

The Executive Officer is authorized to approve the assignment by Harold D. Hyde of Lease P.R.C. 1290.2, covering Lot 33, Fish Canyon, Los Angeles County, to Russell H. Simpson.

11. (COMPENSATORY ROYALTY AGREEMENT, KIRBY HILL GAS FIELD, SOLANO COUNTY, STANDARD OIL COMPANY OF CALIFORNIA, P.R.C. 255 - W.O. 1001.) On August 22, 1946 (Minute Item 9, Page 658), the Commission authorized the negotiation of a compensatory royalty agreement with the Standard Oil Company of California to provide royalty payments for gas drained from State lands in the Kirby Hill Gas Field at royalty rates ranging from 16-2/3 per cent to 37 per cent. The evaluation of Kirby Hill Gas Field potentialities and the State's equitable share of production from the field has been extremely difficult because of complicated subsurface geologic conditions. An agreement has now been drafted pursuant to the provisions of Division 6 of the Public Resources Code to provide for royalty payments by the Standard Oil Company of California to the State for the equitable share of the State in the Kirby Hill Gas Field production at the royalty rates previously authorized by the Commission. This agreement has been approved as to form by the Office of the Attorney General. The Standard Oil Company of California has submitted payments, in accordance with the recommended royalty bases, of \$17,036.19 for royalty accruals from the start of production in the Kirby Hill Gas Field on January 1, 1947, through November, 1952.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

The Executive Officer is authorized to execute a compensatory royalty agreement with the Standard Oil Company of California covering the lands of the State of California within the Kirby Hill Gas Field, Solano County, effective January 1, 1947, at a minimum gas royalty rate of 16-2/3 per cent and a maximum rate of 37 per cent, for so long a time as the Standard Oil Company of California is a lessee of any lands within the limits of the Kirby Hill Gas Field, Solano County, subject to the filing of a surety bond of \$2000 to guarantee performance under the agreement.

12. (APPROVAL OF GAS SALES CONTRACT, SIGNAL OIL AND GAS COMPANY, EASEMENT 392, LEASES P.R.C. 163, P.R.C. 425, P.R.C. 426, HUNTINGTON BEACH.) Agreement for Easement 392 and Oil and Gas Leases P.R.C. 163, P.R.C. 425, and P.R.C. 426, Huntington Beach, held by the Signal Oil and Gas Company and the Southwest Exploration Company, provide that in the event the State shall elect to take royalty in money instead of in kind, the Lessee shall not sell or otherwise dispose of the products of the lease except in accordance with sales contract or other methods first approved in writing by the State. Pursuant to this provision, the Signal Oil and Gas Company has submitted for approval a copy of a gas sales contract between the Signal Oil and Gas Company and the City of Long Beach to cover the delivery of all gas marketed from the subject leases, and Signal has requested the State to waive its right to take the royalty gas in kind during the contract term of five years. Signal Oil and Gas Company processes its own gas production from Leases P.R.C. 163 and P.R.C. 426, as well as the gas produced from Easement 392 and Lease P.R.C. 425 by the Southwest Exploration Company under a