

CALENDAR ITEM
C85

MINUTE ITEM
This Calendar Item No. C85
was approved as Minute Item
No. 85 by the State Land
Commission by a vote of 3
to 0 at its 7/6/95
meeting.

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07/06/95
PRC 2834
Nitsche

APPROVE AMENDMENT TO
STATE COMPENSATORY AGREEMENT PRC 2834,
SAN JOAQUIN COUNTY

LESSEE:

Vintage Petroleum, Inc.
Attn: Ms. Cheryl Whitehead
4200 One Williams Center
Tulsa, Oklahoma 94172

AREA, TYPE LAND AND LOCATION:

Compensatory Royalty Agreement PRC 2834 contains approximately 365 acres in the bed of the San Joaquin River in the McMullen Ranch Area of San Joaquin County.

BACKGROUND:

Compensatory Royalty Agreement PRC 2834 was entered into with Great Basins Petroleum Company on November 13, 1961. This agreement was entered into pursuant to Section 6815 of the Public Resources Code, to assure compensation to the State for drainage of gas from State lands by wells drilled upon private lands within the McMullen Ranch Area which drains portions of the bed of the San Joaquin River, San Joaquin County. Through a series of assignments, Vintage Petroleum, Inc. (Vintage) became the agreement party effective November 25, 1993.

By letter dated April 25, 1995, Vintage requested that the Commission amend Paragraph 1A of the State Compensatory Royalty Agreement to change the royalty due date from the 25th of the month following production to the 5th of the second month following production. The purpose of this change is to provide Vintage adequate time in which to calculate and pay the correct royalty, because Vintage does not receive payment from its purchaser (Vintage Gas Inc. and

CALENDAR PAGE	794
MINUTE PAGE	1719

Spot Purchasers) until the last week of the month following production. Without the amendment, Vintage cannot make the correct royalty payment on time.

Commission staff recommends that Paragraph 1A of State Compensatory Royalty Agreement PRC 2834 be amended to change the royalty due date from the 25th of the month following production to the 5th of the second month following production, effective the first day of the month following Commission approval.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

AB 884:

N/A

OTHER PERTINENT INFORMATION:

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

EXHIBITS:

- A. Lease Amendment
- B. Lease Map

IT IS RECOMMENDED THAT THE COMMISSION:

- 1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.

CALENDAR PAGE	795
MINUTE PAGE	1720

2. FIND THAT AMENDING PARAGRAPH 1A UNDER STATE COMPENSATORY ROYALTY AGREEMENT PRC 2834 IS IN THE BEST INTEREST OF THE STATE.
3. APPROVE THE AMENDMENT OF THE STATE COMPENSATORY ROYALTY AGREEMENT PRC 2834 EFFECTIVE THE FIRST DAY OF THE MONTH FOLLOWING COMMISSION APPROVAL, AMENDING THE ROYALTY DUE DATE FROM THE 25TH OF THE MONTH FOLLOWING PRODUCTION TO THE 5TH OF THE SECOND MONTH FOLLOWING PRODUCTION.

CALENDAR PAGE	796
MINUTE PAGE	1721

EXHIBIT A

AMENDMENT TO STATE COMPENSATORY ROYALTY AGREEMENT

PRC 2834

Compensatory Royalty Agreement PRC 2834 was entered into with Great Basins Petroleum Company on November 23, 1961. The agreement contains approximately 365 acres in the bed of the San Joaquin River located in San Joaquin County, California, through a series of assignments, Vintage Petroleum Inc. became the lessee effective November 25, 1993.

Pursuant to the Commission approval of June , 1995, the State Lands Commission and Vintage Petroleum Inc. hereby agree to amend the State Compensatory Royalty Agreement PRC 2834, Paragraph 1a to read: "State's royalties hereunder shall be due and payable not later than the fifth (5) day of the second month following production with respect to gas, gasoline and other products sold or used."

All other terms and conditions of the lease shall remain unchanged and in full force and effect.

STATE OF CALIFORNIA

VINTAGE PETROLEUM INC.

