

MINUTE ITEM

This Calendar Item No. C84
was approved as Minute Item
No. 84 by the State Lands
Commission by a vote of 3
to 0 at its 3/8/94
meeting.

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CALENDAR ITEM

C84

03/08/94
PRC 4002
Tanner

**ACCEPT THE QUITCLAIM DEED FOR
STATE OIL AND GAS LEASE PRC 4002,
SANTA BARBARA CHANNEL, SANTA BARBARA COUNTY**

APPLICANT:

Chevron U.S.A. Inc.
Attn: Darlene McGlothlin, Land Assistant
P. O. Box 1392
Bakersfield, California 93302

AREA, TYPE LAND AND LOCATION:

600 acres more or less of offshore tide and submerged lands,
Santa Barbara Channel, Santa Barbara County.

LAND USE:

Oil and gas exploration and production.

CURRENT LEASE TERMS:

Lease period:
20 plus years beginning, August 28, 1968.

Surety bond:
\$50,000.

Consideration:
\$600.00 per annum rent.

Royalty:

For crude oil: Sliding scale from 16 2/3 percent to
50 percent of average daily production.

For non-oil production: 16 2/3 percent of current
market price at the well of all production.

BACKGROUND:

State oil and gas lease PRC 4002, in the Gaviota area of the
Santa Barbara Channel, Santa Barbara County, contains 600
acres more or less of offshore tide and submerged lands.
The lease was issued to Standard Oil Company of California,
now Chevron U.S.A. (Chevron), on August 28, 1968. In early
1968, Chevron conducted a 3-D geophysical survey on this
lease as well as surrounding lands. As a result of geologic

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interpretation of this survey data, no economically viable prospect was identified on the lease and the lease was not developed.

On November 25, 1991, Chevron filed with the Commission a "Quitclaim of Lease" for PRC 4002 wherein the lessee quitclaims to the State all of the lessee's right, title and interest in the leased lands.

P.R.C. 6804.1 and Lease Paragraph 5 provide that the lessee may make at any time a written quitclaim of all rights under the lease or of any portion of the leased lands comprising a ten-acre parcel or multiple thereof in a compact form. The quitclaim is effective when it is filed with the State subject to the continued obligation of the lessees and its surety to pay all accrued rentals, royalties and liabilities under the lease prior to the effective date of the quitclaim.

A review of the Commission's files reveals that no default exists on the Lease, that the lessee has complied with all applicable laws and Lease provisions and has paid all rentals (no royalty is due as the leased lands were not developed).

PREREQUISITE CONDITIONS, FEES AND EXPENSES:
None required

STATUTORY AND OTHER REFERENCES:
A. P.R.C.: Div. 6, Parts 2; Section 6815.
B. Section 5 of Oil and Gas Lease.

AB 884:
N/A

OTHER PERTINENT INFORMATION:

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

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

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EXHIBIT:

A. Location Map

IT IS RECOMMENDED THAT THE COMMISSION:

