

MINUTE ITEM

This Calendar Item No. 35
was approved as Minute Item
No. 35 by the State Lands
Commission by a vote of 3
to 0 at its 10/2/82
meeting,

CALENDAR ITEM

35

10/28/82
PRC 2206
PRC 2725
W 40205
Hamilton

DEFERMENT OF DRILLING OPERATIONS,
STATE OIL AND GAS LEASES PRC 2206 AND PRC 2725

LESSEE: Texaco Inc.
3350 Wilshire Boulevard
Los Angeles, California 90010
Attention: G. M. Sennatt

AREA, TYPE LAND AND LOCATION:
State Oil and Gas Leases PRC 2206 and PRC 2725
were issued on July 25, 1958 and May 4,
1961, and contain 3,8 acres and 4,250
acres, respectively, or submerged lands
lying offshore in Santa Barbara County,
between Pt. Conception and the City of
Santa Barbara. Texaco Inc. is the current
lessee of these Leases.

SUMMARY: On April 29, 1971, the Commission authorized
the extension of time a lessee has in which
to resume drilling operations on State
leases that were affected by the Commission's
drilling moratorium. For State Leases PRC 2206
and PRC 2725, Texaco has six months after
the moratorium terminates in which to commence
drilling operations.

On April 27, 1982, the Commission authorized
the resumption of drilling operations on
State Leases PRC 2206 and PRC 2725, thereby
terminating the drilling moratorium. Since
that time, Texaco has been diligently attempting
to secure other agency permits and approvals
needed to commence drilling operations
on the leases.

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On May 15, 1982, the Regional Water Quality Control Board (RWQCB) issued a NPDES permit for the disposal of drilling mud and cuttings for two of the four proposed exploratory wells. As a condition of this permit, an oceanographic reconnaissance survey of the proposed sites was required prior to any drilling. Texaco completed the survey and submitted it to the RWQCB and Oceanographic Technical Advisory Committee (Industry, Fish and Game and RWQCB) for review on September 10, 1982. The RWQCB stipulated that the effects of drilling discharges on sensitive or especially significant biological communities must be determined by a monitoring program. The monitoring program would be required at each site and is expected to cost about \$300,000 per drillsite. Texaco is currently appealing this action to the State Water Resources Control Board. The alternative to this program would be to haul the mud and cuttings to an onshore disposal site.

In addition, the Santa Barbara County APCD has determined that offshore exploratory drilling operations constitute a "new stationary source" and is subject to the new source review (NSR) rule. The NSR rule requires that emissions of nitrogen oxide from drilling vessels be offset with a reduction of emissions from other sources within the area impacted by the drilling operations. Since Texaco does not have facilities in Santa Barbara County that have offset capabilities, Texaco is negotiating with other companies for offsets. Once an agreement is reached with a facility having offset capabilities, the agreement must be approved by the Santa Barbara County APCD.

After obtaining approvals from the RWQCB and Santa Barbara County APCD, an application can be submitted to the Coastal Commission for their consideration and approval.

Texaco has requested that the Commission extend the drilling obligation dates of State Oil and Gas Leases PRC 2206 and PRC 2725

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for one year from the date the Coastal Commission issues a development permit. Texaco has advised that the Santa Barbara County APCD may require offsets to be operational for one year prior to drilling on the Leases. However, it is recommended that the deferment be limited to six months which should be adequate to complete the permitting process.

AB 884: N/A.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT CEQA IS NOT APPLICABLE TO THIS ACTION AS IT IS NOT A "PROJECT WHICH MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT", AS DEFINED IN CEQA AND ITS IMPLEMENTING GUIDELINES.
2. APPROVE A DEFERMENT OF THE DRILLING REQUIREMENTS OF STATE OIL AND GAS LEASES PRC 2206 AND PRC 2725 FOR THE PERIOD COMMENCING OCTOBER 28, 1982 TO MAY 1, 1983. THE COMMISSION RESERVES THE RIGHT TO TERMINATE THIS DEFERMENT OF DRILLING REQUIREMENTS UPON 30 DAYS WRITTEN NOTICE; ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

