MINUTE ITEM
This Calendar Item No. 34
was approved as Minute Item
No. 34 by the State Lands
Commission by a vote of 2
to 0 at its 9-23-87
meeting.

CALENDAR ITEM

A 35

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09/23/87
PRC 3499
Gonzalez

ASSIGNMENT AND DEFERMENT OF DRILLING OPERATIONS
STATE OIL AND GAS LEASE PRC 3499

ASSIGNOR: Phillips Petroleum Company
8055 E. Tufts Avenue Parkway
Denver, Colorado 80237

ASSIGNEE: Exxon Corporation
P. O. Box 4279
Houston, Texas 77210-4279

AREA, TYPE LAND AND LOCATION:
State oil and gas lease PRC 3499 contains approximately 1,340 acres of submerged lands located immediately south of State oil and gas leases PRC 2879 and PRC 2207 (quitclaimed July 25, 1975) and three miles south of Government Point, at the western end of the Santa Barbara Channel, Santa Barbara County (see Exhibit "A").

LEASE INFORMATION:
State oil and gas lease PRC 3499 was originally issued to Phillips Petroleum Company (Phillips) (50 percent) and Pan Petroleum Company, Inc. (now Amoco Production Company) (50 percent) on June 15. 1966. The lease contains a continuous drilling obligation interruptible for periods not to exceed 120 days between wells.

BACKGROUND OF ASSIGNMENT:
Phillips, who is operator of the lease, and Exxon have reached agreement on the assignment of all of Phillips' 50 percent interest in State Oil and gas lease PRC 3499, and Exxon, who will also be the operator of the lease, has requested that the State Lands Commission consent to the assignment of this portion of the lease.

PREREQUISITE ITEMS:

A. Assignment forms have been executed by Phillips and Exxon and are on file in the Long Beach office of the Commission.

B. Exxon is qualified to hold State leases.

C. Filing fee and processing costs have been received.

BACKGROUND ON DEFERMENT:

Exxon, as operator of the lease, has requested a deferment of the drilling obligation of State oil and gas lease PRC 3499 until September 30, 1988. This deferment will allow Exxon sufficient time to evaluate and finalize exploration plans and to prepare and file documents necessary to permit exploratory drilling.

On February 23, 1984, the State Lands Commission authorized the resumption of offshore exploratory drilling operations on State oil and gas lease PRC 3499. Under this authorization, the lessee was required to commence drilling by August 23, 1984. A deferment was granted to January 1, 1986, pending receipt of a Santa Barbara County APCD permit. Phillips had started negotiating with the Santa Barbara County APCD in January 1984, regarding the pollutants to be monitored. Actual data collection in the field began in April 1985. Phillips applied in July 1986 to the County for an authority to construct. The Santa Barbara County APCD advised Phillips that the exploratory drilling project air data was being reevaluated. This reevaluation was concluded in November 1986, and the County informed Phillips that the County would accept an application for an authority to construct.

Phillips, in the meantime, was reprocessing geophysical seismic data to define better the geologic structure to be drilled. The reprocessing of data and analysis required three or four months to complete. The State Lands Commission, on March 26, 1987, granted a deferment of the drilling obligation until September 30, 1987.

STATUTORY AND OTHER REFERENCES:

A. Assignment Section of the Lease.
B. P.R.C. Section 6804.

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.

EXHIBITS:

A. Location Map
B. Assignment Agreement.

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 ALL OF PHILLIPS PETROLEUM COMPANY'S 50 PERCENT INTEREST IN STATE OIL AND GAS LEASE PRC 3499 TO EXXON CORPORATION WITH THE ASSIGNEE TO BE BOUND BY ALL THE TERMS AND CONDITIONS OF THE LEASE.

3. APPROVE A DEFERMENT OF THE DRILLING OBLIGATION OF STATE OIL AND GAS LEASE PRC 3499 UNTIL SEPTEMBER 30, 1988.

EXHIBIT "A"

