

MINUTE ITEM
 This Calendar Item No. C73
 was approved as Minute Item
 No. 73 by the State Lands
 Commission by a vote of 2
 to 0 at its 7/11/97
 meeting.

**CALENDAR ITEM
 C73**

A 35, 37

07/11/97

S 18

W 40718
 PRC 2199.1
 PRC 2920.1
 PRC 2894.1
 J. Tanner

**CONSIDER APPROVAL OF THE ASSIGNMENT OF PARTIAL INTERESTS
 IN OIL AND GAS LEASES NOS. PRC 2199.1, PRC 2920.1 AND PRC 2894.1
 SANTA BARBARA COUNTY**

BACKGROUND:

Oil and Gas Leases Nos. PRC 2199.1, PRC 2920.1 and PRC 2894.1 were issued between July 25, 1958 and August 28, 1962. The ownership of the leases is divided between Shell Western E&P, Inc., (SWEPI) and Chevron, USA (Chevron). Chevron and SWEPI own an undivided 50 percent interest in Lease Nos. PRC 2894.1 and PRC 2920.1. Leasehold interests in Lease No. PRC 2199.1 are as follows:

Chevron U.S.A., Inc.	North ½	100 Percent
Chevron U.S.A. Inc.	South ½	66-2/3 percent
Shell Western E&P, Inc.	South ½	<u>33-1/3 percent</u>
		100 percent

On August 3, 1994, the Commission approved SWEPI's assignment of its interest in the three leases to Molino Energy Company (Molino). As a result, Molino became the operator of Oil and Gas Lease No. PRC 2920.1. Chevron has now requested approval of assignment of its interest in the leases to Molino. In turn, Molino proposes to assign an undivided 40 percent interest in the leases to Benton Oil and Gas Company (Benton). Benton will subsequently become the operator under the leases. Molino is requesting Commission approval of the aforementioned assignment of interests in these leases.

STATUTORY AND OTHER REFERENCES:

- A. Section 4 of the Leases.
- B. Public Resources Code section: 6804

PERMIT STREAMLINING ACT DEADLINE:

N/A

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OTHER PERTINENT INFORMATION

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 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 the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

2. All filing fees and fully executed Assignment documents have been submitted by Molino Energy Company.

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 TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.
2. CONSENT TO THE ASSIGNMENT OF CHEVRON USA'S INTEREST IN OIL AND GAS LEASES NOS. PRC 2199.1, PRC 2920.1 AND PRC 2894.1 TO MOLINO ENERGY COMPANY, SANTA BARBARA COUNTY.
3. CONSENT TO THE ASSIGNMENT OF AN UNDIVIDED 40 PERCENT INTEREST OF MOLINO ENERGY COMPANY'S INTERESTS IN THESE SAME LEASES TO BENTON OIL AND GAS COMPANY.
4. ASSIGNEE SHALL BE BOUND TO THE TERMS AND CONDITIONS OF THE LEASES TO THE SAME EXTENT AS THE ASSIGNOR, ANY CONDITIONS IN THE ASSIGNMENT AGREEMENTS TO THE CONTRARY NOT WITHSTANDING.
5. DELEGATE TO THE EXECUTIVE OFFICER OR HIS DESIGNEE, THE

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AUTHORITY TO EXECUTE ANY DOCUMENTS REQUIRED TO EFFECT THE
ASSIGNMENT OF INTERESTS IN THESE OIL AND GAS LEASES.

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