

MINUTE ITEM

This Calendar Item No. 43.
was approved as Minute Item
No. 43 by the State Lands
Commission by a vote of 2
to 0 at its 8-23-79
meeting.

CALENDAR ITEM

43.

8/79
W 40153
Kuehn
PRC 5717

COMPENSATORY OIL AND GAS AGREEMENT

APPLICANT: Buttes Resources Company
3100 - 19th Street
Bakersfield, California 93301

LOCATION: Bar One Area, San Joaquin County.

TYPE OF LAND: Proprietary lands in and around the Peripheral
Canal. (16 acres 100% mineral interest,
11 acres 50% mineral interest).

PERTINENT INFORMATION:

A compensatory oil and gas agreement is proposed whereunder the State would be compensated for future drainage of oil and gas from State proprietary lands by wells drilled by Buttes Resources Company on lands adjoining the State lands within the Bar One Area. The State lands include a portion of the bed of the Peripheral Canal and adjacent lands. Buttes Resources Company has under lease those lands adjacent to and surrounding the State Lands proposed to be included in the agreement area. Section 6815 of the P.R.C. provides: "Whenever it appears to the Commission that wells drilled upon private lands 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 impractical in the particular case by reason of the small size or irregular configuration of the property, 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 agreements with the owners or operators of such wells on private lands for the payment of compensation to the State for such drainage, or may negotiate and enter into leases for the development of the State lands through drilling from adjoining lands only..."

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S 13

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CALENDAR ITEM NO. 43. (CONTD)

Under the proposed compensatory agreement, Buttes Resources Company agrees to account for and to pay in money to the State on oil and gas produced and saved from any well hereafter drilled within the Bar One Area that will drain oil and gas from adjoining State land, in accordance with the following schedule:

1. 25% of the sale value of all oil and gas allocated to State lands.
2. 25% of the sale value of all gasoline and other products extracted from the quantity of oil and gas allocated to State lands. The draft of the proposed compensatory agreement has been reviewed and approved by staff counsel.

EXHIBITS: A. Land Description. B-1. Location Map.
 B-2. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO SECTION 6815 OF THE P.R.C., AUTHORIZE THE ISSUANCE OF A COMPENSATORY OIL AND GAS AGREEMENT TO BUTTES RESOURCES COMPANY COVERING THOSE STATE LANDS IN AND AROUND THE PERIPHERAL CANAL IN THE BAR ONE AREA AS DESCRIBED IN EXHIBIT "A" ATTACHED HERETO, SAN JOAQUIN COUNTY, SO AS TO PROTECT THE STATE INTEREST IN SUCH LANDS.

EXHIBIT "A"

LAND DESCRIPTION

W 40153

Three parcels of land, situated in T3N, R5E, MDM, San Joaquin County, State of California being more particularly described as follows:

PARCEL 1

A portion of Section 15, T3N, R5E, MDM, being more particularly described as follows:

BEGINNING at a 1 1/2 inch iron pipe with brass cap marked DPC-510E from which a 2 inch by 2 inch iron rod as shown on the Plat of Survey filed March 13, 1923, in Book of Surveys Volume 2, Page 7, in the Office of the Recorder of San Joaquin County, California, and purported to be the northeast corner of the southwest quarter of Section 2, T3N, R5E, MDM, bears N 22° 16' 11" E 9,207.90 feet; thence from said point of beginning S 02° 52' 01" W 210.61 feet; thence S 01° 29' 25" E 146.71 feet; thence along a curve to the left having a radius of 3,723.00 feet, through a central angle of 01° 22' 35", an arc distance of 89.44 feet to a point on the north right-of-way line of the Western Pacific Railroad (abandoned) as said right-of-way line is described in the deed to the Western Pacific Railroad Company dated August 12, 1927, and recorded August 13, 1927, in Book 191, Page 358, Official Records of San Joaquin County, California; thence leaving said curve and along said north line, N 88° 25' 21" W 555.45 feet; thence leaving said north line, from a tangent which bears N 02° 17' 24" W, along a curve to the right having a radius of 4,277.00 feet, through a central angle of 00° 47' 59", an arc distance of 59.70 feet to a 1 1/2 inch iron pipe with brass cap marked DPC-505; thence N 01° 29' 25" W 336.71 feet; thence N 08° 30' 25" W 392.94 feet to a 1 1/2 inch iron pipe with brass cap marked DPC-503E; thence N 01° 29' 25" W 75.38 feet to a point on the south right-of-way line of the proposed State Highway 12 Freeway as proposed February 2, 1967; thence along said south line S 89° 33' 13" E 618.35 feet to a point from which the point of beginning bears S 01° 29' 25" E; thence leaving said south line S 01° 29' 25" E 424.48 feet to the point of beginning.