STATE LANDS COMMSSION

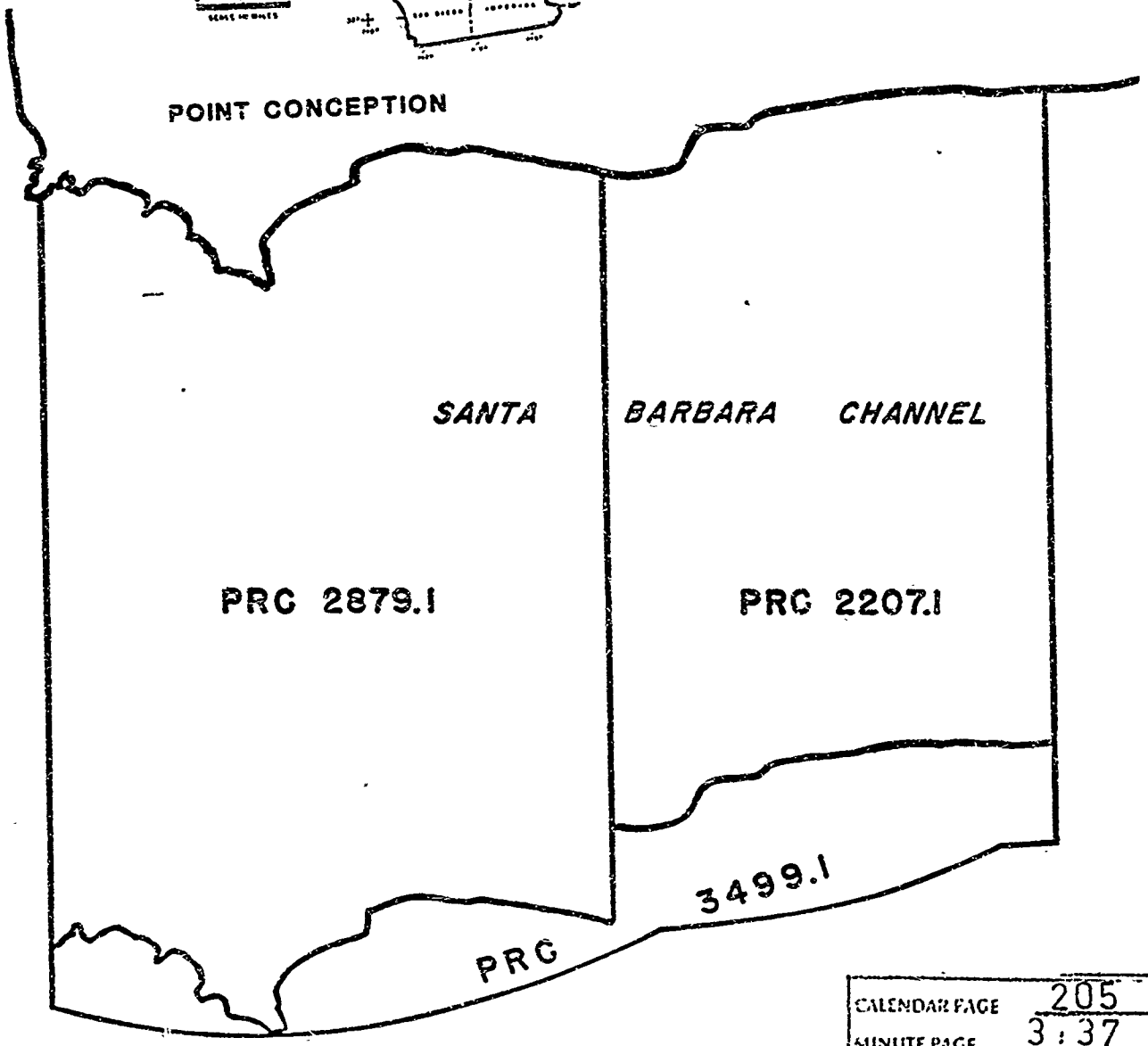
LOCATION MAP

STATE OIL & GAS LEASE

PRC 3499.1

SANTA BARBARA COUNTY

2-24-87 K.T.K.



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STATE OF CALIFORNIA
STATE LANDS COMMISSION

EXHIBIT "B"

STATE OIL AND GAS LEASE ASSIGNMENT,
ACCEPTANCE AND APPROVAL

PHILLIPS PETROLEUM COMPANY (Assignor), as the holder of a 50 percent interest in State Oil and Gas Lease PRC 3499.1, issued on June 15, 19 66, hereby assigns 100 percent of its right, title and interest under this lease to EXXON CORPORATION (Assignee).

EXXON CORPORATION (Assignee) hereby accepts the assignment of this oil and gas lease and agrees to perform in the manner provided in the lease the conditions, covenants and agreements to be kept and performed by the lessee and to be bound by the terms of the lease to the same extent as if it were the original lessee, any conditions in the assignment agreement to the contrary notwithstanding.

ASSIGNOR:	ASSIGNEE:
PHILLIPS PETROLEUM COMPANY	EXXON CORPORATION
Name of Assignor	Name of Assignee
8055 E. Tufts Avenue Parkway	P. O. Box 4279
Address	Address
Denver, CO 80237	Houston, TX 77210-4279
City, State, Zip Code	City, State, Zip Code
By: [signature]	By: [signature]
Signature	Signature
K. DAVID WELSH	M. G. Johnson
Name of Officer	Name of Officer
Attorney-in-Fact	Agent & Attorney-in-Fact
Title	Title
July 14, 1987	August 6, 1987
Date	Date

All signatures must be acknowledged.

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