

MINUTE ITEM

C12

PRC 735

Nitsche

APPROVE ASSIGNMENTS AND AMENDMENT OF STATE OIL AND GAS
LEASE PRC 735, WEST MONTALVO OIL FIELD
(OFFSHORE AREA), VENTURA COUNTY

Calendar Item C12, attached, was pulled from the agenda prior to the meeting.

Attachment: Calendar Item C12.

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APPROVE ASSIGNMENT AND AMENDMENT OF STATE OIL AND GAS
LEASE PRC 735, WEST MONTALVO OIL FIELD
(OFFSHORE AREA), VENTURA COUNTY

ASSIGNOR AND LESSEE:

Chevron U.S.A. Inc.
Attn: J. P. Harrington
Assistant Secretary
P. O. Box 5050
San Ramon, California 94583-0905

ASSIGNEE:

Bush Oil Company
Attn: Jerry V. Hoffman, V.P.
P. O. Bin X
Taft, California 93268

AREA, TYPE LAND AND LOCATION:

State oil and gas lease PRC 735 contains approximately
220 acres of tide and submerged lands located, in part, in
the West Montalvo Oil Field (Offshore Area) in Ventura
County.

LEASE INFORMATION:

State oil and gas lease PRC 735 was issued on June 30, 1952
to Standard Oil Company of California. Standard Oil Company
of California assigned 100 percent interest in the lease to
Chevron U.S.A. Inc. on October 28, 1976.

PREREQUISITE ITEMS:

1. Assignment forms have been executed by Chevron U.S.A.
Inc. and Bush Oil Company and are on file in the Long
Beach Office of the Commission.

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2. Bush Oil Company is qualified to hold State leases.
3. Filing fee and processing costs have been received.

STATUTORY AND OTHER REFERENCES:

- A. Paragraph 13 of the Lease.
- B. P.R.C. 6804.

AB 884:

08/01/91.

ASSIGNMENT INFORMATION:

Chevron U.S.A. Inc. has requested approval to assign its one hundred percent (100%) interest in State oil and gas lease PRC 735, to Bush Oil Company, a wholly owned subsidiary of Berry Petroleum Company.

LEASE AMENDMENT INFORMATION:

Paragraph 13 of State oil and gas lease PRC 735 reads: "The lessee shall, at the time of execution of this lease furnish and maintain a good and sufficient bond in favor of the State of California in the penal sum of \$25,000 to guarantee the faithful performance by the lessee of the terms, covenants and conditions of this lease and of the provisions of Division 6 of the P.R.C., Statutes of California and rules and regulations promulgated thereunder."

In order to limit State exposure to the liability of oil spills, well abandonment and site restoration costs, staff has proposed and Bush has agreed to amend the lease to provide a performance bond of other security in the amount of \$500,000.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of CEQA because the activity is not a "project" as defined by CEQA and the CEQA Guidelines.

Authority: P.R.C. 21065, 14 Cal. Code Regs. 15378.

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EXHIBIT:

A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE THE ASSIGNMENT OF 100 PERCENT INTEREST IN STATE OIL AND GAS LEASE PRC 735 FROM CHEVRON U.S.A. (ASSIGNOR) TO BUSH OIL COMPANY (ASSIGNEE). COMMISSION APPROVAL OF THIS ASSIGNMENT IS GIVEN UPON THE CONDITIONS THAT THE ASSIGNMENT WILL NOT RELEASE THE ASSIGNOR FROM ANY OBLIGATION TO THE STATE LANDS COMMISSION UNDER THE LEASE, ANY CONDITIONS IN ANY ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING, AND THAT THE ASSIGNEE WILL BE BOUND BY THE LEASE, INCLUDING ANY MODIFICATIONS AND COLLATERAL AGREEMENTS, TO THE SAME EXTENT AS THE ASSIGNOR, ANY CONDITIONS IN ANY ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING. PURSUANT TO P.R.C. 6804 AND PARAGRAPH OF STATE OIL AND GAS LEASE PRC 735, THIS ASSIGNMENT WILL TAKE EFFECT ON APRIL 1, 1991.
3. AMEND PARAGRAPH 13 OF STATE OIL AND GAS LEASE PRC 735 TO READ: "THE LESSEE SHALL FURNISH UPON EXECUTION OF THIS LEASE AND MAINTAIN A BOND OF OTHER SECURITY IN FAVOR OF THE STATE OF CALIFORNIA IN THE SUM OF \$500,000 TO GUARANTEE THE FAITHFUL PERFORMANCE BY THE LESSEE OF ALL PROVISIONS OF THIS LEASE, DIVISION 6 OF THE PUBLIC RESOURCES CODE AND THE REGULATIONS PROMULGATED THEREUNDER".
4. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

EXHIBIT "A"