Bearings and distances in the above description are based on the California Coordinate System, Zone III. The Zone III coordinates for the point of beginning are: Y = 589,114.63 and X = 1,738,399.21.

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PARCEL 2

A portion of Section 15, T3N, R5E, MDM, being more particularly described as follows:

BEGINNING at a 1 1/2 inch iron pipe with brass cap marked DPC-503E from which a 2 inch by 2 inch iron rod as shown on the Plat of Survey filed March 13, 1923, in Book of Surveys Volume 2, Page 7, in the Office of the Recorder of San Joaquin County, California, and purported to be the northeast corner of the southwest quarter of Section 2, T3N, R5E, MDM, bears N 26° 45' 05" E 9,146.22 feet; thence from said point of beginning S 08° 30' 25" E 392.94 feet; thence S 01° 29' 25" E 336.71 feet to a 1 1/2 inch iron pipe with brass cap marked DPC-505; thence along a curve to the left having a radius of 4,277.00 feet, through a central angle of 00° 47' 59", an arc distance of 59.70 feet to a point on the north right-of-way line of the Western Pacific Railroad (abandoned), as said right-of-way line is described in the deed to the Western Pacific Railroad Company dated August 12, 1927, and recorded August 13, 1927, in Book 191, Page 358, Official Records of San Joaquin County, California; thence leaving said curve and along said north line, N 88° 25' 21" W 264.69 feet to a point on the centerline of Upland Canal, said centerline being also the westerly line of the parcel of land granted to Peter N. Ratto, Sr. et ux in the deed dated June 24, 1963, and recorded August 22, 1963, in Book 2724, Page 146, Official Records of said County; thence leaving said north line along said centerline, N 00° 21' 24" E 854.44 feet to a point on the south right-of-way line of the proposed State Highway 12 Freeway as proposed February 2, 1967; thence leaving said centerline, along said south line S 89° 33' 13" E 188.46 feet to a point from which the point of beginning bears S 01° 29' 25" E; thence leaving said south line S 01° 29' 25" E 75.38 feet to the point of beginning.

Bearings and distances in the above description are based on the California Coordinate System, Zone III. The Zone III coordinates for the point of beginning are: Y = 589,468.44 and X = 1,737,771.79.

PARCEL 3

That portion of the southeast quarter of the southeast quarter of Section 10, T3N, R5E, MDM, lying within the following described parcel of land:

BEGINNING at a 1 1/2 inch iron pipe with brass cap marked DPC-510D from which a 2 inch by 2 inch iron rod as shown on the Plat of Survey filed March 13, 1923, in Book of Surveys Volume 2, Page 7, in the Office of the Recorder of San Joaquin County, California, and purported to be the northeast corner of the southwest quarter of Section 2, T3N, R5E, MDM, bears N 25° 38' 58" E 8,132.90 feet; thence from said point of beginning S 01° 29' 25" E 455.34 feet to a point on the north right-of-way line of the proposed State Highway 12 Freeway as proposed February 2, 1967; thence along said north line N 89° 33' 13" W 618.35 feet; thence leaving said north right-of-way line N 01° 29' 25" W 54.44 feet; thence N 05° 31' 34" E 392.94 feet to a 1 1/2 inch iron pipe with brass cap marked DPC-503C; thence N 01° 29' 25" W 3,643.96 feet; thence along a curve to the left having a radius of 3,723.00 feet, through a central angle of 32° 30' 15", an arc distance of 2,112.08 feet to a 1 1/2 inch iron pipe with a brass cap marked DPC-501; thence N 33° 59' 40" W 2,119.11 feet to a point on the south line of Victor Road from which an iron pipe marking the northwest corner of the J. P. Sargent Estate Property as shown on said Plat of Surveys bears N 89° 32' 28" W 916.29 feet; thence along the south line of Victor Road S 89° 32' 28" E 1,051.44 feet; thence leaving said south line S 86° 35' 57" W 363.62 feet; thence S 33° 59' 40" E 1,709.34 feet; thence along a curve to the right having a radius of 4,277.00 feet; through a central angle of 32° 30' 15" an arc distance of 2,426.36 feet to a 1 1/2 inch iron pipe with brass cap marked DPC-510; thence S 01° 29' 25" E 3,453.96 feet; thence S 06° 03' 51" E 200.64 feet to the point of beginning.

