

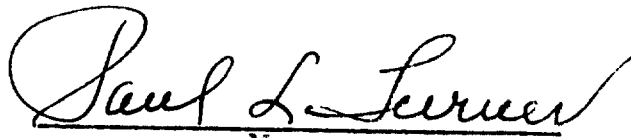
RESOLUTION NO. 641

RELATING TO LEASE OF MUNICIPAL  
AIRPORT FOR OIL AND GAS RIGHTS

BE IT RESOLVED by the City Council of the City of El Paso de Robles, meeting in regular session this 4th day of October, 1948, that:

SECTION 1. That certain lease, which is attached hereto and made a part of this resolution, wherein the City of El Paso de Robles is the Lessor and Barnsdall Oil Company is the Lessee, and granting to the latter permission to explore for and develop oil and gas production, be and the same is hereby accepted, and is to be in full force and effect when executed by both parties.

ADOPTED AND PASSED by the City Council this 4th day of October, 1948.

  
Mayor

ATTEST:

  
City Clerk.


State of California )  
County of San Luis Obispo ) ss

I, S. S. Tucker, City Clerk of the City of El Paso de Robles, do hereby certify that the foregoing resolution was adopted and passed by the City Council of the City of El Paso de Robles at a regular meeting thereof held on the 4th day of October, 1948, by the following vote:

AYES: Bryant, Franscioni, Smart, Thurlby and Turner

NOES: None ABSENT: None

WITNESS my hand and the seal of the City this 4th day of October, 1948.

  
CITY CLERK OF THE CITY OF  
EL PASO DE ROBLES.

## OIL AND GAS LEASE

as of the 28th

THIS AGREEMENT, made and entered into this 11th day of September, 1948, by and between  
CITY OF PASO ROBLES, a municipal corporation,

party of the first part, herein styled "Lessor,"

and BARNWELL OIL COMPANY  
 party of the second part, herein styled "Lessee."

**WITNESSETH:** That for and in consideration of Ten (\$10.00) Dollars lawful money of the United States of America, to the Lessor paid, and of other valuable considerations, the receipt of all of which is hereby acknowledged, and in consideration of the covenants and agreements hereinafter contained by the Lessee to be kept and performed, the Lessor has granted, leased, let and demised, and by these presents does grant, lease, let and demise unto the Lessee, its grantees, successors and assigns, the land and premises hereinafter described, with the sole and exclusive right to the Lessee to drill for, produce, extract, take and remove oil, gas, asphaltum and other hydrocarbons (and water without cost for its operations) from, and to store the same upon, said land during the term hereinafter provided, with the right of entry thereon at all times for said purposes, and to construct, use, maintain, erect, repair and replace thereon and to remove therefrom all pipe lines, telephone and telegraph lines, tanks, machinery, buildings and other structures which the Lessee may desire in carrying on its business and operations on said land, or adjoining or neighboring premises operated by Lessee, with the further right to the Lessee or any of its subsidiaries to erect, maintain, operate and remove a plant with all necessary appurtenances, for the extraction of gasoline from gas produced from said land and/or other premises in the vicinity of said land, including all rights necessary or convenient thereto, together with rights-of-way for passage over, upon and across, and ingress and egress to and from, said land, for any or all of the above mentioned purposes. The possession by the Lessee of said land shall be sole and exclusive, excepting only that the Lessor reserves the right to occupy said land or to lease the same for agricultural, horticultural, or grazing uses, which uses shall be carried on subject to, and with no interference with, the rights or operations of the Lessee hereunder. The land which

is the subject of this lease is situated in the County of San Luis Obispo, State of California, and is described as follows, to-wit:

**Lots 47, 48, 49, the North 40.10 acres of Lot 50 and a strip of land beginning at the Southwest corner of Lot 52 and running thence Easterly along the South line of said Lot 52 and Lot 53 a distance of 1742.4 feet, more or less; thence Northerly parallel to the West line of said Lot 52 a distance of 500 feet; thence Westerly parallel to the South line of Lots 52 and 53 a distance of 1742.4 feet, more or less; thence Southerly along the West line of Lot 52, 500 feet to the point of beginning. All Lots according to the map of the subdivision of the Rancho Santa Ysabel made by R. R. Harris in 1886 filed in the office of the County Recorder of San Luis Obispo County on January 25, 1887, in Map Book A, Page 29.**

and contains approximately 180 acres, ~~more or less~~

**TO HAVE AND TO HOLD** the same for a term of twenty (20) years from and after the date hereof and so long thereafter as oil or gas, or casinghead gas, or other hydrocarbon substances, or either or any of them, is produced therefrom.

