

CALENDAR ITEM

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MINUTE ITEM
This Calendar Item No. C69
was approved as Minute Item
No. 69 by the State Lands
Commission by a vote of 3
to 0 at its 9/23/92
meeting.

09/23/92
PRC 3163
Tanner

APPROVE THE ASSIGNMENT OF 100 PERCENT INTEREST
IN THE VENICE COMMUNITY OIL AND GAS LEASE
LOS ANGELES COUNTY

ASSIGNOR:

Chevron, U.S.A. Inc.
Attn: Jim Fields,
Land Department
P. O. Box 6917
Ventura, California 93006

ASSIGNEE:

St. James Oil Corporation
Attn: Laurie B. McDonnell
Royalty and Land Management
14711-C Bentley Circle
Tustin, California 92680

BACKGROUND:

On July 28, 1964, the State Lands Commission approved the issuance of a negotiated on-shore sub-surface oil and gas lease to Standard Oil Company of California (Standard) for a 4.07-acre parcel owned by the State Department of Employment. Offering this parcel for competitive bid was impractical because of its small size and the fact that Standard owned leases surrounding the State parcel. There are no drillsites on the State parcel. The lease was developed from drillsites adjacent to the State parcel.

Through several assignments of interests and name changes, the present lessee is Chevron, U.S.A. Inc (Chevron).

Chevron now requests Commission approval of the assigning of Chevron's interest in this lease to St. James Oil Corporation. St. James Oil Corporation already has begun sending the State monthly royalty checks for this lease.

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A review by the Mineral and Land Auditing Section of St. James Oil Corporation's financial statements has determined that St. James Oil Corporation possesses the financial ability to comply with the terms and conditions of the lease.

Lease Paragraph No. 41 and Provision 6 of a Letter Amendment to the Lease Document dated June 29, 1964, provides that the lessee, with Commission approval, may assign any portion of the lease to a corporation that possesses the qualifications described within P.R.C. Section 6801. The lease also specifies that the assignment will take effect on the first day of the month following Commission approval.

Staff has reviewed the documents and lease files and has found that: (1) the Assignee will be a responsible and financially sound operator, (2) the Assignee is qualified under P.R.C. Section 6801 to hold the lease; (3) the lessee has complied with all lease provisions and no default exists; and (4) all filing fees, processing costs, and required documentation are on file in the Commission's office in Long Beach.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C. 6801 and P.R.C. 6804.
- B. Lease Paragraph 41.

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.

EXHIBIT:

- A. Land Description

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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 100 PERCENT INTEREST IN THE VENICE COMMUNITY OIL AND GAS LEASE PRC 3163, LOS ANGELES COUNTY FROM CHEVRON U.S.A., INC TO ST. JAMES OIL CORPORATION. COMMISSION APPROVAL OF THIS ASSIGNMENT IS GIVEN ON THE CONDITIONS THAT THIS ASSIGNMENT SHALL NOT RELEASE THE ASSIGNOR FROM ANY OBLIGATIONS TO THE STATE UNDER THE LEASE, ANY CONDITIONS IN THE ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING AND THAT THE ASSIGNEE WILL BE BOUND BY THE LEASE, INCLUDING ANY MODIFICATIONS AND COLLATERAL AGREEMENTS, TO THE SAME EXTENT AS THE ASSIGNOR, ANY CONDITION IN ANY ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING. THIS ASSIGNMENT WILL BECOME EFFECTIVE ON OCTOBER 1, 1992.
3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENTS NECESSARY TO EFFECT THIS ASSIGNMENT.

EXHIBIT "A"

PRC 3163.1

All that certain real property situated in the County of Los Angeles, State of California, being a portion of the lands described in Paragraph 42 of the foregoing oil and gas lease from the undersigned and others, as Lessors, to Standard Oil Company of California, as Lessee, dated March 5, 1959, described as follows:

Parcel 1:

Lots 13, 14, 15, 16, 18, 21, 22, 23 and 24 in Block A of Morris Vineyard Subdivision, as per map recorded in Book 3, Pages 38 and 39 of Miscellaneous Records in the office of the County Recorder of said County,

Parcel 2:

Lots 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23 and 24 in Block B of Morris Vineyard Subdivision, as per map recorded in Book 3, Pages 38 and 39 of Miscellaneous Records in the office of the County Recorder of said County,

together with all right, title and interest which the undersigned may now have, or hereafter acquire in the real property included in any avenues, alleys, highways, roads or streets adjacent to the above-described premises.

Exhibit "A".JJT