

MINUTE ITEM

This Calendar Item No. C85
was approved as Minute Item
No. 85 by the State Lands
Commission by a vote of 3
to 0 at its 3/8/94
meeting.

CALENDAR ITEM

C85

A 69, 70, 71

S 34, 35

03/08/94

PRC 91	PRC 989
PRC 163	PRC 997
E-392	PRC 999
E-400	PRC 1329
E-401	PRC 1331
PRC 425	PRC 1332
PRC 426	PRC 1334
PRC 919	PRC 1336
PRC 920	PRC 1337
PRC 977	PRC 1340
PRC 980	PRC 1345
PRC 983	PRC 4736
PRC 985	PRC 4887
PRC 986	
Tanner	

**APPROVE THE ASSIGNMENTS OF OFFSHORE
STATE OIL AND GAS LEASES AND
DRILL SITE AGREEMENT,
HUNTINGTON BEACH FIELD,
ORANGE COUNTY**

ASSIGNOR:

Shell Western E&P, Inc.
Attn: J. C. Boyd, Attorney-in-Fact
5060 California Avenue
Bakersfield, California 93309

ASSIGNEE (Via):

Shell Oil and Gas Investment, L.P.
Attn: B. D. Griffin, Attorney-in-Fact
P. O. Box 2463
Houston, Texas 77252-2463

ASSIGNEE (To):

Shell Onshore Ventures, Inc.
Attn: J. C. Boyd, Attorney-in-Fact
5060 California Avenue
Bakersfield, California 93309

AREA, TYPE LAND AND LOCATION:

Twenty-seven State oil and gas leases and one drillsite
agreement located within the Huntington Beach offshore
field, Orange County.

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LAND USE:

Oil and gas production.

CURRENT LEASES TERMS:

Lease term:

20 years and so long thereafter as producing in paying quantities.

Rent:

\$1.00/acre per annum.

Royalty:

Variable from 12 1/2 percent to 20 percent.

BACKGROUND:

The twenty-seven (27) state oil and gas leases and one (1) drill site agreement that Shell Western E&P, Inc., is requesting to assign to Shell Onshore Ventures, Inc., are all located within the Huntington Beach Offshore Field, Orange County. The leases were issued between the dates of September 26, 1938 and August 17, 1973, and have been assigned a number of times since their issuance.

Shell Western E&P, Inc., (SWEPI), the present lessee, contacted Commission staff on January 3, 1994 and requested Commission approval of the assignment of these leases to Shell Onshore Ventures, Inc., via Shell Oil and Gas Investment, Limited Partnership. The reason SWEPI has requested this assignment is to restructure their investments as a means to attract additional investment capital for all their offshore properties.

Since SWEPI will continue to operate all properties for Shell Onshore Ventures, Inc., there will not be a change in the operator for the leases and drill site agreement. SWEPI will remain responsible for all lease operations and responsibilities including well abandonments and oil spill containment.

APPLICANT STATUS:

Applicant is lessee of upland.

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

Filing Fee and Processing costs have been received.

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STATUTORY AND OTHER REFERENCES:

- A. Article 3.5, Cal Code Regs.
- B. Section 2163, Cal. Code Regs.
- C. Section 4 of Lease.
- D. 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. 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.

- 2. Shell Western E&P, Inc., (SWEPI) will continue to operate the leases pursuant to agreements among the affiliated corporate entities.

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. APPROVE THE ASSIGNMENT OF TWENTY-SEVEN (27) STATE OIL AND GAS LEASES AND ONE (1) DRILL SITE AGREEMENT IN THE HUNTINGTON BEACH OFFSHORE FIELD, ORANGE COUNTY, FROM SHELL WESTERN E&P, INC., (SWEPI) VIA SHELL OIL AND GAS INVESTMENT, LIMITED PARTNERSHIP TO SHELL ONSHORE VENTURES, INC.
- 3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENT TO EFFECT THIS ASSIGNMENT.
- 4. THIS ASSIGNMENT WILL BE EFFECTIVE ON APRIL 1, 1994.