In consideration of the premises it is hereby mutually agreed as follows:

1. Lessee shall pay Lessor as royalty on oil the equal One-eighth (1/8th) part of the proceeds of all oil produced, saved and sold from the leased premises, after making the customary deductions for temperature, water and b. s. at the posted available market price in the district in which the premises are located for oil of like gravity the day the oil is run into purchaser's pipe line or storage tank, and settlement shall be made by Lessee on or before the 25th day of each month for accrued royalties for the preceding calendar month. At Lessor's option exercised not oftener than once in any one calendar year upon sixty (60) days' previous written notice, Lessee shall deliver into Lessor's tanks on the leased premises, or at mouth of well to pipe line designated by Lessor free of cost, Lessor's royalty oil, provided that Lessee may at any time purchase and take Lessor's royalty oil at said posted available market price. No royalty shall be due the Lessor for or on account of oil lost through evaporation, leakage or otherwise prior to the marketing of the same or delivery to Lessor if royalty oil is being taken in kind.

2. For all gas produced, saved and sold from said land by Lessee, the Lessee shall pay as royalty the 1/8th part of the net proceeds from the sale of such gas, but nothing herein contained shall be deemed to obligate the Lessee to produce, save, sell or otherwise dispose of gas from said land. For the purpose of having gasoline extracted from gas produced from said land, the Lessee may transport, or cause to be transported, to a gasoline extraction plant located either on said land or on other lands, all or any portion of such gas where it may be commingled with gas from other properties. Lessee shall meter such gas so transported and such meter readings, together with the results of content tests by recognized methods made at approximately regular intervals, at least once every month, shall furnish the basis for computation of the amounts of gasoline and residue gas to be credited to this lease. Gas used or consumed, or lost in the operations of any such plant, shall be free of charge, and Lessee shall not be held accountable to the Lessor for the same or for any royalty thereon. Lessee shall not be required to pay royalty for or on account of any gas used for repressuring any oil-bearing formation which is being produced from by a well or wells on the leased premises, even though such repressuring is done by injecting such gas into wells not situated on the leased premises. The Lessor shall be entitled to gas free of charge from any gas wells on the leased premises for all stoves and inside lights in the principal dwelling houses on said land by making his own connections at a point designated by Lessee, the taking and use of said gas to be at the Lessor's sole risk and expense at all times.

3. Any casinghead gasoline extracted from gas produced from said land shall, at the option of the Lessee, be returned to the oil produced therefrom and shall be treated as a part thereof; otherwise the Lessee shall pay to the Lessor as royalty for such extracted gasoline the equal 1/8th part of the net proceeds of the sale thereof after deducting transportation and extraction costs, or of the Lessee's portion thereof if extracted on a royalty basis. If there shall be no available market and/or no public or open market price for the gasoline at the place of extraction, then the Lessee shall be entitled to sell and/or dispose of all the gasoline for the best price and on the best terms obtainable, but in no case shall settlement of royalty be at a less price than that obtained by the Lessee for its portion of the gasoline.

4. The Lessee shall not be required to account to the Lessor for, or pay royalty on, oil, gas or water produced by the Lessee from said land and used by it in its operations hereunder, but it may use such oil, gas and water free of charge.

5. Commencing with the third year of the term hereof, if the Lessee has not theretofore commenced drilling operations on said land or terminated this lease as herein provided, the Lessee shall pay or tender to

18. Upon the written request of the Lessor, the Lessee agrees to lay all pipe lines which it constructs through cultivated fields, below plow depth, and upon similar request agrees to fence all sump holes or other excavations to safeguard livestock on said land.

19. The Lessee shall have the right at any time to remove from said land all machinery, rigs, piping, casing, pumping stations and other property and improvements belonging to or furnished by the Lessee, provided that such removal shall be completed within a reasonable time after the termination of this lease. Lessee agrees after termination of this lease to fill all sump holes and other excavations made by it.

20. If royalty oil is payable in cash, Lessee may deduct therefrom a proportionate part of the cost of treating unmerchantable oil produced from said premises to render same merchantable. In the event such oil is not treated on the leased premises, Lessor's cash royalty shall also bear a corresponding proportionate part of the cost of transporting the oil to the treating plant. Nothing herein contained shall be construed as obligating Lessee to treat oil produced from the herein described premises. If Lessor shall elect to receive royalty oil in kind, such royalty oil shall be of the same quality as that removed from the leased premises for Lessee's own account, and if Lessee's own oil shall be treated before such removal, Lessor's oil will be treated therewith before delivery to Lessor and Lessor in such event will pay a proportionate part of the cost of treatment.

