

MINUTE ITEM

This Calendar Item No. C68 was approved as
Minute Item No. 68 by the California State Lands
Commission by a vote of 3 to 0 at its
4/13/99 meeting.

**CALENDAR ITEM
C68**

A 35

04/13/99

PRC 3120

PRC 3242

J. Tanner

S 18

M. Voskanian

**CONSIDER APPROVAL OF CRUDE OIL PURCHASE AGREEMENT,
OIL AND GAS LEASE NOS. PRC 3120 AND PRC 3242,
SOUTH ELLWOOD OFFSHORE FIELD,
SANTA BARBARA COUNTY**

LESSEE:

Venoco, Inc.
Attn.: Mr. Rod Eson
217 State Street, Suite 300
Santa Barbara, CA 93101

BACKGROUND:

Mobil Oil Company (Mobil), the only company that had been posting prices for crude oil in the South Ellwood Offshore Field, in which Oil and Gas Lease Nos. PRC 3120 and PRC 3242 are located, discontinued its posting of prices for crude oil in this field effective October 1, 1997. The State had used this posted price to value its royalty State's oil produced from this field. On October 1, 1997, Venoco, Inc. (Venoco), the State's lessee, executed an Oil Purchase Agreement with Texaco Trading and Transportation (Texaco) for the crude oil produced under the oil and gas leases. The contract was for a term of six months from October 11, 1997, to April 1, 1998, and continuing from month to month thereafter, with 60 days advance notice of termination. The contract price is equal to the average of Chevron USA, Texaco Trading and Transportation and Union Oil Company of California's posted price for Point Arguello crude oil, adjusted for gravity delivered, plus \$0.80 per net barrel. Equiva Trading Company (Equiva) became a successor-in-interest to Texaco, effective October 1, 1997

Pursuant to Section 15 of the Oil and Gas leases, the California State Lands Commission (Commission) must approve all crude oil sales purchase agreements. The crude oil purchase agreement for Oil and Gas Lease Nos. PRC3120 and PRC 3242 is being submitted to the Commission for its approval.

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CALENDAR ITEM NO. C68 (CONT'D)

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.

PERMIT STREAMLINING ACT DEADLINE:

N/A.

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF 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.

AUTHORIZATION:

APPROVE THE CRUDE OIL PURCHASE AGREEMENT BETWEEN VENOCO, INC., AND EQUIVA TRADING COMPANY, SUCCESSOR-IN-INTEREST TO TEXACO TRADING AND TRANSPORTATION, FOR CRUDE OIL PURCHASED FROM OIL AND GAS LEASE NOS. PRC 3120 AND PRC 3242, SANTA BARBARA COUNTY.