

MINUTE ITEM

This Calendar Item No. 26
was approved as Minute Item
No. 26 by the State Lands
Commission by a vote of 2
to 0 at its 2/23/84
meeting.

CALENDAR ITEM

26

2/23/84
W 40397/
PRC 2920
Willard

APPROVAL OF AN AMENDMENT TO
STATE OIL AND GAS LEASE PRC 2920.1
SANTA BARBARA COUNTY

LESSEES: Shell California Production, Inc. (Operator)
P. O. Box 11164
Bakersfield, California 93389-1164
Attention: T. L. Marshall
Chevron USA, Inc.
2120 Diamond Boulevard
P. O. Box 8000
Concord, California 94524

AREA, TYPE LAND AND LOCATION:

State Oil and Gas Lease PRC 2920.1 contains
approximately 4,250 acres of tide and submerged
lands located in Santa Barbara County,
California.

PERTINENT INFORMATION:

Shell California Production, Inc., and
Chevron, USA, Inc., lessees under State
Oil and Gas Lease PRC 2920, have proposed
a program for the continuation of their
exploration of the lease. This matter will
be presented to the Commission for its
consideration at the March meeting.

A 35

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S 18 Non-Substantive revision 5/16/84

ADDED 2/23/84

CALENDAR PAGE	<u>164</u>
MINUTE PAGE	<u>449</u>

CALENDAR ITEM NO. 26 (CONTD)

The lease currently has one producing well and the lessee desires to have the flexibility to shut in this well for various technical reasons. In consideration for the suspended gas production the lessees will pay to the State, as compensatory royalty, \$15,000 per month (currently receiving approximately \$14,000 per month) until production is reestablished from the well or oil and/or gas is being produced from other wells on the lease or the lessee exercises its right to terminate the lease. The payment of compensatory royalty for the suspended gas production together with compliance with all other terms and conditions of the lease, including the drilling obligations of Exhibit "A" of the lease, will maintain the lease in full force and effect. The amendment has been executed by both lessees.

This amendment does not grant the lessee any rights or interests not otherwise granted by the lease and this action is therefore not a project as defined by PRC Section 21065.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTION IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL. ADM. CODE, SECTION 15061, BECAUSE IT IS NOT A PROJECT AS DEFINED BY PRC SECTION 21065 AND 14 CAL. ADM. CODE 15378.
2. AUTHORIZE AN AMENDMENT TO STATE OIL AND GAS LEASE PRC 2920.1 TO PROVIDE FOR THE SUSPENSION OF GAS PRODUCTION FROM STATE 2920 NO. 5, AND FOR THE PAYMENT OF COMPENSATORY ROYALTY AT THE RATE OF \$15,000 PER MONTH UNTIL SUCH GAS PRODUCTION IS COMMENCED FROM THE WELL OR OIL AND/OR GAS IS BEING PRODUCED FROM OTHER WELLS UNDER THE LEASE OR THE LEASE IS TERMINATED PURSUANT TO PARAGRAPH 5 OF THE LEASE.