MINUTE ITEM C20

PRC 2199

PRC 2894

Art Nitsche

APPROVE A THREE-YEAR EXTENSION
TO THE AMENDMENT TO STATE OIL AND GAS
LEASES PRC 2199 AND PRC 2894
SANTA BARBARA COUNTY

Operator: Chevron U.S.A., Inc.

This Calendar Item was taken off the Consent Calendar and put on the Regular Calendar as there were technical amendments to the Item.

W. M. Thompson noted that in recommendation number two, in line 3, change PRC 2898 to 2894 as this was a typographical error. Also, line 5, in place of the word tag, change to "the". The very last number in the paragraph, 2199, change that to 2894.

Commissioner Dwight abstained from voting on this item.

Commissioners voted 2-0 to approve the Item as amended.

Attachment: Calendar Item C20

A 35

S 18

CALENDAR PAGE
MINUTE PAGE 3460

CALENDAR ITEM

A 35

S 18

C 20

12/12/90
PRC 2199
PRC 2894
Nitsche

APPROVE A THREE-YEAR EXTENSION
TO THE AMENDMENT TO STATE OIL AND GAS
LEASES PRC 2199 AND PRC 2894
SANTA BARBARA COUNTY

OPERATOR: Chevron U.S.A. Inc.
Ralph E. Mayo
646 County Square Drive
Ventura, CA 93006

AREA, TYPE LAND LOCATION:
State Oil and Gas Leases PRC 2199 and PRC 2894 each contain approximately 4,250 acres of tide and submerged lands located offshore Gaviota in Santa Barbara County, California.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Chevron U.S.A. Inc. and Shell California Production, Inc. are lessees under State Oil and Gas Leases PRC 2199 and PRC 2894 and have requested and obtained Commission approval on August 21, 1984 for an Amendment to State Oil and Gas Leases PRC 2199 and PRC 2894 providing for payment of compensating royalties.

2. The Amendment provides for the suspension of production from these two leases during the construction of the Gaviota Gas Plant and other associated facilities. The Gaviota Plant is installed and ready for operation and Chevron is awaiting final approval for operation of the Plant as well as the Gaviota Interim Marine Terminal.

3. In consideration for the suspended gas production, the lessees have paid monthly compensating royalties of $400 for PRC 2199 and $9,600 for PRC 2894.

4. As of October 30, 1989, Chevron on behalf of the lessees has paid $750,000 in compensatory under loyalty PRC 2199 and PRC 2894.

5. The Amendment provides for payment of compensatory royalty until: (1) production is re-established from the wells; or (2) oil and/or gas is being produced from other wells on the leases; or (3) the lessees exercise their rights to quitclaim the leases; or (4) September 1, 1990.

6. The payment of compensatory royalties for the suspended gas production together with compliance with all other terms and conditions of the leases have maintained the leases in full force and effect. The Amendment did not grant the lessees any right or interests not otherwise granted by the leases. Chevron, as operator of the leases, has requested on behalf of the lessees, a three-year extension of the Amendment through September 1, 1993.

7. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 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. Code Regs. 15378.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTION IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL. CODE REGS., SECTION 15061, BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. SECTION 21065 AND 14 CAL. CODE REGS. 15378.

2. AUTHORIZE THE EXTENSION FOR THREE YEARS THROUGH SEPTEMBER 1, 1993, OF THE AMENDMENT TO STATE OIL AND GAS LEASES PRC 2199 AND PRC 2984, TO PROVIDE FOR THE SUSPENSION OF GAS PRODUCTION FROM TAG LEASES, AND FOR THE PAYMENT OF COMPENSATORY ROYALTY AT THE RATE OF $400 PER MONTH FOR PRC 2199, AND $9,600 PER MONTH FOR PRC 2199.