

MINUTE ITEM

9/25/67

39. APPROVAL OF NATURAL GAS PROCESSING AGREEMENT; P.R.C.s 999.1, 1330.1, 1331.1, AND 1336.1, ORANGE COUNTY; BELOIL CORPORATION, LTD. - W.O. 6214.

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

THE COMMISSION AUTHORIZES THE APPROVAL OF THE GAS PROCESSING AGREEMENT DATED OCTOBER 4, 1965, AND THE AMENDMENT DATED JUNE 16, 1967, BETWEEN BELOIL CORPORATION AND STANDARD OIL COMPANY OF CALIFORNIA, TO PROVIDE FOR THE PROCESSING AND SALE OF NATURAL GASOLINE, L.P.G., AND DRY GAS EXTRACTED AND SAVED FROM THE GAS PRODUCED UNDER STATE OIL AND GAS LEASES P.R.C.s 999.1, 1330.1, 1331.1, AND 1336.1; PROVIDED, HOWEVER, THAT MARKET VALUE AT THE PROCESSING PLANT OF THE LESSEE'S PROPORTION OF THE DRY GAS, NATURAL GASOLINE, AND OTHER PRODUCTS EXTRACTED AND SAVED FROM THE GAS PRODUCED FROM THE DEMISED PREMISES WILL BE THE BASIS FOR THE DETERMINATION OF STATE ROYALTY PAYMENTS. THE GROSS MARKET VALUE SHALL BE THE REASONABLE MARKET VALUE AS FIXED BY THE STATE.

THIS APPROVAL IS NOT TO BE CONSTRUED AS CHANGING THE ROYALTY PAYMENT PROVISIONS OF SAID LEASES, NOR DOES IT MODIFY OR AFFECT, IN ANY MANNER, ANY OF THE LEASE TERMS, INCLUDING FULL COMPLIANCE BY THE LESSEE WITH THE TERMS AND CONDITIONS OF OIL AND GAS LEASES P.R.C.s 999.1, 1330.1, 1331.1, AND 1336.1, AND WITH THE RULES AND REGULATIONS OF THE COMMISSION.

Attachment

Calendar Item 36 (1 page)

36.

APPROVAL OF NATURAL GAS PROCESSING AGREEMENT; P.R.C.'S 999.1, 1330.1, 1331.1, AND 1336.1, ORANGE COUNTY; BELOIL CORPORATION, LTD. - W.O. 6214.

Beloil Corporation has submitted for approval a processing agreement dated October 4, 1965, and an amendment dated June 16, 1967, between Beloil Corporation and Standard Oil Company of California, which provides for the processing by Standard of wet gas produced under State Oil and Gas Leases P.R.C.'s 999.1, 1330.1, 1331.1, and 1336.1, Huntington Beach. The previous processing agreement with Humble Oil & Refining was canceled when Humble closed down its Huntington Beach gas processing plant.

Section 2 of the subject leases provides, in part, "...if wet gas from the demised premises is delivered by the Lessee to a third party for processing on a contract or royalty basis, the royalty provided to be paid hereunder shall be twenty (20) per centum of the gross market value at the processing plant of the Lessee's proportion of the dry gas, natural gasoline, and other products extracted and saved from the gas produced from the demised premises under such contract."

Under the processing agreement, the processor agrees to pay to the State's lessee 50 percent of all marketable natural gasoline, including L.P.G., at the price currently offered or paid by Standard to producers for gasoline of like quality in the same vicinity, and 65 percent of the net proceeds of the marketed dry gas. The agreement shall continue in effect until terminated by either party.

An amendment, dated June 16, 1967, provides for the inclusion of certain properties inadvertently omitted from the properties described in the processing agreement.

The general terms and conditions of the contract relating to testing, measurement, and delivery of gas are in conformance with the respective lease terms and general practice in the Huntington Beach Field.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE APPROVAL OF THE GAS PROCESSING AGREEMENT DATED OCTOBER 4, 1965, AND THE AMENDMENT DATED JUNE 16, 1967, BETWEEN BELOIL CORPORATION AND STANDARD OIL COMPANY OF CALIFORNIA, TO PROVIDE FOR THE PROCESSING AND SALE OF NATURAL GASOLINE, L.P.G., AND DRY GAS EXTRACTED AND SAVED FROM THE GAS PRODUCED UNDER STATE OIL AND GAS LEASES P.R.C.'S 999.1, 1330.1, 1331.1, AND 1336.1, PROVIDED, HOWEVER, THAT MARKET VALUE AT THE PROCESSING PLANT OF THE LESSEE'S PROPORTION OF THE DRY GAS, NATURAL GASOLINE, AND OTHER PRODUCTS EXTRACTED AND SAVED FROM THE GAS PRODUCED FROM THE DEMISED PREMISES SHALL BE THE BASIS FOR THE DETERMINATION OF STATE ROYALTY PAYMENTS. THE GROSS MARKET VALUE SHALL BE THE REASONABLE MARKET VALUE AS FIXED BY THE STATE.

THIS APPROVAL IS NOT TO BE CONSTRUED AS CHANGING THE ROYALTY PAYMENT PROVISIONS OF SAID LEASES, NOR DOES IT MODIFY OR AFFECT, IN ANY MANNER, ANY OF THE LEASE TERMS, INCLUDING FULL COMPLIANCE BY THE LESSEE WITH THE TERMS AND CONDITIONS OF OIL AND GAS LEASES P.R.C.'S 999.1, 1330.1, 1331.1, AND 1336.1, AND WITH THE RULES AND REGULATIONS OF THE COMMISSION.