MINUTE ITEM
This Calendar Item No. 38
was submitted for information
only, no action thereon
being necessary.

INFORMATIVE CALENDAR ITEM

4/28/83
W 40185
Todhunter

38

QUARTERLY REPORT TO LEGISLATURE
OIL AND GAS DEVELOPMENT PROGRAM
PT. CONCEPTION/PT. ARGUELLO,
SANTA BARBARA COUNTY

Budget language directs the State Lands Commission to report quarterly on the Point Conception Oil and Gas Program. This report covers the third quarter of the 1982-83 fiscal year.

EXPENDITURE OF FUNDS FOR PRELEASING ACTIVITIES:

None.

CURRENT STATUS OF PROGRAM:

On December 23, 1982 the State Lands Commission after consideration of the information contained in the Final EIR, certified on September 23, 1982, approved the solicitation of bids on eight parcels within the Point Conception Project Area. "Bid Packages" have been sent to prospective bidders.

FUTURE ACTION:

Bids are to be received and opened on August 15, 1983. The staff will have a maximum of 90 days to evaluate and submit recommendations for consideration by the Commission for approval of the award of leases on the eight parcels.

A 29, 35
S 17, 18

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STAFFING CHANGES OR REORGANIZATION RELATED TO PROJECT:

The staffing organization of the Commission's Extractive Development Program was detailed in the first quarterly report. No changes have been made.

LITIGATION: COUNTY OF SANTA BARBARA V. STATE LANDS COMMISSION (W 503.1294) AND SOUTH CENTRAL COASTWATCH V. STATE LANDS COMMISSION (W503.1295):

Both of these suits were brought in late January 1983 to challenge the Commission's lease program and environmental analysis for the Pt. Conception oil and gas leasing plan. They were subsequently consolidated and the City of Santa Barbara was added as a plaintiff. The parties alledge that the Commission's EIR and leasing decision are inadequate and unlawful. Briefing papers are being drafted with a goal of early to mid-summer 1983 for the trial. Currently several commercial fishing groups have filed to be added as plaintiffs.

FEDERAL ACTIVITY:

Activity in the federal offshore Pt. Conception-Santa Maria Basin Area includes the reinstatement of a federal lease sale, continued geophysical activity and 14 exploratory/delineation wells. Ten wells were drilled, evaluated and abandoned and four wells are currently drilling and testing.

Federal Lease Sale OCS No. 73 (Central and Northern California) originally scheduled for September 1983, was reported postponed indefinitely as funds were withdrawn for completion of processing; however the sale area has been reduced and is currently scheduled for October 1983. The sale area has been altered to cover only those tracts from Pt. Conception to Morro Bay and out 66 miles offshore. Except for 17 tracts between OCS Sale No. 53 leases and the State offshore boundary the tracts offered in OCS Sale No. 73 are seaward from the leases issued under the OCS No. 53 Sale.

Two of the exploratory wells drilled in the 3rd quarter were announced as new field discoveries. A well drilled by Union Oil Co on their Tract P-0441 was reported to have produced at a rate of 4,290 barrels of oil per day. Tract P-0441 is adjacent to State tidelands 1 1/2 miles north of Point Arguello.

The second new field discovery was announced by Occidental Petroleum on Tract P-0409. The well, 6 1/2 miles west of State lands and about 25 miles north of Point Arguello, was reported to have been tested at a rate of 1,550 barrels of oil per day. Both of the discoveries are being followed up with delineation wells.

A delineation well on Tract P-0318 was drilled and tested by Chevron Oil Co. no details were released, however, it was reported that the well is capable of production. The well P-0318 No. 2 is the second well drilled on the tract and is less than 1000' from State lands.

On Tract P-0451 adjacent to State lands, Chevron drilled an exploratory test well to 10,704 feet. The well was abandoned February 25, 1983, without the release of any information after 2 1/2 months of testing and evaluating. Chevron has commenced drilling on P-0452 the adjoining tract to P-0451 that also borders subject srea of State lands.

In a release of information Phillips Oil Co. raised the estimated reserves of the Point Arguello Field, discovered by Chevron and Phillips on their OCS P-0316 Tract, from 300 million to 500 million barrels oil. The release alleged that since the discovery of the field in April 1981 several excellent conformation wells have been drilled and tested.