Bearings and distances in the above description are based on the California Coordinate System, Zone III. The Zone III coordinates for the point of beginning are: Y = 590,304.23 and X = 1,738,368.26.

END OF DESCRIPTION

Prepared Jan E. Woyce Checked Carlos Najera
Reviewed Ray M. M. Date 6/18/79 E.D.F.

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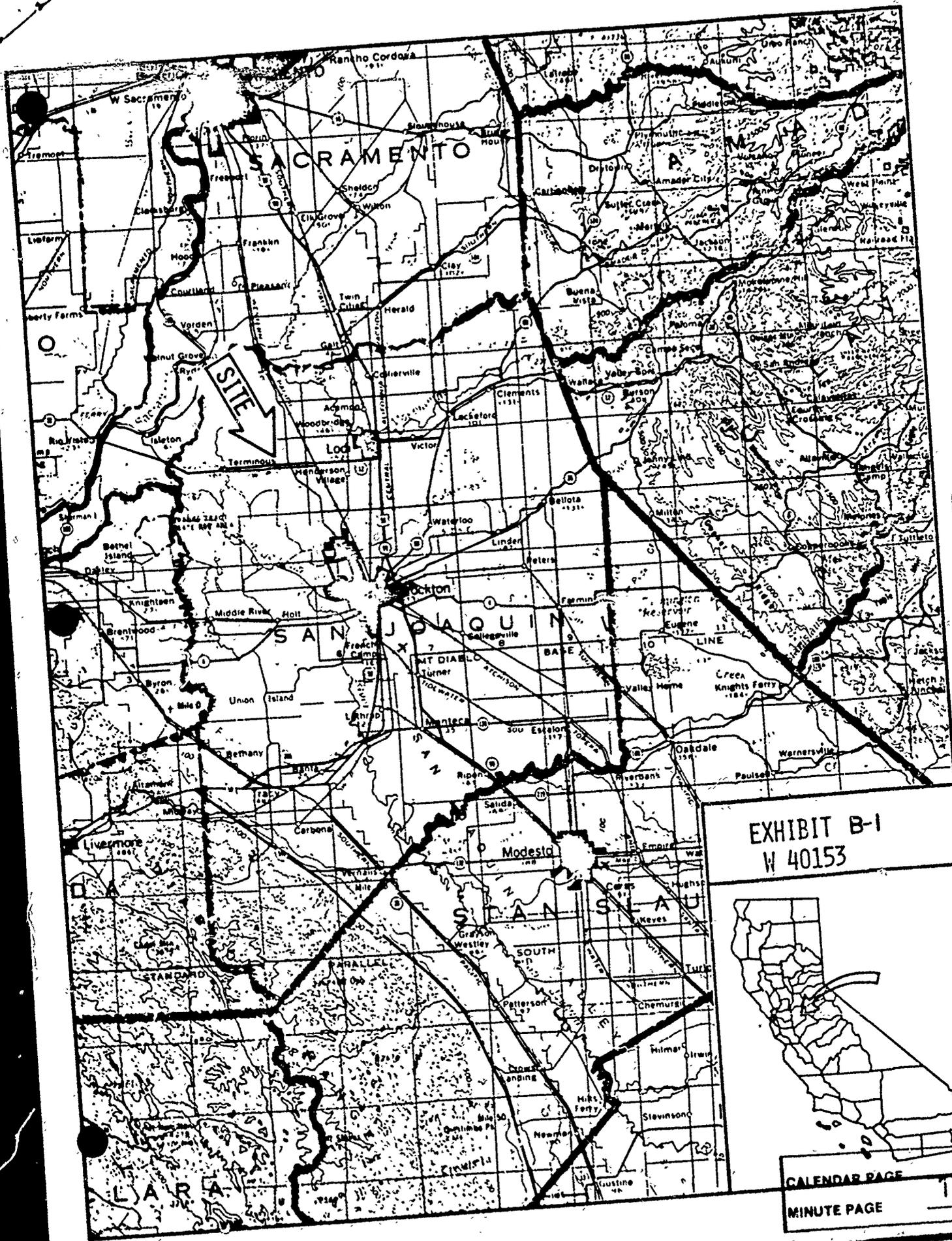
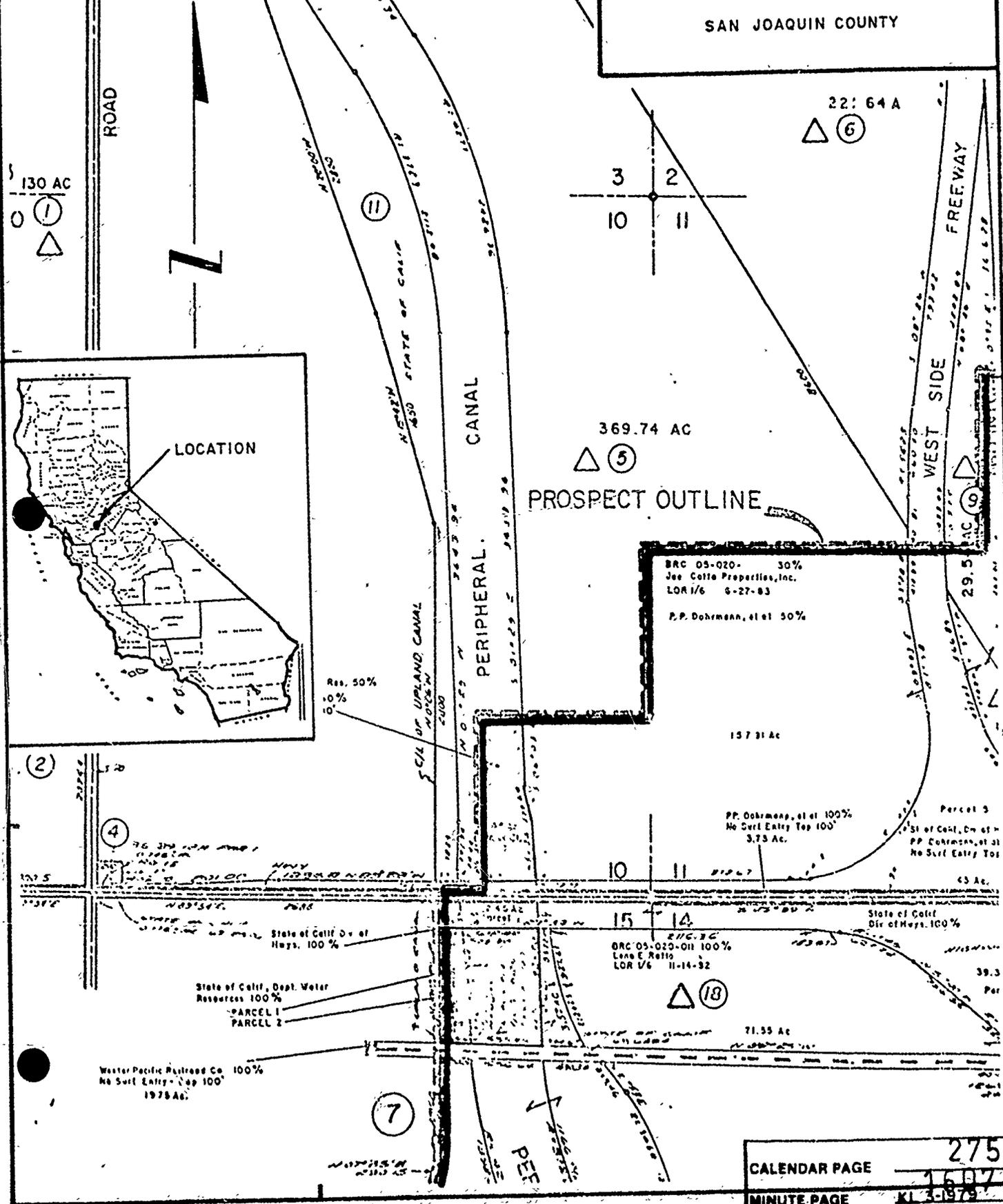


EXHIBIT B-1
W 40153



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EXHIBIT B-2
STATE LANDS COMMISSION
 Compensatory Oil & Gas Agreement
 BAR ONE AREA
 SAN JOAQUIN COUNTY



22:64 A
 △ (6)

3 2
 10 11

369.74 AC
 △ (5)

PROSPECT OUTLINE

BRC 05-020- 30%
 Joe Cotta Properties, Inc.
 LOR 1/6 6-27-83
 P.P. Dohrmann, et al 50%

157.31 Ac

PP. Dohrmann, et al 100%
 No Surf Entry Top 100'
 3.73 Ac.

Parcel 5
 St of Calif, Div of
 PP. Dohrmann, et al
 No Surf Entry Top

ORC 05-020-011 100%
 Lane E Rello
 LOR 1/6 11-14-82
 △ (18)

71.55 Ac

State of Calif, Dept. Water
 Resources 100%
 PARCEL 1
 PARCEL 2

Wester Pacific Railroad Co. 100%
 No Surf Entry - Top 100'
 1978 Ad.

130 AC
 △ (1)

(2)

(4)

(7)

