

19. COMPENSATORY AGREEMENTS, PROPRIETARY LAND, MENDOTA WATERFOWL MANAGEMENT AREA, FRESNO COUNTY; CHRISTIE-STEWART, INC. - W.O. 7155, P.R.C. 4045.1; W.O. 7164, P.R.C. 4046.1.

After consideration of Calendar Item 36 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES THE ENTERING INTO OF TWO COMPENSATORY AGREEMENTS, DESIGNATED AS EXHIBIT "A" AND EXHIBIT "B", ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF, WITH CHRISTIE-STEWART, INC.

Attachment

Calendar Item 36 (1 page)

COMPENSATORY AGREEMENTS

APPLICANT: Christie-Stewart, Inc.
LOCATION: Mendota Waterfowl Management Area, Fresno County
ACREAGE: 6100 acres more or less
TYPE OF LAND: Proprietary

PERTINENT INFORMATION:

The State has a 25% mineral interest in 6,075 acres, and a 50% interest in 22 acres. Christie-Stewart has the remaining mineral interests under lease, with the right of entry, and has requested that the State enter into an oil and gas lease for the State's fractional interests. In previous instances the State has entered into compensatory agreements for this type of interest.

STAFF DETERMINATION:

It is in the best interest of the State to enter into an agreement with Christie-Stewart, Inc., for compensating the State for any drainage of oil and gas which may occur from the State's fractional interest in the lands. The mineral interests not held by the State are covered by two leases, and it is therefore advisable to enter into two separate compensatory agreements. The agreements are to run coextensively with the leases entered into with the State's cotenants. The State's fractional interests have been calculated, and the participating royalty interests set out in the agreement designated as Exhibit "A" is 4-1/6% and the agreement designated as Exhibit "B" is 4.276% of the market value of all oil and gas produced, saved and sold from the lands under agreement.

ATTORNEY GENERAL DETERMINATION:

The forms of agreement proposed to be used conform with applicable provisions of law and with the rules and regulations of the Commission.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE ENTERING INTO OF TWO COMPENSATORY AGREEMENTS, DESIGNATED AS EXHIBIT "A" AND EXHIBIT "B", ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF, WITH CHRISTIE-STEWART, INC.