

CALENDAR ITEM

C54

MINUTE ITEM
This Calendar Item No. C54
was approved as Minute Item
No. 54 by the State Lands
Commission by a vote of 3
to 0 at its 5/26/94
meeting

05/26/94
PRC 2199
PRC 2894
Tanner

A 35, 36

S 18, 24

APPROVE DEFERMENT OF DRILLING OBLIGATIONS
STATE OIL AND GAS LEASES PRC 2199 AND PRC 2894
OFFSHORE GAVIOTA, SANTA BARBARA COUNTY

APPLICANT:

Chevron U.S.A. Production Company
Attn: Keith D. Howell
Project Land Representative
P. O. Box 6917
Ventura, California 93006

AREA, TYPE LAND AND LOCATION:

State Oil and Gas Leases PRC 2199 and 2894, each contains approximately 4,250 acres of tide and submerged lands located offshore Gaviota, Santa Barbara County.

LAND USE:

Oil and gas exploration and development.

CURRENT LEASE TERMS:

Lease period:
20 plus CEQ years beginning July 25, 1950 (PRC 2199)
and June 28, 1962 (PRC 2894).

Surety bond:

\$50,000 for each lease.

Consideration:

\$4,250 per lease per annum rent.

BACKGROUND:

State oil and gas leases PRC 2199 and PRC 2894 each contains approximately 4,250 acres of offshore tide and submerged lands seaward of the Gaviota Area in Santa Barbara County. The leases were issued to Humble Oil and Refining Company and Standard Oil Company of California on July 25, 1958 and June 28, 1962, respectively. Through a series of assignments and name changes, the present lessees are Shell California Production, Inc. (Shell), and Chevron U.S.A. Production Company (Chevron). Chevron is the operator for these leases.

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Ten wells were drilled on State lease PRC 2199 from either upland drillsites or mobile drilling vessels. Only two wells were drilled on State lease PRC 2894.

On August 21, 1984, the leases were amended, after a request by Chevron, to provide for payment of compensatory royalties. The Commission approved the amendments to allow Chevron to suspend production from the two leases during the construction of the Gaviota Gas Plant and other associated facilities, including the Gaviota Marine Terminal. In consideration for the suspended production from these leases, Chevron was required to pay the State monthly compensating royalties of \$400 for PRC 2199 and \$9,600 for PRC 2894. On December 12, 1990, the Commission granted a three year extension of the amendments through September 1, 1993.

On March 17, 1994, Chevron requested a three year deferment of drilling obligations for these leases, from September 1, 1993 through September 1, 1996. Chevron requests the deferment in order to further evaluate its geophysical data in the area for evaluation of possible additional prospects on these leases. An application to abandon subsea well on these leases is being processed by Commission staff at the present time.

APPLICANT STATUS:

Applicant is lessee of upland.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Code Regs.: 21065 and 15378.

AB 884:

N/A

OTHER PERTINENT INFORMATION:

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

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

EXHIBIT:

A. Location Map

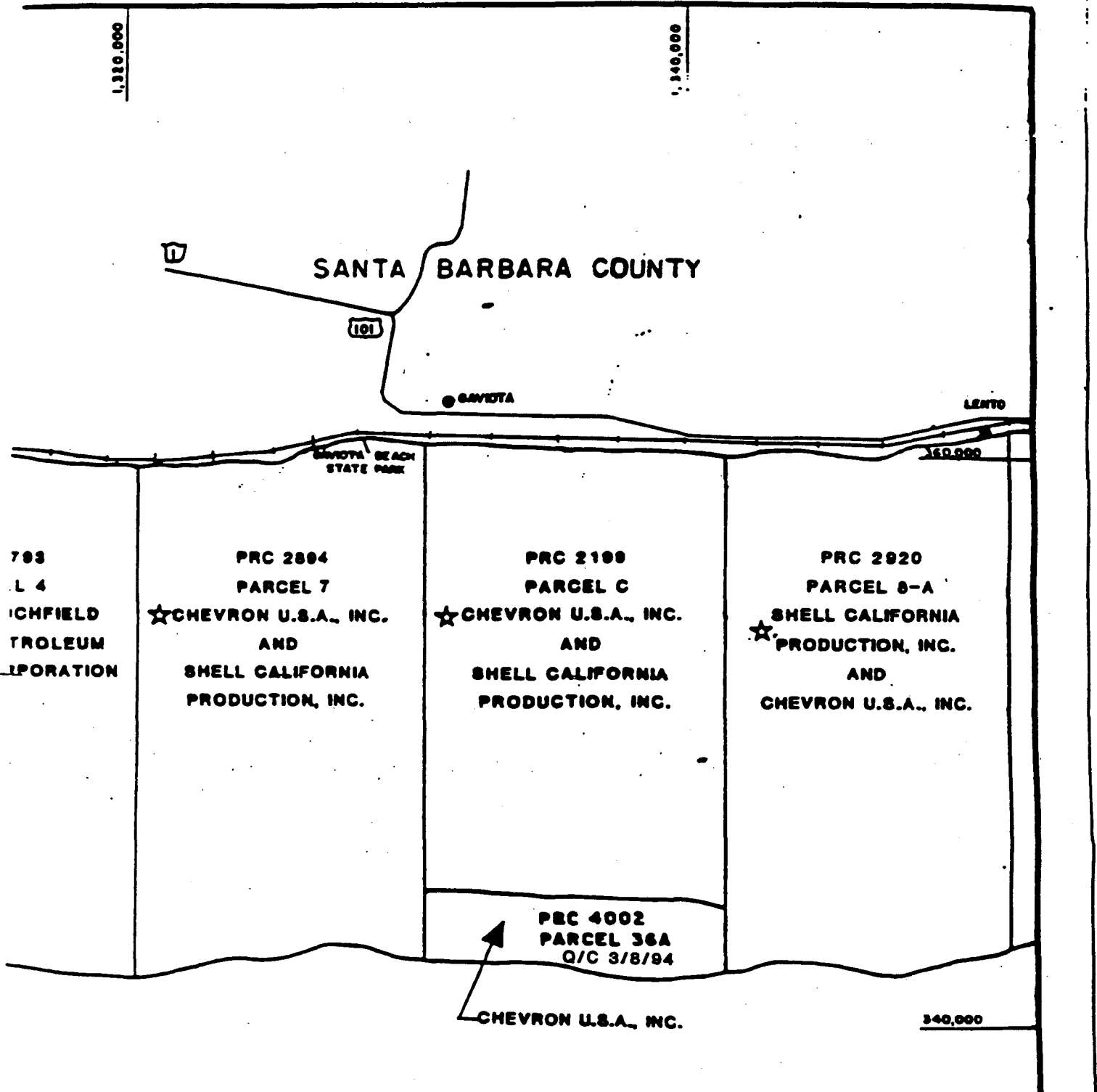
IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE 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 A DEFERMENT OF DRILLING OBLIGATIONS FOR STATE OIL AND GAS LEASES PRC 2199 AND PRC 2894, OFFSHORE GAVIOTA, SANTA BARBARA COUNTY TO CHEVRON U.S.A. PRODUCTION COMPANY FOR A THREE YEAR PERIOD BEGINNING SEPTEMBER 1, 1993 AND ENDING SEPTEMBER 1, 1996. ALL OTHER TERMS AND CONDITIONS OF THE LEASES WILL REMAIN IN FULL FORCE AND EFFECT.

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EXHIBIT "A"

LOCATION MAP



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