MINUTE ITEM
This Calendar Item No. C50
was approved as Minute Item
No. 50 by the State Lands
Commission by a vote of 3
to Ø at its 8-3-94
meeting.

CALENDAR ITEM

C50

A 35

S 18

08/03/94
PRC 2199
PRC 2894
PRC 2920
Tanner

**APPROVE ASSIGNMENTS OF INTERESTS IN STATE OIL AND GAS LEASES PRC 2199, PRC 2894 AND PRC 2920, MOLINO OFFSHORE FIELD, SANTA BARBARA COUNTY**

**ASSIGNOR:**

Shell Western E&P, Inc.
Attention: T. E. Enders, California Division
P. O. Box 11164
Bakersfield, California 93389

**ASSIGNEE:**

Molino Energy Company
Attention: John V. Stahl
P. O. Box 930
Los Olivos, California 93441

**AREA, TYPE LAND AND LOCATION:**

State oil and gas leases PRC 2199, PRC 2894 and PRC 2920 are located in the Gaviota area and include the Molino Offshore Field, Santa Barbara County. The leases consist of 3,840 acres (PRC 2199), 4,250 acres (PRC 2894) and 4,250 acres (PRC 2920) of offshore tide and submerged lands.

**LAND USE:**

Oil and gas production.

**CURRENT LEASE TERMS:**

Lease period:

20 Years plus CEQ years beginning July 25, 1958 for PRC 2199; June 28, 1962 for PRC 2894; and August 28, 1962 for PRC 2920.

Surety bond:

$50,000.

**BACKGROUND:**

The three leases were issued between July 25, 1958 and August 28, 1962. The ownership of these leases is divided between Shell Western E&P, Inc. (SWEPI) and Chevron U.S.A., Inc. (Chevron). Chevron and SWEPI own an undivided 50 percent interest in PRC 2894 and PRC 2920. Leasehold interests in PRC 2199 are as follows:

| | | |
|---|---|---|
| Chevron U.S.A., Inc. | North 1/2 | 100 percent |
| Chevron U.S.A., Inc. | South 1/2 | 66-2/3 percent |
| Shell Western E&P, Inc. | South 1/2 | 33-1/3 percent |
| | | 100 percent |

Chevron is the operator of State oil and gas leases PRC 2199 and PRC 2894. SWEPI is the operator of State oil and gas lease PRC 2920.

On June 27, 1994, an application was received from the Molino Energy Company (Molino Energy) for the assignment of SWEPI's interests in the three leases to Molino Energy Company. SWEPI has submitted documents consenting to the assignment of its interest in these leases.

Molino Energy is a California Joint Ventures Partnership established to develop the oil and gas reserves located on these leases. Partners in Molino Energy are Gaviota Energy Group, Inc. and Santa Barbara Facilities, Inc. Gaviota Energy Group and Santa Barbara Facilities, Inc. are both California corporations.

**PREREQUISITE CONDITIONS, FEES AND EXPENSES:**

Filing fee and processing costs have been received.

**STATUTORY AND OTHER REFERENCES:**

A. Article 3.5, Cal. Code Regs.
B. Section 2163, Cal. Code Regs.
C. Section 4 of Leases
D. Section 6804 P.R.C.

**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. SLC legal and audit staffs have reviewed the qualifications and financial statements of the applicant and determined that the partnership is qualified to hold an interest in these leases.

