

MINUTE ITEM
This Calendar Item No. 40
was approved as Minute Item
No. 40 by the State Lands
Commission by a vote of 3
to 0 at its 10-21-87
meeting

CALENDAR ITEM

A 59

40

S 37

10/21/87
PRC 91NU
PRC 91NZU
PRC 163
LSE 392
PRC 425
PRC 426
PRC 4736
PRC 5890
Gillogly

WAIVER OF PENALTY AND INTEREST CHARGES
FOR LATE RECEIPT OF LESSEE'S
MONTHLY ROYALTY PAYMENTS

Shell Western E&P Inc., is the current lessee of the above referenced leases. These State leases are sited in the Huntington Beach Field, Orange County, California. The lease agreements provide for royalty payment due dates of the 25th day of each calendar month following the calendar month in which the oil is produced. When the 25th day of the month falls on a Saturday, Sunday or holiday, the due date is the next working day.

In January 1987, the royalty payment due date was January 26th. However, Shell's payments were actually made on January 27th. These payments were technically late and penalty and interest was assessed accordingly in amounts totaling \$27,404.04.

On June 3, 1987 and August 11, 1987, Shell made written requests that the above assessments be waived. Shell noted that the late payments were due to an employee's illness. When Shell discovered that the payments were not timely mailed, they hand carried the checks from Bakersfield to the State's Long Beach office on Tuesday, January 27 (one day late). Shell stresses that this timely action precluded any financial loss to the State.

AB 884: N/A.

CALENDAR ITEM NO. 40 (CONT'D)

OTHER PERTINENT INFORMATION:

1. The staff concurs that there was no financial loss to the State. By Shell hand carrying the checks, the State did not suffer any monetary loss.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. AUTHORIZE THE REFUND OF PENALTY AND INTEREST IN THE AMOUNT OF \$27,404.04, PAID BY SHELL WESTERN E&P INC., ON LATE PAYMENT OF ROYALTIES DUE JANUARY 26, 1987, AND RECEIVED JANUARY 27, 1987, FOR LEASE PRC 91NU, PRC 91NZU, PRC 163, LEASE 392, PRC 425, PRC 426, PRC 4736 AND PRC 5890.
3. DIRECT SHELL TO SUBMIT THE CLAIM TO THE BOARD OF CONTROL FOR APPROVAL.
4. AUTHORIZE THE STAFF OF THE COMMISSION TO TAKE SUCH OTHER STEPS AS MAY BE NECESSARY TO CARRY OUT THIS AUTHORIZATION.