

MINUTE ITEM
This Calendar Item No. C28
was approved as Minute Item
No. C28 by the State Lands
Commission by a vote of 2
to 1 at its 10/29/90
meeting.

CALENDAR ITEM

A 4

S 2

C 2 8

10/29/90
PRC 6189
Hamilton

APPROVE PARTIAL ASSIGNMENT OF NEGOTIATED SUBSURFACE
STATE OIL AND GAS LEASE PRC 6189 (955 ACRES OF
DEPARTMENT OF FISH AND GAME AND TIDE AND
SUBMERGED LANDS IN AND AROUND JOICE ISLAND
WILDLIFE AREA) IN SOLANO COUNTY

LESSEE/ASSIGNOR:

Chevron U.S.A. Inc.
Attn: Jim Seymore
P. O. Box 1191
Bakersfield, California 93389

ASSIGNEE:

Nippon Oil Exploration
Onshore U.S. Ltd.
Attn: Tadashi Ohmura
5847 San Felipe, Suite 2800
Houston, Texas 77057

BACKGROUND:

Negotiated subsurface State oil and gas lease PRC 6189 (Lease) was issued to Chevron U.S.A. Inc. on July 22, 1982. The Lease contains about 955 acres (total) of Department of Fish and Game land underlying the Joice Island Wildlife Area and State tide and submerged land underlying Montezuma and Suisun sloughs, Solano County. Two wells have been drilled into the leased lands and are capable of production, pending construction of a gas pipeline. A third well has been approved for drilling by the Solano County Department of Environmental Management on June 7, 1990 and will be submitted to the Commission for review and approval prior to any drilling into or through the leased lands.

CALENDAR ITEM NO. C 2 8 (CONT'D)

Lease Paragraph 4 allows the Lessee, with Commission approval, to assign any portion of the Lease to a corporation that possesses the qualifications within P.R.C. 6801. The Lease also specifies that the assignment will take effect on the first day of the month following the Commission approval.

In documents filed on July 25, 1990, Chevron proposes to assign an undivided 37.5 percent interest in the Lease to Nippon Oil Exploration Onshore U.S. Ltd., a California corporation. Staff has reviewed the documents and Lease files and has found that: (1) the Assignee is qualified under P.R.C. 6801 to hold the Lease, (2) the Lessee has complied with all Lease provisions and no default exists and (3) all filing fees, processing costs and required documentation have been received and are on file in the Commission's Long Beach office.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C. 6801 and P.R.C. 6804.
- B. Lease Paragraph 4.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

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

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

EXHIBITS:

- A. Site Map.
- B. Lease Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

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

CALENDAR ITEM NO. 028 (CONT'D)

2. APPROVE THE ASSIGNMENT OF A UNDIVIDED 37.5 PERCENT INTEREST IN STATE OIL AND GAS LEASE PRC 6189 (LEASE) FROM CHEVRON U.S.A. INC. (LESSEE/ASSIGNOR) TO NIPPON OIL EXPLORATION ONSHORE U.S. LTD. (ASSIGNEE). COMMISSION APPROVAL OF THIS ASSIGNMENT IS GIVEN UPON THE CONDITIONS THAT THE ASSIGNMENT WILL NOT RELEASE THE ASSIGNOR FROM ANY OBLIGATION TO THE COMMISSION UNDER THE LEASE, ANY CONDITIONS IN ANY ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING, AND THAT THE ASSIGNEE WILL BE BOUND BY THE LEASE, INCLUDING ANY MODIFICATIONS AND COLLATERAL AGREEMENTS, TO THE SAME EXTENT AS THE ASSIGNOR, ANY CONDITIONS IN ANY ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING. PURSUANT TO LEASE PARAGRAPH 4 THIS ASSIGNMENT WILL TAKE EFFECT ON NOVEMBER 1, 1990.

3. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

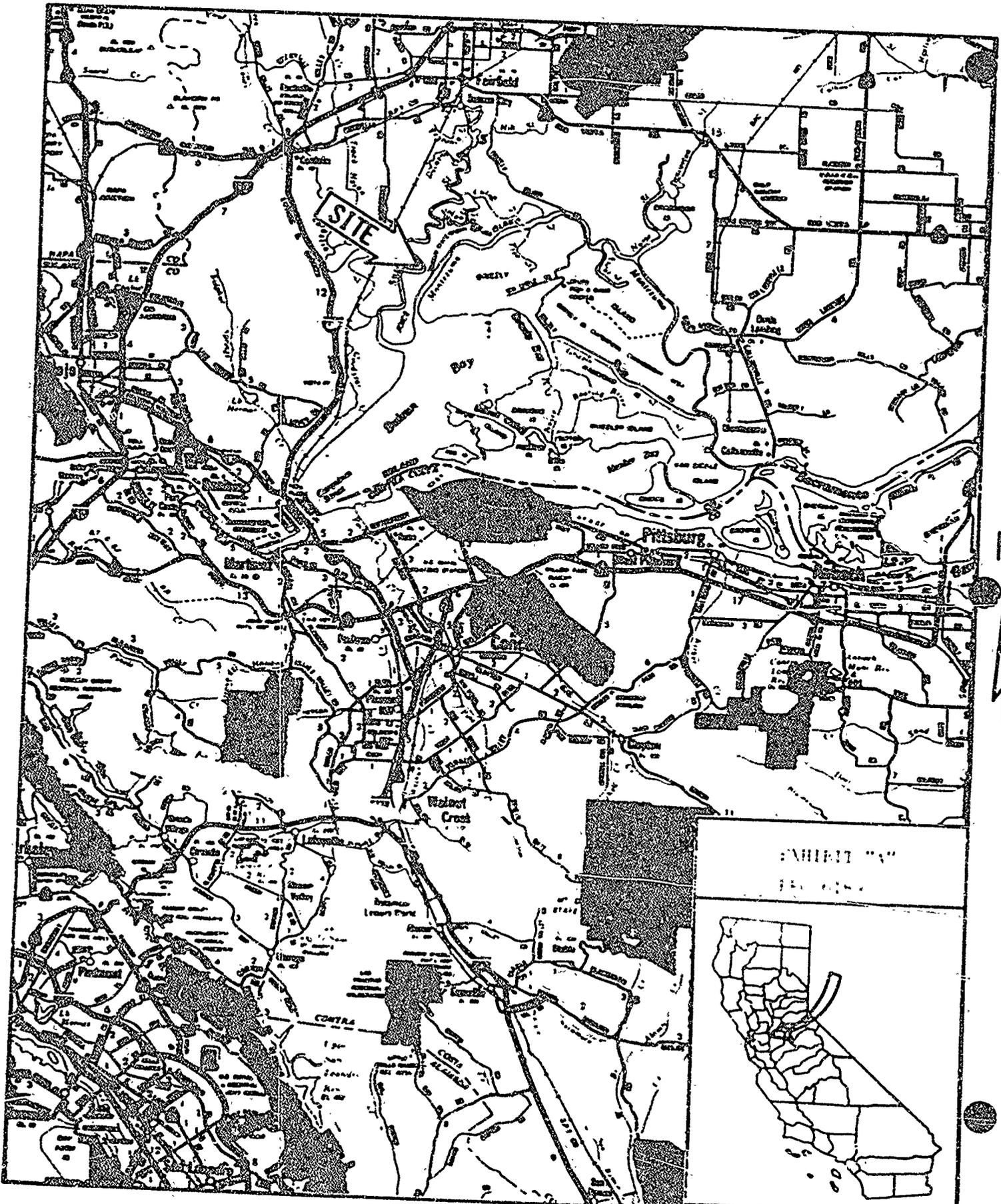
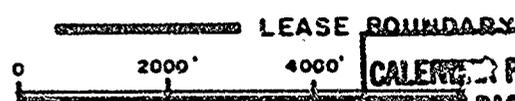
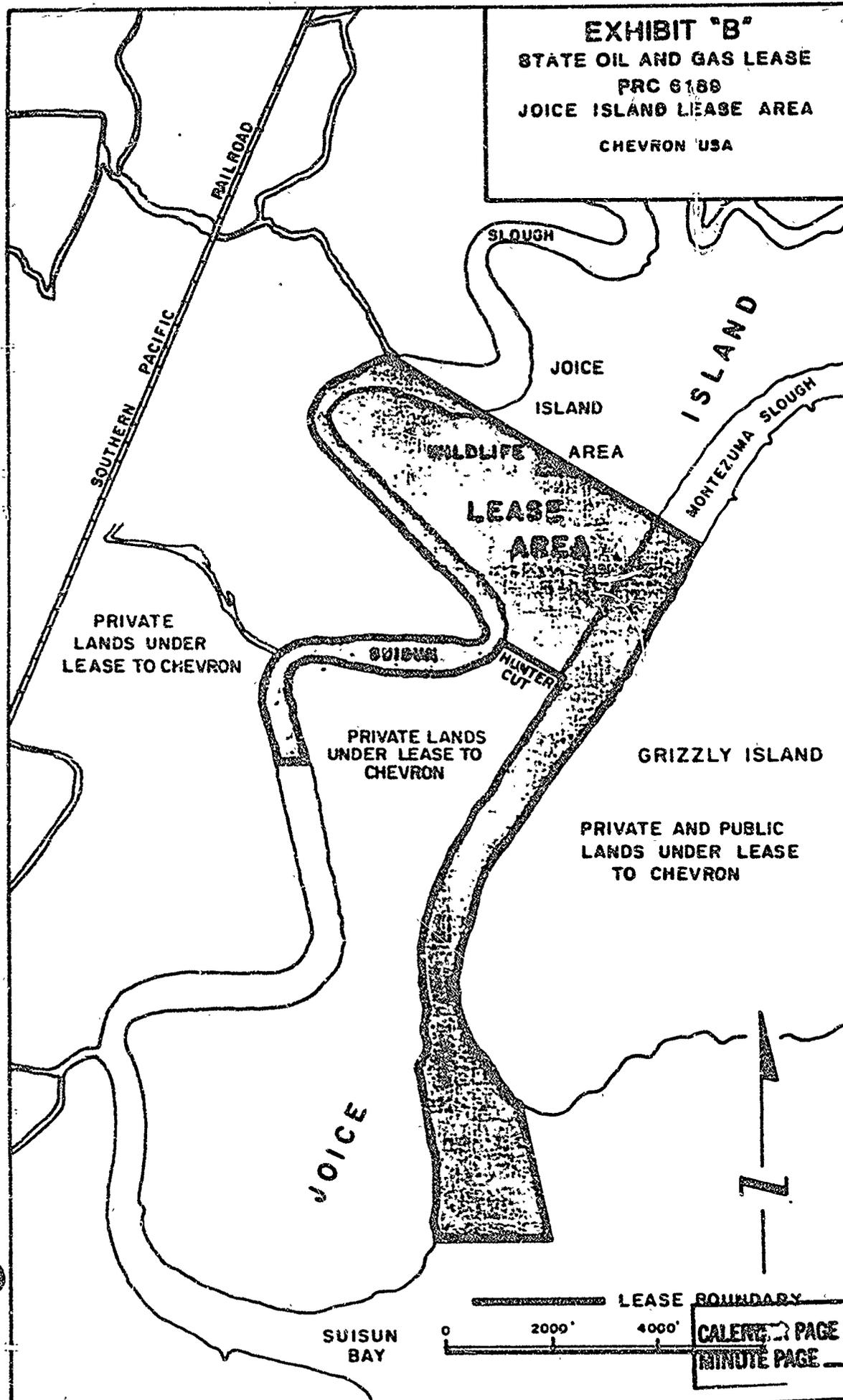


EXHIBIT "A"
[Illegible text]
[Inset map of California with a box highlighting the study area]

EXHIBIT "B"
STATE OIL AND GAS LEASE
PRC 6189
JOICE ISLAND LEASE AREA
CHEVRON USA



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