**EXHIBIT:**

A. Location Map

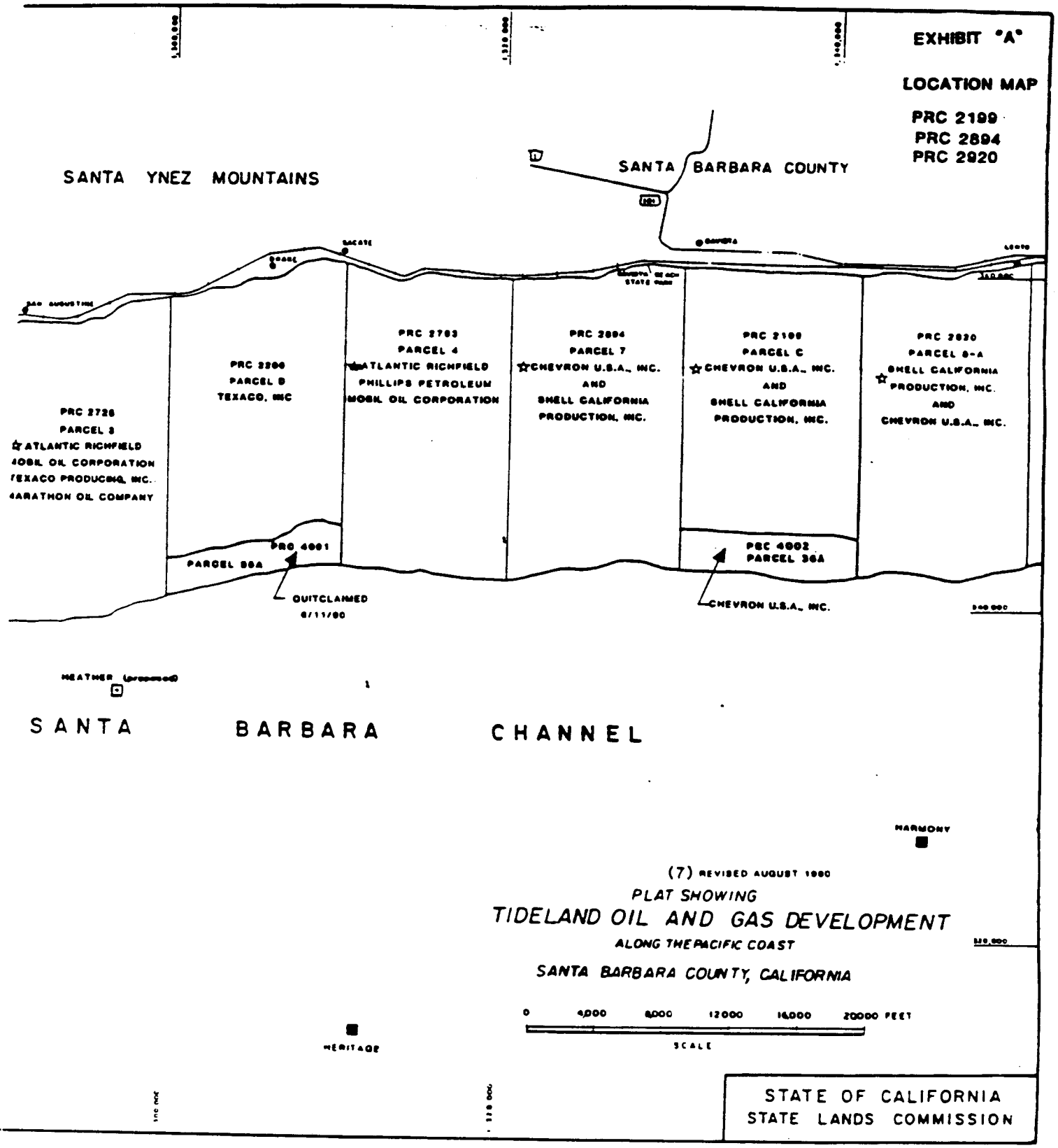
**IT IS RECOMMENDED THAT THE COMMISSION:**

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 THE INTERESTS IN STATE OIL AND GAS LEASES PRC 2199, PRC 2894, AND PRC 2920, MOLINO OFFSHORE FIELD, SANTA BARBARA COUNTY FROM SHELL WESTERN E&P, INC. TO MOLINO ENERGY COMPANY, A CALIFORNIA JOINT VENTURE PARTNERSHIP WITH THE ASSIGNEE TO BE BOUND TO THE TERMS AND CONDITIONS OF THE LEASES TO THE SAME EXTENT AS IF THE ASSIGNEE WERE THE ORIGINAL LESSEE, ANY CONDITIONS IN THE ASSIGNMENT AGREEMENTS TO THE CONTRARY NOTWITHSTANDING.

3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENT TO EFFECT THESE ASSIGNMENTS.

4. THESE ASSIGNMENTS WILL BE EFFECTIVE ON SEPTEMBER 1, 1994.

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