

CALENDAR ITEM

C55

A 4, 36

S 2, 18

MINUTE ITEM
This Calendar Item No. C55
was approved as Minute Item
No. 55 by the State Lands
Commission by a vote of 3
to 0 at its 5/26/94
meeting

05/26/94

PRC 3314

Tanner

APPROVE A TWO YEAR DRILLING DEFERMENT
STATE OFFSHORE OIL AND GAS LEASE PRC 3314,
WEST MONTALVO OFFSHORE FIELD,
VENTURA COUNTY

APPLICANT:

Berry Petroleum Company
Attn: Ralph E. McPhetridge
P. O. Bin X
Taft, California 93268

AREA, TYPE LAND AND LOCATION:

Approximately 5,430 acres, more or less, of tide and
submerged lands located west of Oxnard in Ventura County.

LAND USE:

Oil and gas production.

CURRENT LEASE TERMS:

Lease period:
20+ CQ years beginning July 2, 1965.

Surety bond:
\$50,000.

Consideration:
\$5,430, rent per annum.

Special:
Sliding scale: 16 2/3 percent to 50 percent based on
daily production rate.

BACKGROUND:

State oil and gas lease PRC 3314, West Montalvo Offshore
Field, Ventura County, was issued on July 2, 1965, to Shell
Oil Company (Shell) by competitive bid. On December 22,
1983, Shell assigned its entire interest in the lease to
Shell Western E&P, Inc (SWEPI). On September 23, 1992,
SWEPI assigned its entire interest in this lease to Berry
Petroleum Company (Berry), who is the operator of the lease.

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At its meeting on September 21, 1991, the Commission granted SWEPI a drilling deferment until August 9, 1993. The purpose of the deferment was to allow the lease operator to evaluate the complex geologic structure and the economics necessary for additional development on this lease.

On June 11, 1993, Berry requested a one year drilling deferment until August 4, 1994, to allow it additional time for its evaluation and to complete development of a program for future lease development.

On April 22, 1994, Berry again approached Commission staff to request Commission approval of a two year deferment of drilling until August 1, 1996. The reason for the requested additional time is two fold. First, a December 1993 oil spill at the Montalvo Field forced Berry to re-assign personnel to deal with the after-effects of the oil spill. Second, because of worldwide economics, prices for crude oil in California have plummeted since the beginning of 1994. Only in the last month or so have crude prices shown signs of recovery. The deferment will allow Berry the time to evaluate the geologic potential of the lease in light of the recovering crude oil price market in California.

BASIS FOR CONSIDERATION:

1. P.R.C.: Div. 6.
2. Paragraph 1 of lease.

APPLICANT STATUS:

Applicant is lessee of upland.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

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.

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

2. All other conditions and terms of the lease will remain in full force and effect.

EXHIBITS:

- A. Land Description.
- B. 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 A TWO YEAR DRILLING DEFERMENT TO BERRY PETROLEUM COMPANY, UNTIL AUGUST 1, 1996, FOR STATE OIL AND GAS LEASE PRC 3314, WEST MONTALVO OFFSHORE FIELD, VENTURA COUNTY. ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN FULL FORCE AND EFFECT.

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EXHIBIT "A"

PRC 3314

LAND DESCRIPTION

A parcel of tide and submerged land in the Santa Barbara Channel westerly of the City of Oxnard, Ventura County, California, more directly described as follows:

BEGINNING at a point on the mean high tide line of the Santa Barbara Channel which is distant southeasterly at right angles 78.92 from a line having a bearing of S 72° 43' 00" W, said line intersects the center point of California State Lands Commission Triangulation Station, "TEAL 2 1954", said triangulation station is shown on a map filed as Number 6138 in Book 18 at Page 22, Record of Surveys, Ventura County, California, and has California Zone 5 coordinates of X=1,622,896.07, and Y=256,577.48; thence from said point of beginning leaving the mean high tide line, S 72° 43' 00" W, to the intersection with an envelope line every point of which is at a distance of 3 geographical miles from the nearest point on the mean high tide line of the Santa Barbara Channel; thence northwesterly along said envelope line to its intersection with a line parallel with and 13,500 feet distant northwesterly at right angles from the southeasterly boundary of this parcel; thence N 72° 43' 00" E, along said parallel line to the intersection with the above mentioned mean high tide line; thence southeasterly along the mean high tide line to the point of beginning.

EXCEPTING from the above-described parcel, State Oil & Gas Lease P.R.C. 735.1, resulting in a net acreage included in Parcel 25 of approximately 5430 acres.