21. Upon the violation of any of the terms or conditions of this lease by the Lessee and the failure to begin to remedy the same within 90 days after written notice from the Lessor so to do, then, at the option of the Lessor, this lease shall forthwith cease and terminate, and all rights of the Lessee in and to said land be at an end, save and excepting twenty (20) acres surrounding each well producing or being drilled and in respect to which Lessee shall not be in default, and saving and excepting rights-of-way necessary for Lessee's operations, provided, however, that the Lessee may at any time after such default, and upon payment of the sum of Ten Dollars (\$10.00) to the Lessor as and for fixed and liquidated damages quitclaim to the Lessor all of the right, title and interest of Lessee in and to the leased lands in respect to which it has made default, and thereupon all rights and obligations of the parties hereto one to the other shall thereupon cease and terminate as to the premises quitclaimed.

22. All royalties and rents payable in money hereunder may be paid to the Lessor by mailing or delivering a check therefor to Lessor at City Hall, Paso Robles, California Bank at its successors and assigns, herein designated by the Lessor as depository, the Lessor hereby granting to said depository full power and authority on behalf of the Lessor, his heirs, executors, administrators, successors and assigns, to collect and receipt for all sums of money due and payable from the Lessee to the Lessor hereunder. No change in the ownership of the land or minerals covered by this lease, and no assignment of rents or royalties shall be binding on the Lessee until it has been furnished with satisfactory written evidence thereof.

23. Lessor hereby warrants and agrees to defend title to the land herein described, and agrees that the Lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied or assessed on or against the above described land; and, in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax, or other lien, any royalty or rentals accruing hereunder.

24. If and when any oil produced from the demised premises shall for any reason be unmarketable at the well at the price mentioned in paragraph 8 hereof, the Lessor agrees in such case to take and receive his royalty in kind, and should he fail or refuse so to do, then the Lessee may sell the same at the best price obtainable, but not less than the price which the Lessee may be receiving for its own oil of the same quality.

25. The words "drilling operations" as used herein shall be held to mean any work or actual operations undertaken or commenced in good faith for the purpose of carrying out any of the rights, privileges or duties of the Lessee under this lease, followed diligently and in due course by the construction of a derrick and other necessary structures for the drilling of an oil or gas well, and by the actual operation of drilling in the ground.

26. On the expiration or sooner termination of this lease, Lessee shall quietly and peaceably surrender possession of the premises to Lessor and deliver to him a good and sufficient quitclaim deed, and so far as practicable cover all sump holes and excavations made by Lessee. Before removing the casing from any abandoned well Lessee shall notify Lessor of the intention so to do, and if Lessor within five (5) days thereafter shall inform Lessee in writing of Lessor's desire to convert such well into a water well, and for that purpose to retain and purchase casing therein, Lessee will leave therein such amount of casing as Lessor may require for said purpose, provided such procedure is lawful and will not violate any rule or order of any official, commission or authority then having jurisdiction in such matters, and provided further that Lessor pay to Lessee fifty (50) per cent of the original cost of the casing on the

27. Lessee may at any time quitclaim this lease in its entirety or as to part of the acreage and the privilege of retaining twenty (20) acres surrounding each producing or non-producing well. If Lessee shall be released from all further obligations and duties as to the area so quitclaimed, the requirements shall be reduced pro rata. All lands quitclaimed shall remain subject to the provisions hereinabove provided for. Except as so provided, full right to the land shall remain in the Lessor, clear of all claims of Lessee, except that Lessor, his successors or assigns shall not be bound to clear within three hundred (300) feet of any producing or drilling well.

28. If this lease shall be assigned as to a portion or severance of the lease shall constitute an assignment to the several portions of the leased premises. The Lessee shall be required to comply with the extent of, his portion of the lease shall be required to comply with the drilling or rental obligation thereof, as provided herein, as a whole.

It is expressly understood and agreed that Lessee shall not have the right to the surface of the herein leased land without the consent in writing of the Aeronautics Administration first had and obtained. In the event the Lessee is unable to obtain such written consent from said Civil Aeronautics Administration, then wells drilled by Lessee pursuant to its rights and interests hereunder shall be deemed under the herein described land by means of "whipstocking" or "slant drilling" from surface locations distant not less than 330 feet from the outer boundaries of the leased land.

LESSOR  
CITY OF PASO ROBLES  
By Paul J. Surver Mayor  
By [Signature] City Clerk  
LESSEE  
BARNEDALL OIL COMPANY  
By \_\_\_\_\_  
By \_\_\_\_\_