may at any time file with the State a written quitclaim of all rights thereof, such quitclaim or relinquishment to be effective as of the date of its filing, subject to the continued obligation of the lessee and of his surety to make payments of all rental and royalties theretofore accrued. The lessee complied fully with the requirements of the lease through June 30, 1967.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ACCEPT A QUITCLAIM AND TO TERMINATE OIL AND GAS LEASE P.R.C. 3524.1 EFFECTIVE JUNE 30, 1967, IN ACCORDANCE WITH SECTION 5 OF THE LEASE, AS REQUESTED BY THE LESSEE, TIDEWATER OIL COMPANY.