MINUTE ITEM
[illegible] Item No. 36
[illegible] Item
No. 36 [illegible] Lands
Commission [illegible] of 3
to 0 at its 11/21/85
meeting.

CALENDAR ITEM

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11/21/85
PRC 3314
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DEFERMENT OF DRILLING OPERATIONS
STATE OIL AND GAS LEASE PRC 3314

LESSEE: Shell Western E&P, Inc.
Attn: R. L. Avery
P.O. Box 527
Houston, Texas 77001

AREA, TYPE LAND AND LOCATION:
State oil and gas Lease PRC 3314, issued on July 1, contains approximately 5,430 acres of tide and submerged lands located west of Oxnard in Ventura County. Current lessee of PRC 3314 is Shell Western E&P, Inc. (SWEPI).

SUMMARY: Resumption of drilling operations was authorized by the State Lands Commission on April 29, 1981. Exploratory drilling of up to six wells from a floating vessel, as well as drilling of nearshore prospects from an upland drillsite operated by Chevron, have been authorized by the Commission. The lease provides for a 120-day drill string obligation. One well has been drilled on the lease since resumption was authorized: the PRC 3314 #1 was drilled for SWEPI by Chevron from an onshore location referred to as the Patterson Ranch drillsite. Several well logs and production tests have been conducted and it has been determined that PRC 3314 #1 is capable of producing hydrocarbons, including substantially more gas than has previously been encountered in the West Montalvo Oil Field. Prior to placing the PRC 3314 #1 well on production, a gas processing facility will have to be constructed and a gas purchase contract entered into.

(PAGE NO'S. 145-145.3 ADDED 11/13/85)

Chevron is presently seeking permission to consolidate two existing permitted drillsites, from one of which the PRC 3314 #1 was drilled, located west of Harbor Boulevard and within the Mandalay State Beach. These drillsites are located within the City of Oxnard and are administered by the county of Ventura Parks Department. Thus the advice and consent of Oxnard and the County of Ventura will both be required prior to consolidation into one larger, more efficient drillsite, from which further development wells into PRC 3314 are planned. This consolidation has been favorably received by the City and the County as being in accordance with the principles of consolidated facilities as set forth in Public Resources Code 30262(b). The time to process this application for consolidation will be approximately six months. Construction of production and gas processing facilities at the consolidated drillsite will require an additional six months.

Shell and Chevron desire to further develop this lease, but because of permitting and construction, they have jointly requested a one-year deferment from the drill string obligation. Under the lease, SWEPI/Chevron must commence drilling by February 8, 1986. A one-year deferment will last through February 7, 1987.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. 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.

CALENDAR ITEM NO. 36 (CONT'D)

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. APPROVE A DEFERMENT OF THE DRILLING OBLIGATION UNDER STATE OIL AND GAS LEASE PRC 3314 FROM FEBRUARY 8, 1986 THROUGH FEBRUARY 7, 1987, ALL OTHER TERMS AND CONDITIONS OF THE LEASES TO REMAIN IN FULL FORCE AND EFFECT.

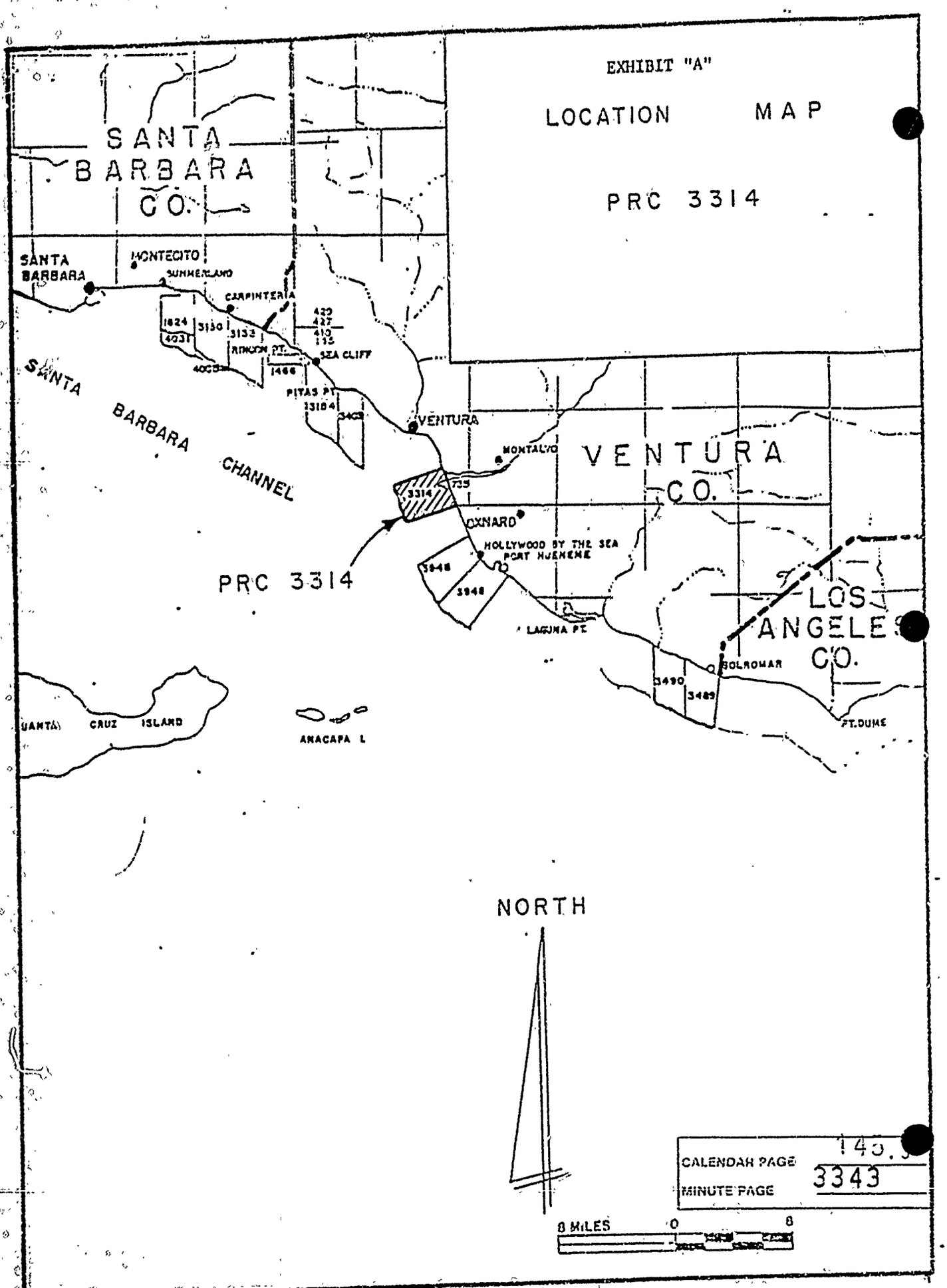
EXHIBIT "A"
LOCATION MAP
PRC 3314
SANTA BARBARA CO.
SANTA BARBARA
MONTECITO
SUMMERLAND
CARPINTERIA
RINCON PT.
SEA CLIFF
PITAS PT.
VENTURA
MONTALVO
VENTURA CO.
SANTA BARBARA CHANNEL
OXNARD
HOLLYWOOD BY THE SEA
PORT HUENEME
PRC 3314
LAGUNA PT.
LOS ANGELES CO.
BOLROMAR
PT. DUME
SANTA CRUZ ISLAND
ANACAPA I.
NORTH
8 MILES
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8
CALENDAR PAGE 143.
MINUTE PAGE 3343