

MINUTE ITEM

This Calendar Item No. C85 was approved as Minute Item No. 95 by the California State Lands Commission by a vote of 3 to 0 at its 08/21/96 meeting.

**CALENDAR ITEM
C85**

A 35
S 18

08/21/96
PRC 2894
PRC 2199
J. Tanner

**CONSIDER APPROVAL OF DEFERMENT OF DRILLING OBLIGATION,
STATE OIL AND GAS LEASE NOS. PRC 2894 AND PRC 2199,
SANTA BARBARA COUNTY**

LESSEES:

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

Molino Energy Company
John V. Stahl
P. O. Box 930
Los Olivos, California 93441

AREA, TYPE LAND AND LOCATION:

State Oil and Gas Lease Nos. PRC 2894 and PRC 2199 contain approximately 4,250 and 3,840 acres, respectively, of tide and submerged lands located offshore Gaviota in Santa Barbara County, California.

BACKGROUND:

State Oil and Gas Lease Nos. PRC 2894 and PRC 2199 were issued on June 28, 1962 and July 25, 1958, respectively. The current lessees of these leases are Chevron U.S.A Production Company (Chevron), and Molino Energy Company (Molino). The drilling deferments for the leases will expire on September 1, 1996. Chevron contacted State Lands Commission staff on May 29, 1996, and requested an additional deferment until September 1, 1999. Chevron has indicated that its co-lessee, Molino, is attempting to secure the necessary permits to construct an onshore drill site which can be used to develop these leases and the adjacent Lease No. PRC 2920 as well. The requested deferment will provide Molino with time FOR permitting, and to construct the drill site for the development of the leases.

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CALENDAR ITEM NO. C85 (CONT'D)

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

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), Commission 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: Public Resources Code Section 21065 and 14 Cal. Code Regs. 15378.

- 2. Commission staff recommends approval of Chevron U.S.A Production Company's request for an extension of its drilling deferment until September 1, 1999. This will allow Molino Energy Company, joint lessee and operator, to complete the permitting process and to construct the drill site to continue development of these leases.

EXHIBIT:

- A. Location Map

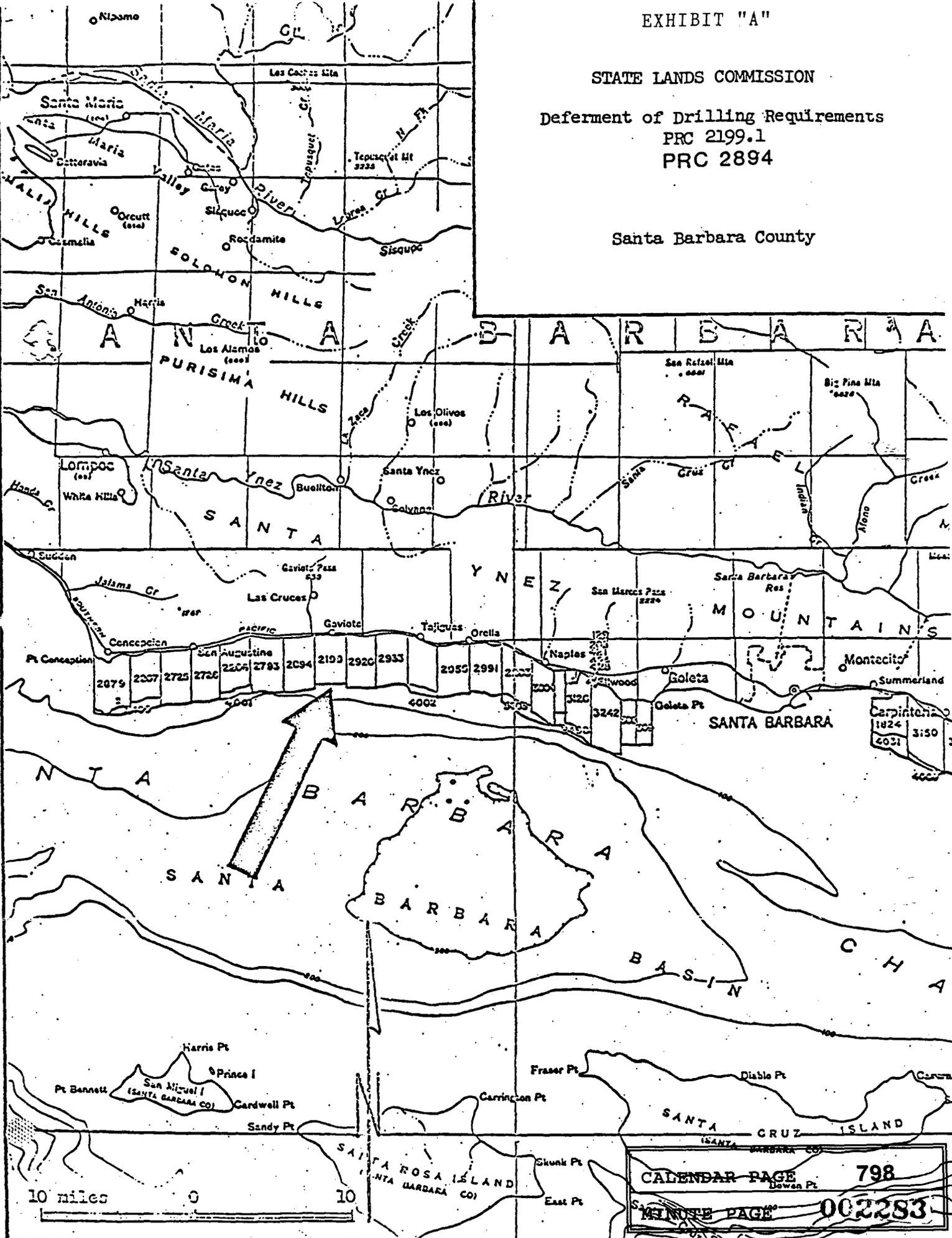
IT IS RECOMMENDED THAT THE COMMISSION:

- 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 PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.
- 2. APPROVE A DEFERMENT OF THE DRILLING OBLIGATION UNDER STATE OIL AND GAS LEASE NOS. PRC 2894 AND PRC 2199 FROM SEPTEMBER 1, 1996 UNTIL SEPTEMBER 1, 1999. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

STATE LANDS COMMISSION

Deferment of Drilling Requirements
PRC 2199.1
PRC 2894

Santa Barbara County



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