

24. OIL AND GAS LEASE, RESERVED MINERAL INTEREST, LOS ANGELES COUNTY;
STANDARD OIL COMPANY OF CALIFORNIA - W.O. 6509, P.R.C. 3808.1.

After consideration of Calendar Item 16 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. DETERMINES THAT IT IS IMPRACTICAL, BY REASON OF THE SMALL SIZE AND INACCESSIBILITY FROM SURFACE DRILLSITES REASONABLY AVAILABLE OR OBTAINABLE, TO FULFILL THE PROVISIONS OF SECTION 6327 OF THE PUBLIC RESOURCES CODE (COMPETITIVE PUBLIC BIDDING);
2. AUTHORIZES THE EXECUTIVE OFFICER TO ENTER INTO A NEGOTIATED OIL AND GAS LEASE WITH STANDARD OIL COMPANY OF CALIFORNIA FOR THE LAND DESCRIBED IN EXHIBIT "A" ATTACHED AND MADE A PART HEREOF.
3. AUTHORIZES THE USE OF THE LEASE FORM IDENTIFIED AS W.O. 6509, WHICH IS ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF.

Attachment

Calendar Item 16 (4 pages)

16.

OIL AND GAS LEASE, RESERVED MINERAL INTEREST, LOS ANGELES COUNTY; STANDARD OIL COMPANY OF CALIFORNIA - W.O. 6509.

A request to enter into an oil and gas lease for 0.172 acre of land below the depth of 500 feet below the surface of the ground in the vicinity of 11th Street and Santee Street in the City of Los Angeles (Exhibit "A") has been submitted by Standard Oil Company of California. Subsurface operations will be conducted from District U-114 controlled drillsites.

Section 6815 of the Public Resources Code, provides in part: "...Whenever it appears to the Commission that wells drilled upon private land are draining, or may drain, oil or gas from lands owned by the State, or where the provisions of Section 6827 are deemed by the Commission to be impracticable in the particular case by reason of the small size, ...or its inaccessibility from surface drillsites reasonably available or obtainable, the Commission in lieu of following the provisions of Section 6827, ...may negotiate and enter into leases for the development of the State lands through drilling from adjoining lands only..."

The lease submitted by Standard provides for: a primary term of seven years in which to commence drilling operations; a royalty of 16-2/3%; a delayed rental of \$10.00 for the period April 24, 1963, to April 24, 1965; an annual rental of \$10.00 commencing April 24, 1965, and a term of twelve years and so long thereafter as oil and gas are produced from said lands or lessee in good faith shall conduct drilling operations into or through said lands. Changes in the lease required by provisions of the Public Resources Code are contained in Exhibit "B".

All available data relating to geologic development and production in this general area has been reviewed by this Division. The nearest producing well with reference to the State land is 1100 feet, and there is a possibility of the productive zones extending into the area of the parcel. However, it is concluded that, due to geological complexity, this parcel must be considered as unproven area, which would justify approval of a royalty rate of 16-2/3%.

In the opinion of staff counsel, the lease conforms with applicable provisions of the law and the rules and regulations of the Commission.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT IT IS IMPRACTICAL, BY REASON OF THE SMALL SIZE AND INACCESSIBILITY FROM SURFACE DRILLSITES REASONABLY AVAILABLE OR OBTAINABLE, TO FULFILL THE PROVISIONS OF SECTION 6327 OF THE PUBLIC RESOURCES CODE (COMPETITIVE PUBLIC BIDDING);
2. AUTHORIZE THE EXECUTIVE OFFICER TO ENTER INTO A NEGOTIATED OIL AND GAS LEASE WITH STANDARD OIL COMPANY OF CALIFORNIA FOR THE LAND DESCRIBED IN EXHIBIT "A" ATTACHED AND MADE A PART HEREOF.

CALENDAR ITEM 16. (CONTD.)

3. AUTHORIZE THE USE OF THE LEASE FORM IDENTIFIED AS W.O. 6509, WHICH IS ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF.

Attachments: Exhibit "A"
Exhibit "B"

EXHIBIT "A"

All that certain real property described as follows:

Lot 16 in Block 4 of the Hammel and Denker Tract, in the
City of Los Angeles, County of Los Angeles, State of California,
as per map recorded in Book 53, Page 63 of Miscellaneous Records,
in the office of the County Recorder of said County.

EXHIBIT "B"

1. No deduction shall be made from the State's royalty interest in said lease on account of the cost of obtaining drillsites or surface locations or for any operations conducted by Lessee under said lease.
2. If it becomes necessary to treat the oil produced from or allocated to said land to make it merchantable, the State shall not be charged with a share of the actual cost of such treatment on a basis exceeding five cents (5¢) per barrel for royalty oil, without the State's written consent.
3. Notwithstanding the provisions of Paragraph 18 of said lease to the contrary, Lessee shall not be authorized to pay any taxes or assessments on the State's behalf or to deduct any such amounts from any monies or royalties due the State thereunder.
4. In the formation or creation of any operating unit or units involving said land, Lessee shall follow and comply with Paragraph 33 of said lease.
5. Any assignment of said lease or any portion thereof covering said land shall be made in compliance with the provisions of Section 6804 of the Public Resources Code of the State of California.
6. That all matters pertaining to the above lease, insofar as said land is concerned, including payments, shall be handled directly with the State and that no agent or other person shall represent the State in any manner.
7. That the State does not warrant nor agree to defend title to said land; however, it is agreed that in the event of controversy regarding ownership, payments to the State may be impounded by the Lessee pending the determination of such ownership.
8. It is understood and agreed that no modification of said lease as provided for in Paragraph 26 shall be effective insofar as it relates to said land unless the State expressly consents thereto.