

MINUTE ITEM
This Calendar item No. 36
was approved as Minute Item
No. 36 by the State Lands
Commission by a vote of 3
0 of its 9/27/89
meeting.

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S 2, 5, 7

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09/27/89
PRC 3743
PRC 3833
PRC 3895
PRC 3896
Hamilton

**ASSIGNMENTS OF STATE OIL AND GAS LEASES
PRC 3743, PRC 3833, PRC 3895 AND PRC 3896,
CONTRA COSTA, SACRAMENTO AND SOLANO COUNTIES**

ASSIGNOR AND LESSEE:

Shell Western E&P Inc.
Attn: Andrew M. Adams
Post Office Box 11164
Bakersfield, California 93389-1164

ASSIGNEE, LESSEE AND OPERATOR:

Chevron U.S.A. Inc.
Attn: Thomas A. Bartley
Post Office Box 5050
San Ramon, CA 94583-0905

AREA, TYPE, LAND AND LOCATION:

State oil and gas leases PRC 3743, PRC 3833,
PRC 3895 and PRC 3896 are located on tide and
submerged land in Suisun Bay (see Exhibit "A").

LEASE BACKGROUND:

Shell Western E&P Inc. (SWEPI) and Chevron U.S.A. Inc.
(Chevron) are the current lessees of State Oil and Gas Leases
PRC 3743, PRC 3833, PRC 3895 and PRC 3896. SWEPI has an
undivided one-half interest in each lease and proposes to
assign all of this interest to Chevron.

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All of these leases were issued by competitive bid. Originally, Leases PRC 3743 and PRC 3833 were awarded to Standard Oil Company of California (Standard) and leases PRC 3895 and PRC 3896 were awarded jointly to Standard and Shell Oil Company (Shell). SWEPI and Chevron are the successors in interest to Shell and Standard, respectively.

Lease PRC 3743 was issued on April 10, 1967 and contains about 2,241 acres in Solano County. On May 25, 1967, the Commission approved the assignment from Standard to Shell of an undivided one-half interest in the lease.

Lease PRC 3833 was issued on September 25, 1967 and contains about 2,300 acres in Contra Costa, Sacramento and Solano counties. On January 26, 1968, the Commission approved the assignment from Standard to Shell of an undivided one-half interest in the lease.

Leases PRC 3895 and PRC 3896 were issued on January 26, 1968 and contain about 638 acres and 1448 acres, respectively, in Contra Costa and Solano counties.

On June 28, 1989, staff received assignment forms for each State oil and gas lease. These assignments were dated November 23, 1987 and assigned all of SWEPI interest in the leases to Chevron and purport to be effective December 1, 1987. However, the attempted assignments were not effective because SWEPI and Chevron did not obtain Commission approval at that time.

Staff has reviewed the assignment forms and has determined that the Assignor and Assignee have complied with the rules and regulations of the Commission and the terms and conditions of the leases. Therefore, pursuant to P.R.C. 6804 and Paragraph 4 of the leases, the assignments shall take effect on the first day of the month following the approval by the Commission.

PREREQUISITE CONDITIONS:

- A. Assignment forms for each State oil and gas lease have been executed by Assignor and Assignee and are on file in the Long Beach office of the Commission.
- B. Assignee is qualified to hold State leases.
- C. Filing fee and processing fee have been received for each lease assignment request.

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STATUTORY AND OTHER REFERENCES:

- A. P.R.C. 6801 and P.R.C. 6804.
- B. Paragraph 4 of the leases.

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 this activity, the approval of the assignments, 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. General Location of State Leases.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THE APPROVAL OF ASSIGNMENTS OF STATE OIL AND GAS LEASES 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 ASSIGNMENTS OF ALL INTEREST IN STATE OIL AND GAS LEASES PRC 3743, PRC 3833, PRC 3895 AND PRC 3896 FROM SHELL WESTERN E&P INC. (ASSIGNOR) TO CHEVRON U.S.A. INC. (ASSIGNEE). THIS APPROVAL IS GIVEN UPON THE CONDITIONS THAT: 1) THE ASSIGNMENTS SHALL NOT RELEASE THE ASSIGNOR FROM ANY OBLIGATION TO THE STATE LANDS COMMISSION UNDER THE LEASES, ANY CONDITIONS IN THE ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING; AND 2) THE ASSIGNEE SHALL BE BOUND BY THE LEASES, INCLUDING ANY MODIFICATIONS AND COLLATERAL AGREEMENTS, TO THE SAME EXTENT AS THE ASSIGNOR, ANY CONDITIONS IN THE ASSIGNMENT AGREEMENTS TO THE CONTRARY NOTWITHSTANDING. PURSUANT TO P.R.C. 6804, THE ASSIGNMENTS SHALL TAKE EFFECT ON OCTOBER 1, 1989.
3. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

