

19. APPROVAL OF AMENDMENTS TO DRY GAS SALES AGREEMENT FOR SALE AND DELIVERY OF ALL DRY GAS FROM EASEMENT NO. 392.1, P.R.C. 163.1, P.R.C. 425.1, AND P.R.C. 426.1, HUNTINGTON BEACH, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY - W-9037.

After consideration of Calendar Item 12 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES THE APPROVAL OF THE TWO AMENDMENTS DATED APRIL 23, 1968, AND JULY 9, 1969, TO THE GAS SALES AGREEMENT DATED MAY 1, 1963, BETWEEN SIGNAL OIL AND GAS COMPANY AND THE CITY OF LONG BEACH, AS THE BASIS FOR SALE AND DELIVERY BY SIGNAL OIL AND GAS COMPANY OF ALL DRY GAS MARKETED FROM OIL AND GAS LEASES EASEMENT NO. 392.1, P.R.C. 163.1, P.R.C. 425.1, AND P.R.C. 426.1, HUNTINGTON BEACH, SUBJECT TO THE EXPRESS CONDITION THAT THE APPROVAL OF THE AMENDMENTS TO THE SALES CONTRACTS SHALL NOT BE CONSTRUED TO MODIFY OR AFFECT IN ANY MANNER ANY OF THE LEASE TERMS, INCLUDING FULL COMPLIANCE BY THE LESSEE WITH ALL THE TERMS AND CONDITIONS OF THE AFORESAID LEASES, RESPECTIVELY, AND THE RULES AND REGULATIONS OF THE STATE LANDS COMMISSION.

Attachment

Calendar Item 12 (2 pages)

CALENDAR ITEM

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W-9037
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12.

APPLICATION FOR APPROVAL OF AMENDMENTS
TO DRY GAS SALES AGREEMENT

APPLICANT: Signal Oil and Gas Company.

LOCATION: E-392.1, P.R.C. 163.1, P.R.C. 425.1 and P.R.C. 426.1,
Huntington Beach, Orange County.

PERTINENT INFORMATION:

1. On December 20, 1963 (Minute Item 19, page 9526), the State Lands Commission authorized approval of a Gas Sales Agreement dated May 1, 1963, between Signal Oil and Gas Company and the City of Long Beach, that provides for the sale of gas produced under Oil and Gas Leases Easement No. 392.1, P.R.C. 163.1, P.R.C. 425.1, and P.R.C. 426.1, Huntington Beach, for a period of five years. Signal Oil and Gas Company has now submitted an Amendment to Agreement dated April 23, 1968, and a Second Amendment to Agreement dated July 9, 1969.
2. The Amendment to Agreement dated April 23, 1968, extended the term of the Gas Sales Agreement dated May 1, 1963, through June 30, 1969, with the price of gas being 29.45 cents per thousand cubic feet of 1000 BTU (dry basis) per cubic foot. The average price received under these terms was 30.05 cents per thousand cubic feet. The Second Amendment to Agreement dated July 9, 1969, further extends the term of the Gas Sales Agreement through June 30, 1970, and from year-to-year thereafter; provided, however, that either party thereto may terminate said Agreement as of June 30, 1970, or as of any other date thereafter upon written notice. Also, the City of Long Beach shall pay to Signal Oil and Gas Company a sum equal on a thermal basis to the price per million BTU paid each such month by Southern California Edison Company for gas delivered by Southern Counties Gas Company to Edison's Huntington Beach and Alamitos steam electric generating stations, less one cent (1¢) per million BTU. The current price under these terms is 30.82 cents per thousand cubic feet. Under the foregoing amendments, the State will receive royalties in accordance with the lease terms.

EXHIBIT: A. Map of oil and gas leases from which gas is sold.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE APPROVAL OF THE TWO AMENDMENTS DATED APRIL 23, 1968, AND JULY 9, 1969, TO THE GAS SALES AGREEMENT DATED MAY 1, 1963, BETWEEN SIGNAL OIL AND GAS COMPANY AND THE CITY OF LONG BEACH, AS THE BASIS FOR SALE AND DELIVERY BY SIGNAL OIL AND GAS COMPANY OF ALL DRY GAS MARKETED FROM OIL AND GAS LEASES EASEMENT NO. 392.1, P.R.C. 163.1, P.R.C. 425.1, AND P.R.C. 426.1, HUNTINGTON BEACH, SUBJECT TO THE EXPRESS CONDITION THAT THE

CALENDAR ITEM 12. (CONTD.)

APPROVAL OF THE AMENDMENTS TO THE SALES CONTRACTS SHALL NOT BE CONSTRUED TO MODIFY OR AFFECT IN ANY MANNER ANY OF THE LEASE TERMS, INCLUDING FULL COMPLIANCE BY THE LESSEE WITH ALL THE TERMS AND CONDITIONS OF THE AFORESAID LEASES, RESPECTIVELY, AND THE RULES AND REGULATIONS OF THE STATE LANDS COMMISSION.