

58. ASSIGNMENT OF OIL PRODUCTION PAYMENT FROM PAULEY PETROLEUM INC. TO PROPERTY HOLDING CORPORATION, P.R.C.'s 163.1, 425.1, 426.1, 3177.1, AND E. 392.1, ORANGE COUNTY, AND P.R.C.'s 2933.1 AND 2205.1, SANTA BARBARA COUNTY--W.O. 7097.

After consideration of Calendar Item 46 attached, and upon motion duly made and carried, the following resolution was adopted:

THE STATE LANDS COMMISSION APPROVES THE ASSIGNMENT BY PAULEY PETROLEUM INC., A DELAWARE CORPORATION, OF ITS INTEREST IN STATE OIL AND GAS LEASES P.R.C.'s 163.1, 425.1, 426.1, 3177.1, 2933.1, AND 2205.1 AND E. 392.1 TO PROPERTY HOLDING CORPORATION, A CALIFORNIA CORPORATION, PURSUANT TO A CONVEYANCE OF PRODUCTION PAYMENT DATED AUGUST 24, 1966. SUCH APPROVAL IS TO BE SUBJECT TO THE CONDITION THAT THE ASSIGNEE OF THE PRODUCTION PAYMENT IS PROHIBITED FROM MANAGING OR OPERATING THE INTEREST OF PAULEY PETROLEUM INC. IN THE LEASED LANDS WITHOUT PRIOR APPROVAL OF THE STATE LANDS COMMISSION; PROVIDED, FURTHER, THAT THE PAULEY PETROLEUM INC. IS TO REMAIN FULLY BOUND BY ALL ITS OBLIGATIONS UNDER SAID LEASES, BOTH AS LESSEE AND AS OPERATOR, AND THE SURETIES ON ITS BOND HERETOFORE FILED IN CONNECTION WITH SAID LEASES ARE IN NO WAY RELEASED OR EXONERATED HEREBY; AND, FURTHER, THAT THE STATE OF CALIFORNIA AND THE STATE LANDS COMMISSION ARE TO RETAIN ALL THEIR RIGHTS AND POWERS UNDER SAID LEASES, UNAFFECTED BY SAID CONVEYANCE OF OIL PRODUCTION PAYMENT.

Attachment

Calendar Item 46 (1 page)

46.

ASSIGNMENT OF OIL PRODUCTION PAYMENT FROM PAULEY PETROLEUM INC. TO PROPERTY HOLDING CORPORATION, P.R.C.'s 163.1, 425.1, 426.1, 3177.1, AND E. 392.1, ORANGE COUNTY, AND P.R.C.'s 2933.1 AND 2205.1, SANTA BARBARA COUNTY - W.O. 7097.

Pauley Petroleum Inc., a Delaware corporation, lessee under the foregoing State Oil and Gas Leases, has requested the approval of the assignment of an oil production payment in respect to said leases to Property Holding Corporation, a California corporation. The assignee is qualified under Section 6801 of the Public Resources Code, and the required filing fees have been paid.

The Office of the Attorney General has stated informally in previous cases of this type that there is no legal objection to approving the assignment of an oil production payment, except that such approval should be qualified to prohibit the assignee of the oil production payment from managing or operating the interest of the lessee in the leased lands without the prior approval of the State Lands Commission.

IT IS RECOMMENDED THAT THE STATE LANDS COMMISSION APPROVE THE ASSIGNMENT BY PAULEY PETROLEUM INC., A DELAWARE CORPORATION, OF ITS INTEREST IN STATE OIL AND GAS LEASES P.R.C.'s 163.1, 425.1, 426.1, 3177.1, 2933.1, AND 2205.1 AND E. 392.1 TO PROPERTY HOLDING CORPORATION, A CALIFORNIA CORPORATION, PURSUANT TO A CONVEYANCE OF PRODUCTION PAYMENT DATED AUGUST 24, 1966. SUCH APPROVAL IS TO BE SUBJECT TO THE CONDITION THAT THE ASSIGNEE OF THE PRODUCTION PAYMENT IS PROHIBITED FROM MANAGING OR OPERATING THE INTEREST OF PAULEY PETROLEUM INC. IN THE LEASED LANDS WITHOUT PRIOR APPROVAL OF THE STATE LANDS COMMISSION; PROVIDED, FURTHER, THAT THE PAULEY PETROLEUM INC. IS TO REMAIN FULLY BOUND BY ALL ITS OBLIGATIONS UNDER SAID LEASES, BOTH AS LESSEE AND AS OPERATOR, AND THE SURETIES ON ITS BOND HERETOFORE FILED IN CONNECTION WITH SAID LEASES ARE IN NO WAY RELEASED OR EXONERATED HEREBY; AND, FURTHER, THAT THE STATE OF CALIFORNIA AND THE STATE LANDS COMMISSION ARE TO RETAIN ALL THEIR RIGHTS AND POWERS UNDER SAID LEASES, UNAFFECTED BY SAID CONVEYANCE OF OIL PRODUCTION PAYMENT.