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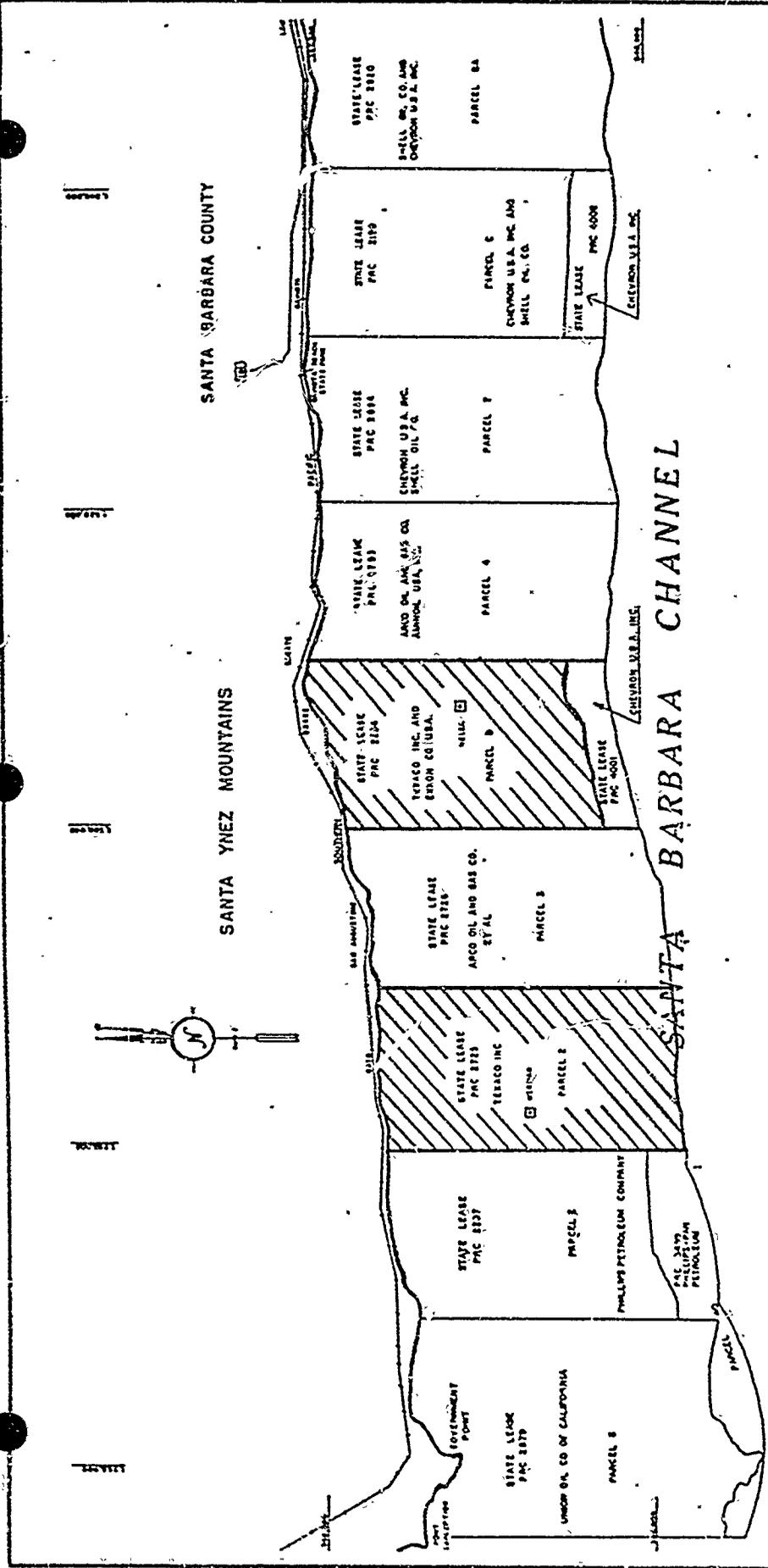


EXHIBIT "A"
LOCATION MAP
STATE OIL AND GAS LEASES
PRC 2725 AND 2206

TEXACO INC.
SANTA BARBARA COUNTY

OCTOBER 1982

ADW

REVISED MAY 1988
 REVISED AUGUST 1978
 REVISED JANUARY 1984

NOTE
 (B) INDICATES MATTERS

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