

MINUTE ITEM

This Calendar Item No. C87
was approved as Minute Item
No. 87 by the State Lands
Commission by a vote of 3
to 0 at its 3-8-94
meeting. 35

CALENDAR ITEM

C87

03/08/94
PRC 2920
Tanner

S 18

APPROVE DEFERMENT OF DRILLING OBLIGATIONS,
STATE OIL AND GAS LEASE PRC 2920,
MOLINO OFFSHORE FIELD,
SANTA BARBARA COUNTY

APPLICANT:

Shell Western E & P, Inc.
Attn: T. E. Enders, California Division/Land
P. O. Box 11164
Bakersfield, California 93389

AREA, TYPE LAND AND LOCATION:

4,250 acres more or less of offshore tide and submerged
lands located in the Molino Offshore Field, Santa Barbara
County.

LAND USE:

Oil and Gas exploration and development.

CURRENT LEASE TERMS:

Lease period:
20+ CEQ years beginning August 28, 1962.

Surety bond:
\$50,000.

Structure Bond:
\$750,000.

Consideration:
\$4,250.14 per annum, annual rent.

Royalty:

For Crude Oil Production: Between 16 2/3 percent and
50 percent of average production per well per day.

For Non-Oil Production: 16 2/3 percent of current
market price at the well of all production removed and
sold from the leased lands.

CALENDAR PAGE	539
MINUTE PAGE	829

CALENDAR ITEM NO. C87 (CONT'D)

BACKGROUND:

State oil and gas lease PRC 2920, Molino Offshore Field, Santa Barbara County, was issued on August 28, 1962 to Shell Oil Company and Standard Oil Company of California, each with an undivided 50 percent interest in this lease. Through a series of name changes, the present lessees are Shell Western E&P, Inc. (Shell) and Chevron U.S.A., Inc. (Chevron) with Shell as the lease operator.

At its meeting on November 5, 1991, the State Lands Commission granted Shell a two year drilling deferment from October 1, 1991 through September 30, 1993. Shell is presently involved in a review of development scenarios and a subsea well abandonment project which requires environmental review and appropriate permits.

Shell has requested further deferment from October 1, 1993 through September 30, 1996. This will allow Shell to continue its study of a potential development project as well as completion of the environmental review for abandonment of existing idle subsea wells on the lease.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C. 21065.
- B. Cal. Code Regs. 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

CALENDAR PAGE	540
MINUTE PAGE	830

CALENDAR ITEM NO. C87 (CONT'D)

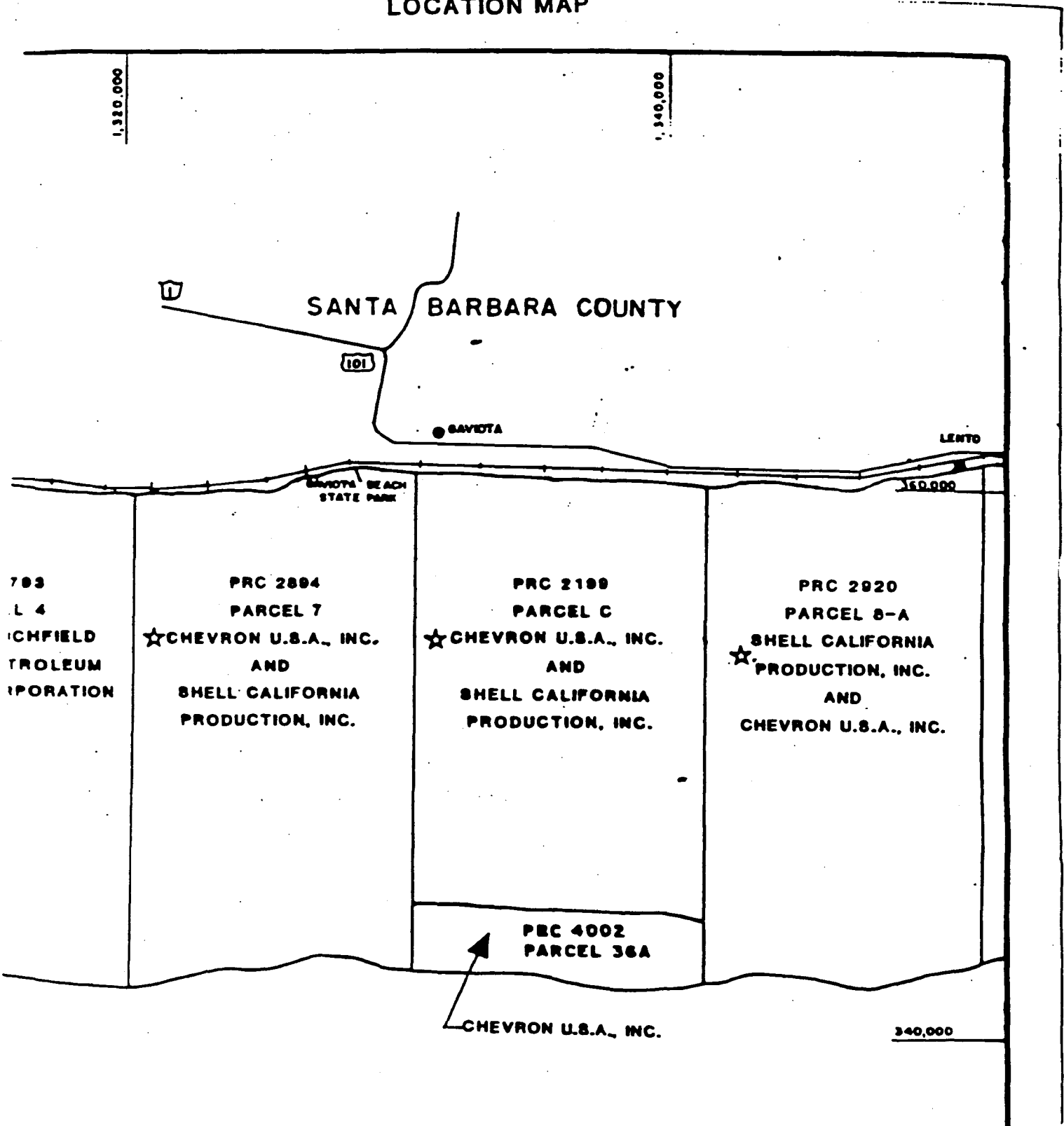
IT IS RECOMMENDED THAT THE COMMISSION:

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 LEASE PRC 2920, MOLINO OFFSHORE FIELD, SANTA BARBARA COUNTY, TO SHELL WESTERN E&P, INC., FOR A THREE YEAR PERIOD BEGINNING OCTOBER 1, 1993 AND ENDING SEPTEMBER 30, 1996. ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN FULL FORCE AND EFFECT.

CALENDAR PAGE	541
MINUTE PAGE	831

EXHIBIT "A"

LOCATION MAP



CALENDAR PAGE	542
MINUTE PAGE	832