STATE LANDS COMMISSION

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

DATE: _____

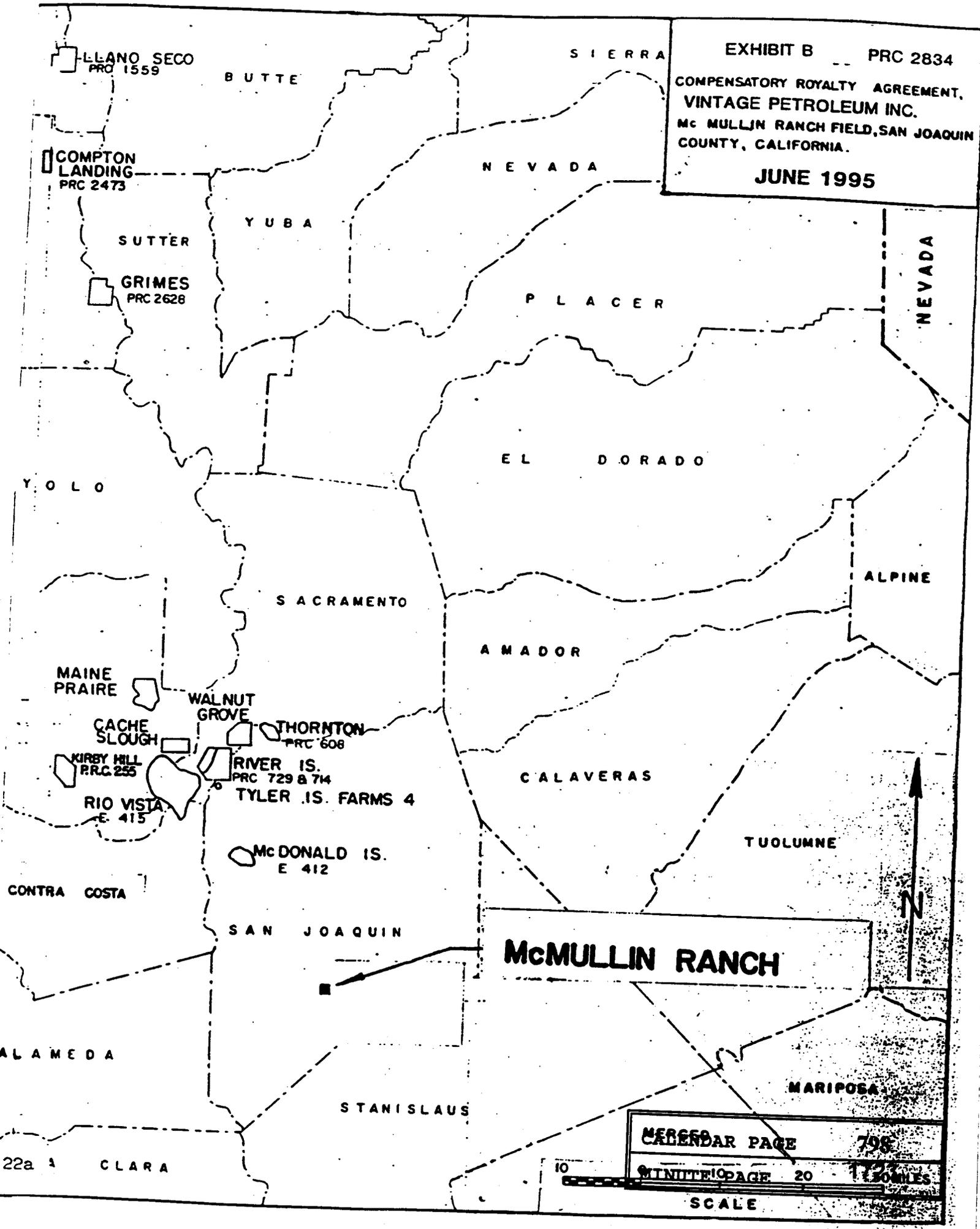
DATE: _____

Attest

Attest

CALENDAR PAGE	797
MINUTE PAGE	1722

EXHIBIT B PRC 2834
COMPENSATORY ROYALTY AGREEMENT,
VINTAGE PETROLEUM INC.
Mc MULLIN RANCH FIELD, SAN JOAQUIN
COUNTY, CALIFORNIA.
JUNE 1995



MERCEDAR PAGE 798
MINUTE PAGE 20 130000
SCALE

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