

MINUTE ITEM

11/30/67

30. EXEMPTION OF PROPOSED COMPENSATORY ROYALTY AGREEMENT FROM PROCEDURE REQUIRED BY THE PUBLIC RESOURCES CODE, SACRAMENTO COUNTY; RECLAMATION DISTRICT NO. 556 - W.O. 6789, ~~P.R.C. 729.1~~. *Geo - Sacramento Co.*

After consideration of Calendar Item 14 attached, and upon motion duly made and carried, the following resolution was adopted:

PURSUANT TO SECTION 7052 OF THE PUBLIC RESOURCES CODE, THE COMMISSION EXEMPTS, BY REASON OF SMALL SIZE AND DRAINAGE FROM OFFSET WELLS, THE PROPOSED COMPENSATORY ROYALTY AGREEMENT COVERING TWO PARCELS OF RECLAMATION DISTRICT NO. 556 LAND IN THE NORTH RIVER ISLAND GAS UNIT, DESCRIBED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF, FROM THE COMPETITIVE PUBLIC BIDDING PROCEDURE REQUIRED UNDER SECTIONS 7052 AND 7053 OF THE PUBLIC RESOURCES CODE.

Attachment

Calendar Item 14 (2 pages)

14.

APPLICATION BY RECLAMATION DISTRICT NO. 556 FOR EXEMPTION OF PROPOSED COMPENSATORY ROYALTY AGREEMENT FROM PROCEDURE REQUIRED BY THE PUBLIC RESOURCES CODE, SACRAMENTO COUNTY - W.O. 6789.

An application has been received on behalf of Reclamation District No. 556 for exemption of two parcels of land containing 2.80 acres and 0.25 acre within the limits of the North River Island Gas Unit, Sacramento County, owned by the District from competitive public bid as required by Sections 7052 and 7053 of the Public Resources Code.

After formation of the North River Island Gas Unit, it was found that certain lands owned by Reclamation District No. 556 had been omitted from the Unit Agreement. Rather than amend the existing Agreement to include the Reclamation District parcels in the unit, Standard Oil Company of California has agreed to compensate the District for drainage. Reclamation District No. 556 and Standard have executed a Compensatory Royalty Agreement whereby the Reclamation District will be paid $16\frac{2}{3}\%$ royalty on 0.5254% of the production from the North River Island Gas Unit. The production allocated to the Reclamation District is their proportionate share of the unit.

Section 7052 of the Public Resources Code states in part: "The State Lands Commission may in its discretion exempt particular leases or operating agreements from the procedure required by this section and Section 7053 where by reason of the small size of the property or drainage from offset wells such procedure would in the judgment of the State Lands Commission in the particular case be impracticable."

Reclamation District No. 556 is agreeable to the terms of the Agreement, and, because of the small size of the parcels and drainage by offset wells, a request has been made that the State Lands Commission approve the Agreement.

IT IS RECOMMENDED THAT, PURSUANT TO SECTION 7052 OF THE PUBLIC RESOURCES CODE, THE COMMISSION EXEMPT, BY REASON OF SMALL SIZE AND DRAINAGE FROM OFFSET WELLS, THE PROPOSED COMPENSATORY ROYALTY AGREEMENT COVERING TWO PARCELS OF RECLAMATION DISTRICT NO. 556 LAND IN THE NORTH RIVER ISLAND GAS UNIT, DESCRIBED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF, FROM THE COMPETITIVE PUBLIC BIDDING PROCEDURE REQUIRED UNDER SECTIONS 7052 AND 7053 OF THE PUBLIC RESOURCES CODE.

Attachment: Exhibit "A"

EXHIBIT "A"

PARCEL 1

A strip of land containing 2.8 acres 80 feet wide and being 40 feet on each side of the center line of a canal, which extends in a direct line from Southeast corner of Swamp Land Survey 322 to the corner of the pump of the pumping station on Georgiana Slough which was conveyed to Reclamation District No. 556, by deed of George A. Knott and wife, dated January 31, 1895, and recorded in Book 154 of Deeds, at Page 201, Sacramento County Records.

PARCEL 2

A strip of land 80 feet wide and 125 feet long conveyed to Reclamation District No. 556, for the purpose of a pump house and also land between said pump house and low water mark of Georgiana Slough, containing 0.25 acre, more or less, by deed dated August 16, 1894, executed by George A. Knott and wife and recorded in Book 154 of Deeds, at Page 198, Sacramento County Records.