

MINUTE ITEM

10/75
CPP

20. ASSIGNMENT OF PRODUCTION PAYMENT; RINCON FIELD, VENTURA COUNTY; NORRIS OIL COMPANY (ASSIGNOR) AND CONTINENTAL AUXILIARY COMPANY (ASSIGNEE); PRC 410 AND PRC 429; (W 9866)

After consideration of Calendar Item 18 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION APPROVES THE ASSIGNMENT BY NORRIS OIL COMPANY, A NEVADA CORPORATION, OF ITS INTEREST IN STATE OIL AND GAS LEASES PRC 410 AND PRC 429 TO CONTINENTAL AUXILIARY COMPANY, A CALIFORNIA CORPORATION, PURSUANT TO A CONVEYANCE OF PRODUCTION PAYMENT DATED JUNE 30, 1975. SUCH APPROVAL IS TO BE SUBJECT TO THE CONDITION THAT THE ASSIGNEE OF THE PRODUCTION PAYMENT IS PROHIBITED FROM MANAGING OR OPERATING THE INTEREST OF NORRIS OIL COMPANY IN THE LEASED LANDS WITHOUT PRIOR APPROVAL OF THE STATE LANDS COMMISSION; PROVIDED FURTHER, THAT NORRIS OIL COMPANY IS TO REMAIN FULLY BOUND BY ALL ITS OBLIGATIONS UNDER SAID LEASES, BOTH AS LESSEE AND AS OPERATOR, AND THE SURETIES ON ITS BOND HERETOFORE FILED IN CONNECTION WITH SAID LEASES ARE IN NO WAY RELEASED OR EXONERATED HEREBY; AND FURTHER, THAT THE STATE OF CALIFORNIA AND THE STATE LANDS COMMISSION ARE TO RETAIN ALL THEIR RIGHTS AND POWERS UNDER SAID LEASES, UNAFFECTED BY SAID CONVEYANCE OF OIL PRODUCTION PAYMENT.

Attachment:
Calendar Item 18 (3 pages)

CALENDAR ITEM

10/75
CPP
PRC 410
PRC 429

18.

ASSIGNMENT OF PRODUCTION PAYMENT

LEASES: PRC 410 and PRC 429.

ASSIGNOR: Norris Oil Company
P.O. Box A-1
Ventura, California 93001

ASSIGNEE: Continental Auxiliary Company

BENEFICIARY: Bank of America National Trust and Savings
Association

PREREQUISITE TERMS:

- a. Deed of Trust, Security Agreement and Assignment executed by assignor.
- b. Assignee qualified to hold a State lease.
- c. Statutory filing fee of \$25 paid.

OTHER PERTINENT INFORMATION:

Norris Oil Company, a Nevada Corporation, lessee under the foregoing State Oil and Gas Leases, has requested the approval of the assignment of an oil production payment in respect to said leases to Continental Auxiliary Company, a California Corporation.

The Office of the Attorney General has stated informally in previous cases of this type that there is no legal objection to approving the assignment of an oil production payment, except that such approval should be qualified to prohibit the assignee of the oil production payment from managing or operating the interest of the lessee in the leased lands without the prior approval of the State Lands Commission.

State Lease PRC 410 was originally issued as Oil and Gas Lease No. 52, pursuant to the provisions of Chapter 303, Statutes of 1921, to the Pan-American Petroleum Company on April 17, 1929. On March 12, 1937, Lease No. 52 was assigned by the Pan-American Petroleum Company to the Richfield Oil Corporation. On April 17, 1949, pursuant to Division 6 of the Public Resources Code and the provisions of Chapter 303 of the Statutes of 1921, Oil and Gas Lease No. 52 was renewed as Oil and Gas Lease Extension and Renewal PRC 410. The

CALENDAR ITEM NO. 18. (CONTD)

lease was assigned by Atlantic Richfield Company to Norris Oil Company on January 27, 1974.

State Lease PRC 429 was originally issued as Oil and Gas Lease No. 56, under the provisions of Chapter 303, Statutes of 1921, to Sea Cliff Development Company, Ltd. on April 21, 1931. The lease was assigned to the Honolulu Oil Corporation on August 31, 1936. Lease No. 56 was renewed as Oil and Gas Lease Extension and Renewal PRC 429 on April 21, 1951. The lease was assigned to Tidewater Oil Company on October 18, 1961. The lease was subsequently assigned by Tidewater Oil Company to Carr and Wrath, Inc. on October 26, 1967. The lease was then assigned to Norris Oil Company on January 29, 1970.

State Lease PRC 429 currently has its facilities located at the end of a 3,000 foot pier at Rincon and Lease PRC 410 has its facilities located onshore near the entrance to Rincon Pier. Cumulative production from the leases is 7,385,000 barrels of oil and cumulative royalty is \$1,365,681. Production during the month of June was 1,578 barrels of oil and royalty at the present rate of 12-1/2% was \$2,459. The wells on these leases are stripper wells and the oil is sold at the highest exempt price.

The documents were reviewed by our legal staff and were determined to be in compliance with the provisions of the Public Resources Code and the rules and regulations of the Commission.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE STATE LANDS COMMISSION APPROVE THE ASSIGNMENT BY NORRIS OIL COMPANY, A NEVADA CORPORATION, OF ITS INTEREST IN STATE OIL AND GAS LEASES PRC 410 AND PRC 429 TO CONTINENTAL AUXILIARY COMPANY, A CALIFORNIA CORPORATION, PURSUANT TO A CONVEYANCE OF PRODUCTION PAYMENT DATED JUNE 30, 1975. SUCH APPROVAL IS TO BE SUBJECT TO THE CONDITION THAT THE ASSIGNEE OF THE PRODUCTION PAYMENT IS PROHIBITED FROM MANAGING OR OPERATING THE INTEREST OF NORRIS OIL COMPANY IN THE LEASED LANDS WITHOUT PRIOR APPROVAL OF THE STATE LANDS COMMISSION; PROVIDED FURTHER, THAT NORRIS OIL COMPANY IS TO REMAIN FULLY BOUND BY ALL ITS OBLIGATIONS UNDER SAID LEASES, BOTH AS LESSEE

CALENDAR ITEM NO. 18. (CONTD)

AND AS OPERATOR, AND THE SURETIES ON ITS BOND HERETOFORE
FILED IN CONNECTION WITH SAID LEASES ARE IN NO WAY RELEASED
OR EXONERATED HEREBY; AND FURTHER, THAT THE STATE OF CALIFORNIA
AND THE STATE LANDS COMMISSION ARE TO RETAIN ALL THEIR RIGHTS
AND POWERS UNDER SAID LEASES, UNAFFECTED BY SAID CONVEYANCE
OF OIL PRODUCTION PAYMENT.