

MINUTE ITEM

28. APPLICATION FOR ADJUSTMENT OF ROYALTY PAYMENTS UNDER GAS LEASES P.R.C. 714.1 AND P.R.C. 729.1, RIVER ISLAND GAS FIELD, SACRAMENTO AND SAN JOAQUIN COUNTIES, AND APPLICATION FOR STATE LANDS COMMISSION AUTHORIZATION FOR APPROVAL OF LESSOR'S CLAIM TO BOARD OF CONTROL; BRAZOS OIL AND GAS COMPANY - W.O. 5114.

After consideration of Calendar Item 24 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION APPROVES, UNDER THE PROVISIONS OF SECTION 6816(a)(1) OF THE PUBLIC RESOURCES CODE, ADJUSTMENTS IN ROYALTY PAYMENTS BY BRAZOS OIL AND GAS COMPANY OF AN \$11,269.16 OVERPAYMENT UNDER GAS LEASE P.R.C. 714.1 FOR THE PERIOD APRIL 1952 THROUGH OCTOBER 1959, AND A DEFICIT OF \$9,259.99 UNDER GAS LEASE P.R.C. 729.1 FOR THE PERIOD JUNE 1952 THROUGH NOVEMBER 1960, AND AUTHORIZES A REFUND TO BRAZOS OIL AND GAS COMPANY, AS OPERATOR, FOR THE NET DIFFERENCE OF \$2,009.17, AND, FURTHER, AUTHORIZES THE EXECUTIVE OFFICER TO PRESENT SAID CLAIM FOR REFUND TO THE STATE BOARD OF CONTROL, WITH THE COMMISSION'S RECOMMENDATION THAT SUCH CLAIM BE ALLOWED.

Attachment
Calendar Item 24 (1 page)

CALENDAR ITEM

24.

APPLICATION FOR ADJUSTMENT OF ROYALTY PAYMENTS UNDER GAS LEASES P.R.C. 714.1 AND P.R.C. 729.1, RIVER ISLAND GAS FIELD, SACRAMENTO AND SAN JOAQUIN COUNTIES, AND APPLICATION FOR STATE LANDS COMMISSION AUTHORIZATION FOR APPROVAL OF LESSEE'S CLAIM TO BOARD OF CONTROL; BRAZOS OIL AND GAS COMPANY - W.O. 5114.

Gas Leases P.R.C. 714.1 and P.R.C. 729.1 were issued to The Dow Chemical Company and Vistario Corporation on April 18, 1952, and on June 30, 1952, respectively, with Brazos Oil and Gas Company (a subsidiary of Dow Chemical Company) designated as operator.

At the time of issuance of the aforementioned leases, a royalty well, Capital No. 1, was located on the boundary line common to both leases and intersected a portion of State lands in both leases, as shown on Exhibit "B" attached.

A recent survey conducted on behalf of Brazos Oil and Gas Company, recorded in Sacramento County, Book 14 of Surveys, Page 14, on April 17, 1959, locates Capital No. 1 royalty well solely within Gas Lease P.R.C. 729.1.

The relocation of royalty gas well Capital No. 1 necessitates a credit of \$11,269.16 for overpayment of royalty under Gas Lease P.R.C. 714.1 for the period April 1952 to October 1959.

In conjunction with the relocation of royalty gas well Capital No. 1, two other royalty gas wells, Capital No. 3 and Campi No. 2, under Gas Lease P.R.C. 729.1 were relocated, as shown on Exhibit "B" attached, resulting in a deficit royalty payment of \$9,259.99 under Gas Lease P.R.C. 729.1 for the period June 1952 through November 1960.

It is the opinion of the staff that the Commission should consider giving authorization, with the approval of the State Board of Control, under Section 6816(a)(1) of the Public Resources Code, for a net refund of royalty payments in the amount of \$2,009.17, based upon the relocation, by survey, of three royalty gas wells under Gas Leases P.R.C. 714.1 and P.R.C. 729.1, such claim to be forwarded to the State Board of Control with a recommendation that it be approved for payment.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE, UNDER THE PROVISIONS OF SECTION 6816(a)(1) OF THE PUBLIC RESOURCES CODE, ADJUSTMENTS IN ROYALTY PAYMENTS BY BRAZOS OIL AND GAS COMPANY OF AN \$11,269.16 OVERPAYMENT UNDER GAS LEASE P.R.C. 714.1 FOR THE PERIOD APRIL 1952 THROUGH OCTOBER 1959, AND A DEFICIT OF \$9,259.99 UNDER GAS LEASE P.R.C. 729.1 FOR THE PERIOD JUNE 1952 THROUGH NOVEMBER 1960, AND AUTHORIZE A REFUND TO BRAZOS OIL AND GAS COMPANY, AS OPERATOR, FOR THE NET DIFFERENCE OF \$2,009.17, AND, FURTHER, AUTHORIZE THE EXECUTIVE OFFICER TO PRESENT SAID CLAIM FOR REFUND TO THE STATE BOARD OF CONTROL, WITH THE COMMISSION'S RECOMMENDATION THAT SUCH CLAIM BE ALLOWED.