

MINUTE ITEM

This Calendar Item No: 46  
 was submitted for information  
 only, no action thereon  
 being necessary.

INFORMATIVE ITEM

A )  
 ) Statewide  
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46

03/02/88  
 Willard  
 PRC 7177  
 PRC 7178  
 PRC 7179

FILE RECORDS ON ONE-SIXTEENTH MINERAL INTEREST PARCELS

Pursuant to Chapter 303, Statutes of 1921, certain State-owned lands were sold with the State retaining a one-sixteenth mineral interest. The statute provides in part:

"...The purchaser of the soil is hereby authorized to sell or lease...the oil, gas and other minerals... upon such terms and conditions as such purchaser and owner may deem best...provided...that the lessee or purchaser shall in every case pay to the State an undivided one-sixteenth of the minerals produced or the value thereof at the well ..."

Thus, the landowner (fifteenth-sixteenth mineral interest owner) is authorized to lease the lands, provided that the State is paid one sixteenth of the value of the minerals so removed. The Commission is not required to issue a lease. However, it is the responsibility of the lessee and lessor (15/16 owner) to provide the Commission with a copy of the lease, individual production well data, lease production statements, production allocation procedures (if applicable) and payments of the State's one-sixteenth mineral interest. An official file record for retention of these documents as well as other correspondence with respect to a particular transaction or parcel is required.

Specifically, the State has a reserved one-sixteenth mineral interest in Section 36, T12N, R9W, M.D.B.&M., wherein geothermal resources are being developed. Accounting for payment of the State's one-sixteenth mineral interest will require segregation of the section into three areas in order to account properly for the payments. A portion of the area is being developed by Union Oil Company. The remaining area is being developed by Geothermal Resources International and must be subdivided into two parts for allocation of production into two plant areas. The State has an additional net profits interest in one of the plant areas. Therefore, it is proposed to assign Public Resources Code (PRC) file designations for each one-sixteenth mineral interest.

AB 884: N/A.

(REVISED 03/04/88)