

MINUTE ITEM

10. ASSIGNMENT, UNDIVIDED ONE-HALF INTEREST IN GAS LEASES P.R.C. 714.1, P.R.C. 729.1, AND IN COMPENSATORY AGREEMENT T.I.F. NO. 4, P.R.C. 3131.1, SACRAMENTO AND SAN JOAQUIN COUNTIES; PRODUCING PROPERTIES, INC., AND THE HOWARD CORPORATION - W.O. 4752.

After consideration of Calendar Item 13 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO APPROVE THE ASSIGNMENT OF AN UNDIVIDED ONE-HALF INTEREST IN GAS LEASES P.R.C. 714.1, P.R.C. 729.1, AND COMPENSATORY AGREEMENT T.I.F. NO. 4, P.R.C. 3131.1, FROM PRODUCING PROPERTIES, INC., AND THE HOWARD CORPORATION TO STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC., A DELAWARE CORPORATION, SUBJECT TO THE FOLLOWING CONDITIONS:

1. THAT BRAZOS OIL AND GAS COMPANY BE DESIGNATED OPERATOR, WITH FULL RESPONSIBILITY FOR THE PERFORMANCE OF ALL THE TERMS, COVENANTS, AND CONDITIONS, WITHOUT MODIFICATION OF GAS LEASES P.R.C. 714.1, P.R.C. 729.1, AND OF COMPENSATORY AGREEMENT T.I.F. NO. 4, P.R.C. 3131.1.
2. THAT APPROVAL OF THIS ASSIGNMENT SHALL NOT BE CONSTRUED TO AFFECT IN ANY WAY THE STATE'S CLAIM OF TITLE TO BROAD SLOUGH.

Attachment
Calendar Item 13 (1 page)

CALENDAR ITEM

13.

ASSIGNMENT, UNDIVIDED ONE-HALF INTEREST IN GAS LEASES P.R.C. 714.1, P.R.C. 729.1, AND IN COMPENSATORY AGREEMENT T.I.F. NO. 4, P.R.C. 3131.1, SACRAMENTO AND SAN JOAQUIN COUNTIES; PRODUCING PROPERTIES, INC., AND THE HOWARD CORPORATION - W.O. 4752.

Standard Oil Company of California, Western Operations, Inc., a Delaware Corporation, has submitted an application for the assignment to it by Producing Properties, Inc., and The Howard Corporation of an undivided one-half interest in Gas Leases P.R.C. 714.1, P.R.C. 729.1, and in Compensatory Agreement T.I.F. No 4, P.R.C. 3131.1.

Section 4 of the leases provides, in part: "This lease may not be assigned, ...except with the written consent of the State and then only to...a corporation, who at the time of the proposed assignment,...possesses the qualifications provided in Division 6 of the Public Resources Code..."

Standard Oil Company of California has submitted evidence that the corporation possesses qualifications required to hold a State lease. The bond requirements of the leases have been fulfilled by the assignee, and a form of assignment has been executed by Producing Properties, Inc., and The Howard Corporation, assignors, and by Standard Oil Company of California, Western Operations, Inc., assignee.

The \$5 statutory filing fee has been paid by the applicant.

IT IS RECOMMENDED THAT THE STATE LANDS COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO APPROVE THE ASSIGNMENT OF AN UNDIVIDED ONE-HALF INTEREST IN GAS LEASES P.R.C. 714.1, P.R.C. 729.1, AND COMPENSATORY AGREEMENT T.I.F. NO. 4, P.R.C. 3131.1, FROM PRODUCING PROPERTIES, INC., AND THE HOWARD CORPORATION TO STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC., A DELAWARE CORPORATION, SUBJECT TO THE FOLLOWING CONDITIONS:

1. THAT BRAZOS OIL AND GAS COMPANY BE DESIGNATED OPERATOR, WITH FULL RESPONSIBILITY FOR THE PERFORMANCE OF ALL THE TERMS, COVENANTS, AND CONDITIONS, WITHOUT MODIFICATION OF GAS LEASES P.R.C. 714.1., P.R.C. 729.1, AND OF COMPENSATORY AGREEMENT T.I.F. NO. 4, P.R.C. 3131.1.
2. THAT APPROVAL OF THIS ASSIGNMENT SHALL NOT BE CONSTRUED TO AFFECT IN ANY WAY THE STATE'S CLAIM OF TITLE TO BROAD SLOUGH.