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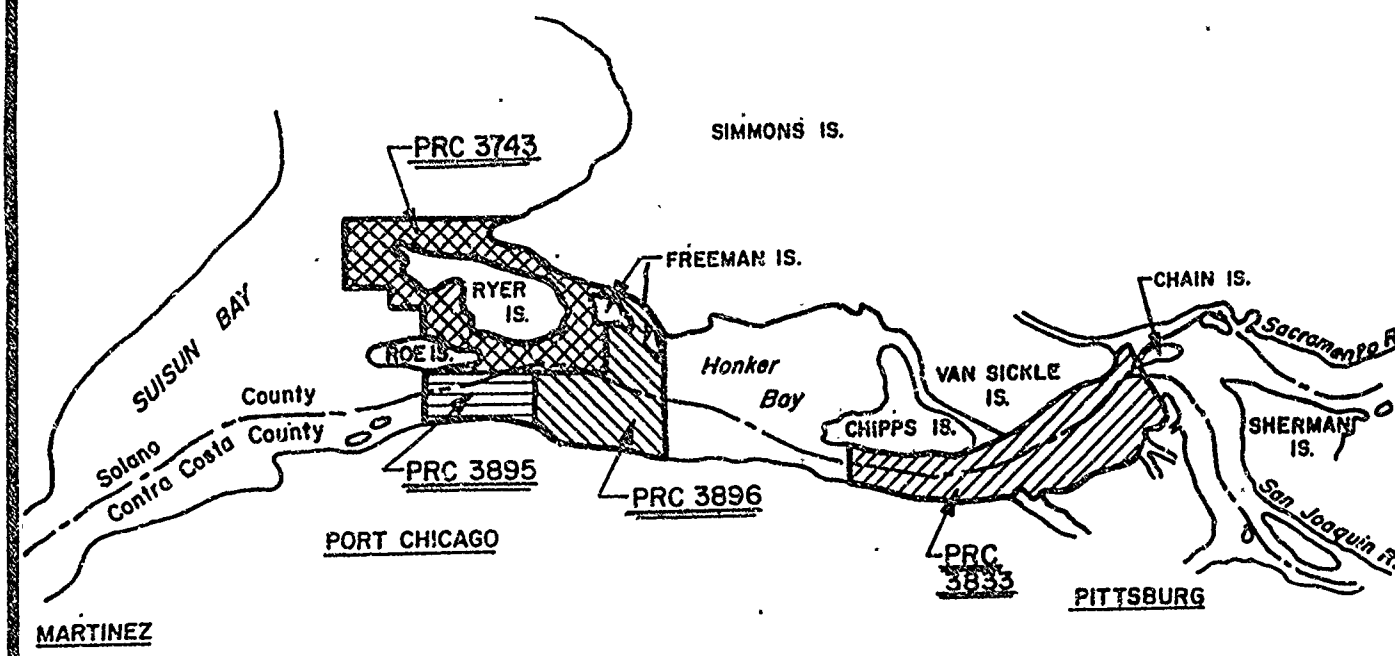
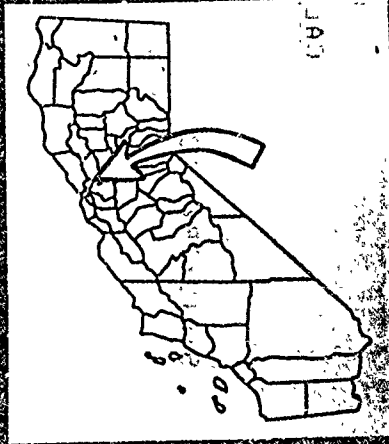


EXHIBIT "A"
 GENERAL LOCATION
 OF STATE LEASES



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