MINUTE ITEM
This Calendar Item No. 23
was approved as Minute Item
No. 23 by the State Lands
Commission by a vote of 2
to 0 at its 11/20/86
meeting.

CALENDAR ITEM
23

A 35

S 18

11/20/86
PRC 410
PRC 429
PRC 1466
Frey

CONTINUATION OF LEASE AMENDMENTS DATED
JULY 11, 1986 TO PRC 410, PRC 429 AND PRC 1466

Norris Oil Co. (Norris) is the holder of three oil and gas leases in the Rincon Area, Ventura County. On July 11, 1986, the Commission approved lease amendments which significantly reduced the royalty rates on existing production and modified the bonding provisions. The amendments also required Norris to deposit $1,000,000 with the Commission and to spend $200,000 per year to develop reserves from zones, horizons and reservoirs penetrated but not currently producing (located behind casing). The term of these amendments is five (5) years. The benefit of these amendments are personal to Norris and Commission approval must be obtained to continue them in full force and effect upon the sale of Norris.

Norris has informed Commission staff that its principal shareholder is considering the sale of some or all of its stock in Norris in the near future. Norris requests that the Commission continue in full force and effect the amendments dated July 11, 1986 in the event of such a sale. Staff believes that continuation of these lease amendments will be in the best interest of the State so long as the purchaser of Norris is able to perform the lease obligations in a manner equal to or greater than Norris' present ability to perform them.

AB 884: N/A.

(ADDED 11/18/86)

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 the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

2. DETERMINE THAT IT IS IN THE BEST INTERESTS OF THE STATE TO CONTINUE IN FULL FORCE AND EFFECT THE AMENDMENTS DATED JULY 11, 1986 TO PRC 410, PRC 429 AND PRC 1466 IN THE EVENT THAT A CONTROLLING INTEREST IN THE STOCK OF NORRIS OIL CO. IS SOLD

3. AUTHORIZE THE EXECUTIVE OFFICER TO TAKE ALL STEPS NECESSARY TO KEEP AMENDMENTS TO PRC 410, PRC 429 AND PRC 1466 DATED JULY 11, 1986 IN FULL FORCE AND EFFECT SO LONG AS THE PURCHASER OF NORRIS OIL CO. IS ABLE TO PERFORM THE LEASE OBLIGATIONS IN A MANNER EQUAL TO OR GREATER THAN NORRIS' PRESENT ABILITY TO PERFORM THEM.

(ADDED 11/18/86)