The bearings and distances used in the above description are based on the California Coordinate System Zone 5.

The lease will be SUBJECT TO a pipeline easement issued to Southern California Edison Company on July 1, 1958, under P.R.C. 2180.1, said instrument being on file with the State Lands Commission.

END OF DESCRIPTION

REVISED JUNE, 1992 BY LLB.

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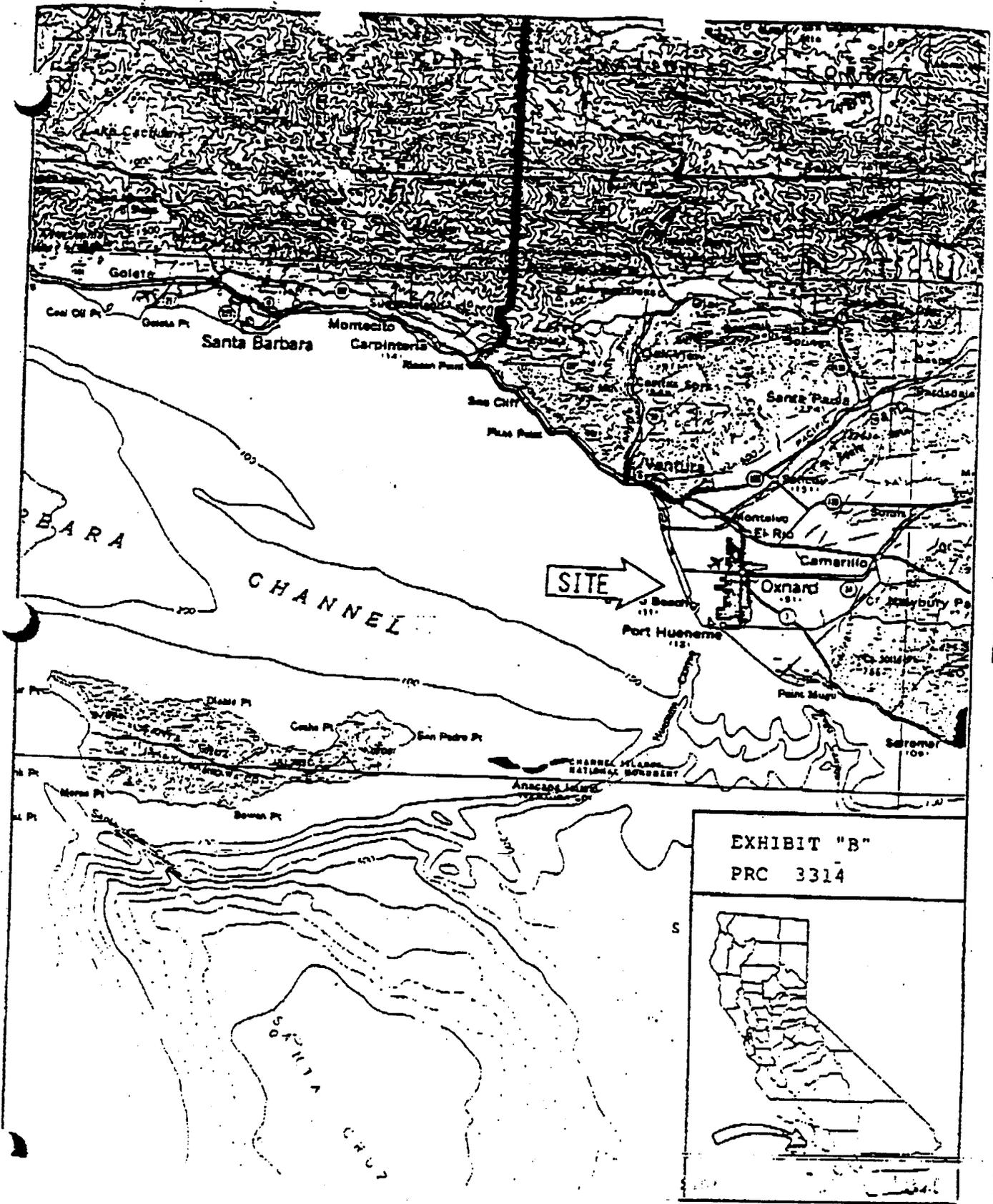


EXHIBIT "B"
 PRC 3314

An inset map of the state of California, with a rectangular box highlighting the central coastal area where the main map is located. The map shows the state's outline and major geographical features.