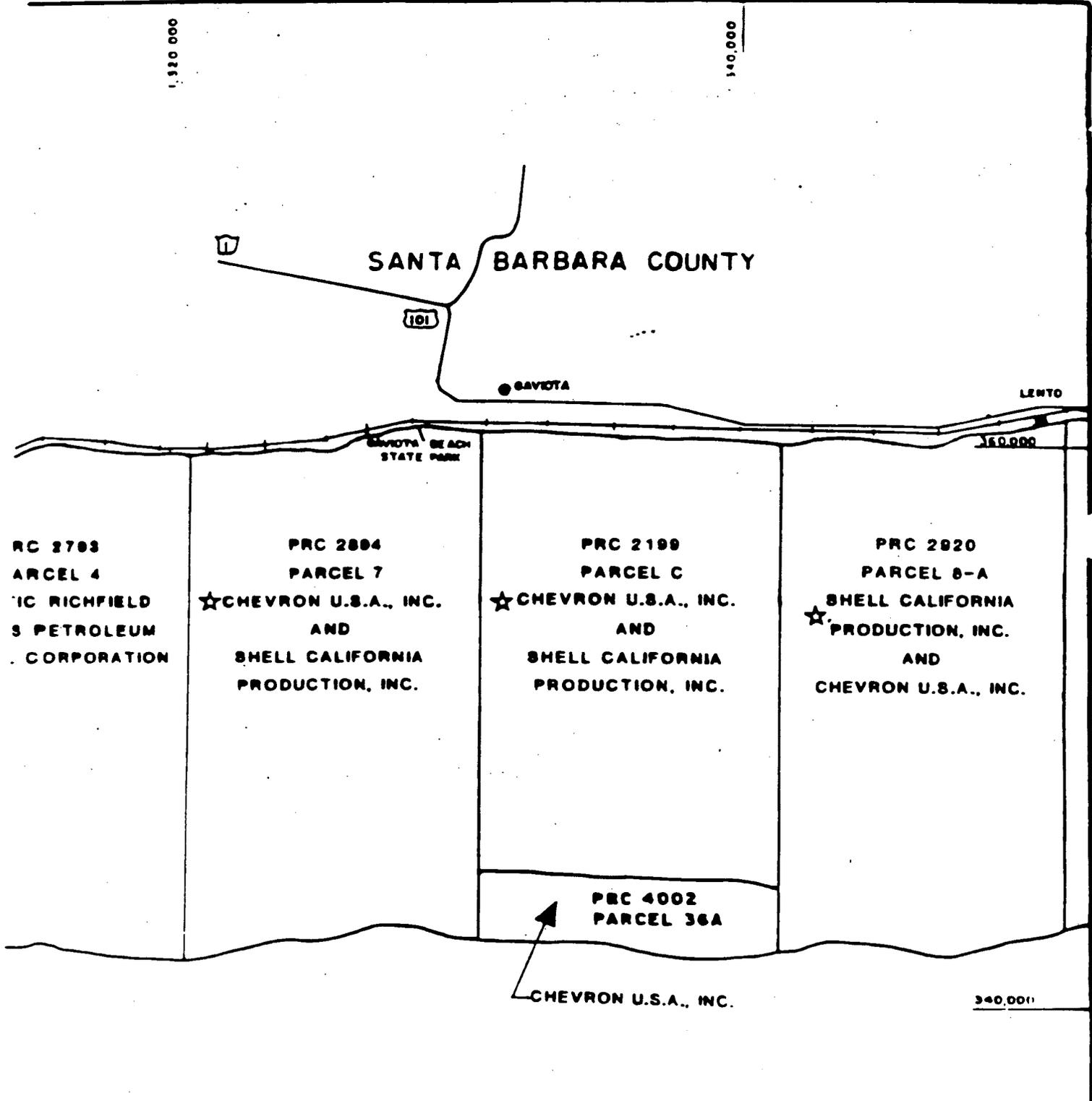
1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. ACCEPT FROM CHEVRON U.S.A. INC., (LESSEE) THE "QUITCLAIM DEED" FOR STATE OIL AND GAS LEASE PRC 4002, SANTA BARBARA COUNTY, DATED NOVEMBER 20, 1991 WHERE THE LESSEE QUITCLAIMS TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LANDS DESCRIBED IN EXHIBIT "A".
3. RELEASE CHEVRON FROM ALL OBLIGATIONS UNDER STATE OIL AND GAS LEASE PRC 4002, SANTA BARBARA COUNTY, EFFECTIVE NOVEMBER 25, 1991, THE FILING DATE OF THE QUITCLAIM DEED.
4. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

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EXHIBIT "A"

LOCATION MAP

PRC 4002



RC 2783
 ARCEL 4
 IC RICHFIELD
 S PETROLEUM
 CORPORATION

PRC 2884
 PARCEL 7
 ★CHEVRON U.S.A., INC.
 AND
 SHELL CALIFORNIA
 PRODUCTION, INC.

PRC 2188
 PARCEL C
 ★CHEVRON U.S.A., INC.
 AND
 SHELL CALIFORNIA
 PRODUCTION, INC.

PRC 2820
 PARCEL 8-A
 ★SHELL CALIFORNIA
 PRODUCTION, INC.
 AND
 CHEVRON U.S.A., INC.

PRC 4002
 PARCEL 36A
 CHEVRON U.S.A., INC.

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CHANNEL