

10. (REQUEST FOR APPROVAL OF SALES OF CRUDE OIL, DOUGLAS OIL CO. OF CALIFORNIA, P.R.C. 1524.1, HUNTINGTON BEACH, ORANGE COUNTY.) The following report was presented to the Commission:

"State Oil and Gas Lease P.R.C. 1524.1, issued June 13, 1955 to the Douglas Oil Co. of California pursuant to competitive public bidding, provides in part that the lessee shall not sell or otherwise dispose of the royalty share of the products produced except in accordance with an approved sales contract or other method first approved in writing by the State.

"Pursuant to this requirement, the lessee has requested approval for the sales procedure whereunder the lessee will retain the oil produced from the lease, including the royalty share of the oil, for use in the lessee's refining operations. The lessee proposes to account for the State's royalty oil on the basis of the highest price posted in the Huntington Beach field by the Standard Oil Company of California, Union Oil Company, or the Texas Company for oil of like gravity and quality, which price is in effect at the time the oil is shipped from the production storage facilities. This procedure is in conformance with the lease terms and conditions."

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

THE EXECUTIVE OFFICER IS AUTHORIZED TO APPROVE THE OIL ROYALTY ACCOUNTING PROCEDURE PROPOSED BY DOUGLAS OIL CO. OF CALIFORNIA FOR APPLICATION UNDER OIL AND GAS LEASE P.R.C. 1524.1 AS THE BASIS FOR ACCOUNTING FOR ALL CRUDE OIL PRODUCTION FROM STATE OIL AND GAS LEASE P.R.C. 1524.1, WHEREUNDER THE STATE'S ROYALTY OIL WILL BE ACCOUNTED FOR ON THE BASIS OF THE HIGHEST PRICE POSTED IN THE HUNTINGTON BEACH FIELD BY STANDARD OIL COMPANY OF CALIFORNIA, UNION OIL COMPANY, OR THE TEXAS COMPANY FOR OIL OF LIKE GRAVITY AND QUALITY, WHICH PRICE IS IN EFFECT AT THE TIME THE OIL IS SHIPPED FROM THE PRODUCTION STORAGE FACILITIES. THIS APPROVAL IS TO BE SUBJECT TO THE EXPRESS CONDITION THAT IT SHALL NOT BE CONSTRUED TO MODIFY OR AFFECT IN ANY MANNER ANY OF THE LEASE TERMS, INCLUDING FULL COMPLIANCE BY THE LESSEE WITH ALL TERMS AND CONDITIONS OF OIL AND GAS LEASE P.R.C. 1524.1 AND THE RULES AND REGULATIONS OF THE COMMISSION.

11. (REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, RICHFIELD OIL CORPORATION, SIGNAL OIL AND GAS COMPANY, HONOLULU OIL CORPORATION, COAL OIL POINT, SANTA BARBARA COUNTY - P.R.C. 308.1, P.R.C. 309.1.) The following report was presented to the Commission:

"On December 17, 1954 (Minute Item 5, pages 2196-97) the Commission authorized the further deferment of drilling and operating requirements under Oil and Gas Leases P.R.C. 308.1 and P.R.C. 309.1 January 1, 1956, subject to the express condition that during the period of deferment the lessees would perform one of the following actions:

1. Initiate development on a lease.