

MINUTE ITEM

4. (QUITCLAIM OF THE UNDEVELOPED AREA, OIL AND GAS LEASE P.R.C. 1524.1, DOUGLAS OIL CO. OF CALIFORNIA, HUNTINGTON BEACH FIELD, ORANGE COUNTY - W.O. 3085.)

After presentation of Calendar Item 17 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO ACCEPT THE QUITCLAIM AND TERMINATION OF THE UNDEVELOPED PORTION OF OIL AND GAS LEASE P.R.C. 1524.1, AS DESCRIBED IN EXHIBIT "A" ATTACHED, EFFECTIVE AUGUST 31, 1958, IN ACCORDANCE WITH SECTION 5 OF THE LEASE, AS REQUESTED BY THE LESSEE, DOUGLAS OIL CO. OF CALIFORNIA. AS TO THE AREA OF LEASE P.R.C. 1524.1 NOT QUITCLAIMED, ALL TERMS, CONDITIONS AND PERFORMANCE REQUIREMENTS UNDER THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 17 (3 pages)

CALENDAR ITEM

OIL & GAS

17.

(QUITCLAIM OF THE UNDEVELOPED AREA, OIL AND GAS LEASE P.R.C. 1524.1, DOUGLAS OIL CO. OF CALIFORNIA, HUNTINGTON BEACH FIELD, ORANGE COUNTY - W.O. 3085.)

State Oil and Gas Lease P.R.C. 1524.1, covering an area of tide and submerged lands containing approximately 320 acres, was issued to Douglas Oil Co. of California on June 13, 1955, pursuant to competitive public bidding.

The lessee complied fully with the drilling requirements of the lease through March 24, 1956, at which time the Commission authorized a deferment of drilling requirements until June 24, 1956, and further deferments of drilling requirements were authorized covering the period through September 1, 1958, subject to the express condition that during the period of deferment the lessee would perform one of the following actions:

1. Initiate development of the lease;
2. Quitclaim the entire lease area;
3. Present new adequate bases for consideration as to any further deferment of drilling requirements under the lease.

During the time drilling operations were conducted, two producing wells were completed in the lease area. The second well was redrilled twice to different locations before completion. In consideration of the production obtained from the completed wells and the results of a study of the geological information available, the lessee has determined that the drilling of additional wells is not economically justified.

The lessee has submitted a quitclaim to surrender and terminate the undeveloped portion of the lease effective August 31, 1958. Section 5 of the lease provides in part:

"This lease may be surrendered and terminated in whole or in part, or as to any zone or zones or portions thereof,....

"In the event of partial surrender, as provided, the portion of the area quitclaimed shall be in a compact form and contain 10 acres or multiples thereof. Such quitclaim shall convey to the State on, through, under or over the portion not quitclaimed reasonable drill sites, storage areas and easements or rights-of-way thereon to prospect for, produce and take oil and gas or other products from the surrendered area or zones."

The lessee has complied with the above requirements.

OIL & GAS 17. (CONTD.)

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ACCEPT THE QUITCLAIM AND TERMINATION OF THE UNDEVELOPED PORTION OF OIL AND GAS LEASE P.R.C. 1524.1, AS DESCRIBED IN EXHIBIT "A" ATTACHED, EFFECTIVE AUGUST 31, 1958, IN ACCORDANCE WITH SECTION 5 OF THE LEASE, AS REQUESTED BY THE LESSEE, DOUGLAS OIL CO. OF CALIFORNIA. AS TO THE AREA OF LEASE P.R.C. 1524.1 NOT QUITCLAIMED, ALL TERMS, CONDITIONS AND PERFORMANCE REQUIREMENTS UNDER THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment
Exhibit "A"

EXHIBIT "A"

The area included in Oil and Gas Lease P.R.C. 1524.1 to be quitclaimed is described as follows:

Beginning at the point which is the intersection of the prolongation seaward of the westerly line of Eighth Street, Huntington Beach, with the ordinary high water mark of the Pacific Ocean; thence from said point of beginning easterly along the ordinary high water mark to a point 2,640 feet in a straight line from the point of beginning; thence southerly and parallel with the prolongation seaward of the westerly line of Eighth Street 5,280 feet; thence westerly and parallel with the ordinary high water mark to a point on the prolongation seaward of the westerly line of Eighth Street; thence northerly along the prolongation seaward of the westerly line of Eighth Street 5,280 feet to the point of beginning, containing 320 acres.

EXCEPTING THEREFROM that portion of the above described land described as follows:

Beginning at the point of intersection of the prolongation seaward of the westerly line of Eighth Street, Huntington Beach, with the ordinary high water mark of the Pacific Ocean; thence from said point of beginning southerly along the prolongation seaward of the westerly line of Eighth Street 766 feet to a point; thence easterly at right angles 626 feet to a point; thence northerly parallel to the westerly boundary to the point of intersection with the ordinary high water mark; thence westerly along the ordinary high water mark to the point of beginning, containing ten acres, more or less.