

MINUTE ITEM

39. EXTENSION OF THE TERM OF AGREEMENT FOR EASEMENT 415.1, STANDARD OIL COMPANY OF CALIFORNIA, RIO VISTA GAS FIELD, CONTRA COSTA, SACRAMENTO, SAN JOAQUIN AND SOLANO COUNTIES - W.O. 3523.

The attached Calendar Item 34 was presented to the Commission for information.

Attachment

Calendar Item 34 (1 page)

CALENDAR ITEM

INFORMATIVE

34.

EXTENSION OF THE TERM OF AGREEMENT FOR EASEMENT 415.1, STANDARD OIL COMPANY OF CALIFORNIA, RIO VISTA GAS FIELD, CONTRA COSTA, SACRAMENTO, SAN JOAQUIN AND SOLANO COUNTIES - W.O. 3523.

Agreement for Easement 415.1, covering approximately 2,827 acres of sovereign land of the State in the Rio Vista Gas Field in Contra Costa, Sacramento, San Joaquin and Solano counties, was issued, pursuant to competitive public bidding for a term of 20 years, on June 3, 1940, to the Standard Oil Company of California, in accordance with Chapter 5, Statutes of 1938, Extra Session.

The field is operated as a unit, with production allocated to each lease in the ratio that the individual lease area bears to the total productive area of the field. The agreement was modified on July 18, 1946, primarily to provide for the adoption of a method for determining the amount of gas to be produced from State lands under a rateable-taking plan agreed to by the lease operators in recognition of the existence of separate producing pools. The agreement was further modified on November 1, 1950, by the formation of the Isleton Gas Field unit, which unit is included within Easement 415.1.

Nine wells drilled into State land are currently producing from two pools. Production allocated to State lands during 1959 was 5,756,060 Mcf, on which a royalty of \$932,066 was paid to the State. The current price for Rio Vista gas is 33 cents per Mcf.

Section 1 of the agreement provides, in part, for its extension at the expiration of the original term "with the option in the grantee to continue the term of this agreement as to all wells drilling or producing at the expiration of the original term hereof for so long as gas is produced therefrom."

On February 12, 1960, Standard Oil Company of California, the grantee under Easement 415.1, exercised the option to continue the term of the subject agreement as to all wells drilling or producing on June 2, 1960, for so long as gas is produced from the agreement area.