

MINUTE ITEM

This Calendar Item No. 25  
was approved as Minute Item  
No. 22 by the State Lands  
Commission by a vote of 3  
to 0 at its 4/25/85  
meeting.

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CALENDAR ITEM

25

04/25/85  
PRC 6192  
Tanner

ASSIGNMENT OF LEASE AND  
DEFERMENT OF DRILLING FOR STATE OIL  
AND GAS LEASE PRC 6192, SUISUN-HONKER AREA,  
SOLANO COUNTY

ASSIGNOR: Shell Western E&P, Inc.  
P. O. Box 576  
Houston, Texas 77001

ASSIGNEE: Hershey Oil Corporation  
Attn: Harry C. Harper,  
Vice President and Secretary  
101 West Walnut Street  
Pasadena, California 91103

AREA, TYPE, LAND AND LOCATION:

7,367 acres of tide and submerged lands  
contained within State Oil and Gas Lease  
PRC 6192, Grizzly Island-Montezuma Slough Area,  
Solano County.

LEASE SUMMARY:

State Oil and Gas Lease PRC 6192, was issued to  
Shell Oil Company on October 28, 1982. This  
lease was subsequently assigned to Shell  
Western E&P, Inc. on January 1, 1984. Shell  
Western E&P, Inc. desires to assign the lease  
to Hershey Oil Corporation, a California  
Corporation. Hershey Oil Corporation has  
applied to the State Lands Commission for  
approval of this lease assignment. Staff  
review of the financial statements for Hershey  
disclosed nothing material that would indicate  
they do not have the financial ability to meet  
the lease obligations with the State. Hershey  
has submitted the required performance bond  
(\$100,000).

CALENDAR ITEM NO. 25 CONT'D

Assignment forms have been executed by Shell Western E&P, Inc. (Assignor) and Hershey Oil Corporation (Assignee) and they request that the State Lands Commission consent to the assignment of this lease.

Hershey Oil Corporation has also applied to the Commission for the approval of a deferment of the drilling obligation. The lease has a primary drilling term of three years which expires on October 28, 1985 and Hershey has requested deferment of the lease 120-day continuous drilling obligation until May 1, 1986.

Hershey and Shell E&P, Inc. as joint partners drilled a well on the leased lands on June 17, 1984 which was later abandoned on July 26, 1984. Hershey is requesting the drilling deferment to allow it to do more seismic exploration and detailed geologic analysis of the previous well and new seismic data prior to drilling another well.

PREREQUISITE ITEMS:

- A. Assignment forms 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 a State lease.
- C. Filing fee and processing costs have been received.

STATUTORY AND OTHER REFERENCES:

- A. Section 4 of the lease.
- B. P.R.C. Section 6804.

AB 884: N/A

OTHER PERTINENT INFORMATION:

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

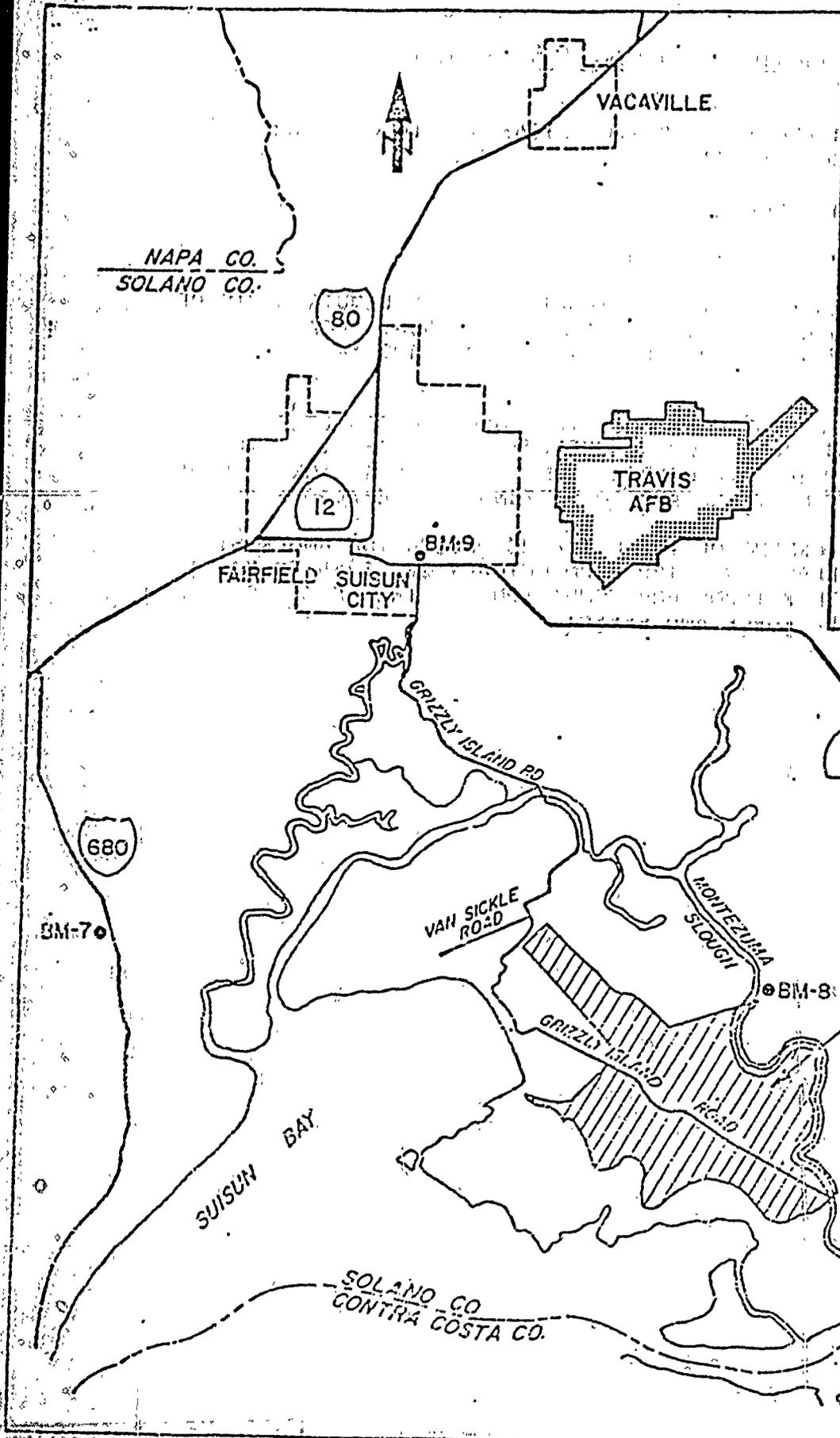
Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. CONSENT TO THE ASSIGNMENT OF STATE OIL AND GAS LEASE PRC 6192 FROM THE ASSIGNOR, SHELL WESTERN E&P, INC. TO THE ASSIGNEE, HERSHEY OIL CORPORATION, WITH THE ASSIGNEE TO BE BOUND BY ALL THE TERMS AND CONDITIONS OF THE LEASE.
3. APPROVE A DEFERMENT OF THE DRILLING OBLIGATION UNDER STATE OIL AND GAS LEASE PRC 6192 FROM OCTOBER 28, 1985 TO MAY 1, 1986. ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

EXHIBIT "A"  
 STATE LANDS COMMISSION  
 LOCATION MAP  
 PRC 8192.1  
 ASSIGNMENT OF LEASE  
 AND DEFERMENT OF  
 DRILLING REQUIREMENT  
 HERSHEY OIL CORPORATION



LEASE SITE