

MINUTE ITEM

This Calendar Item No. C86 was approved as Minute Item No. 86 by the California State Lands Commission by a vote of 3 to 0 at its 08/21/96 meeting.

**CALENDAR ITEM
C86**

A 35
S 18

08/21/96
PRC 2920
J. Tanner

**CONSIDER APPROVAL OF A
DEFERMENT OF DRILLING OBLIGATIONS,
STATE OIL AND GAS LEASE NO. PRC 2920,
MOLINO OFFSHORE FIELD,
SANTA BARBARA COUNTY**

APPLICANT:

Attn: Mr. John Stahl, President
Molino Energy Company
P. O. Box 930
Los Olivos, California 93441

AREA, TYPE LAND AND LOCATION:

4,250 acres more or less of offshore tide and submerged lands located in the Molino Offshore Field, Santa Barbara County.

LAND USE:

Oil and gas exploration and development.

BACKGROUND:

State Oil and Gas Lease No. PRC 2920, Molino Offshore Field, Santa Barbara County, was issued on August 28, 1962 to Shell Oil Company and Standard Oil Company of California, each with an undivided 50 percent interest in this lease. Through a series of name changes, the lessees became Shell Western Exploration and Production, Inc. (SWEPI) and Chevron U.S.A., Inc. (Chevron) with SWEPI as the lease operator.

On August 3, 1994, the State Lands Commission (Commission) approved the assignment of SWEPI's interest in this lease to Molino Energy Company (Molino). Molino assumed the role of operator for this lease.

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Also on August 3, 1994, the Commission granted to SWEPI and its successor-in-interest, Molino, a three year drilling deferment on this lease from October 1, 1993 through September 30, 1996.

On July 16, 1996, Molino requested a further drilling deferment until October 1, 1999. The purpose of this deferment is to enable Molino to further study development scenarios for this lease and obtain the necessary permits to allow construction of an onshore drill site to develop this and surrounding leases in which Molino has an interest.

STATUTORY AND OTHER REFERENCES:

A. Public Resources Code Section 21605.

B. Cal. Code Regs. 15378.

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: Public Resources Code Section 21065 and 14 Cal. Code Regs. 15378.

EXHIBITS:

- A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

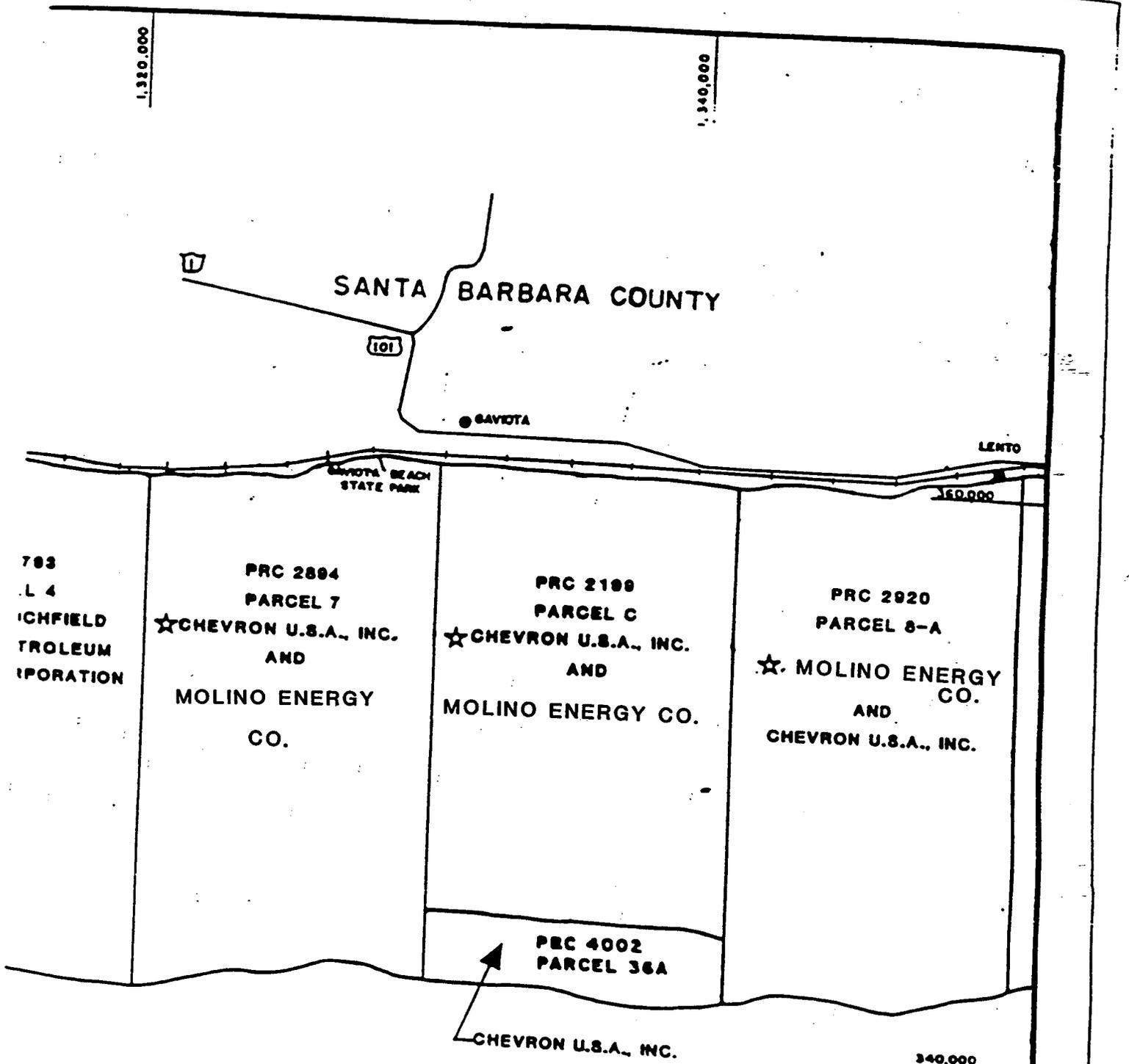
1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.

CALENDAR ITEM NO. C86 (CONT'D)

2. APPROVE A DEFERMENT OF DRILLING OBLIGATION FOR STATE OIL AND GAS LEASE NO. PRC 2920, MOLINO OFFSHORE FIELD, SANTA BARBARA COUNTY, TO MOLINO ENERGY COMPANY, FOR A THREE YEAR PERIOD BEGINNING OCTOBER 1, 1996 AND ENDING SEPTEMBER 30, 1999. ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN FULL FORCE AND EFFECT.

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EXHIBIT "A"
LOCATION MAP



783
L 4
WICHFIELD
TROLEUM
IPORATION

PRC 2894
PARCEL 7
★CHEVRON U.S.A., INC.
AND
MOLINO ENERGY
CO.

PRC 2199
PARCEL C
★CHEVRON U.S.A., INC.
AND
MOLINO ENERGY CO.

PRC 2920
PARCEL 8-A
★MOLINO ENERGY
CO.
AND
CHEVRON U.S.A., INC.

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

CHANNEL

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