

MINUTE ITEM

This Calendar Item No. 23
was approved as Minute Item
No. 23 by the State Lands
Commission by a vote of 2
to 0 at its 2/23/84
meeting.

CALENDAR ITEM

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2/23/84
PRC 308
PRC 309
PRC 3120
PRC 3242
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DEFERMENT OF DRILLING OPERATIONS
STATE OIL AND GAS LEASES
PRCs 308, 309, 3120 and 3242

OPERATOR: ARCO Oil and Gas Company
P. O. Box 147
Bakersfield, California 92302
Attention: R. H. Flaherty

AREA, TYPE LAND AND LOCATION:

State Oil and Gas Leases PRC 308 and 309
were issued on March 4, 1947 and each contains
approximately 1,920 acres of tide and submerged
lands south of Goleta. State Oil and Gas
Lease PRC 3120 was issued on April 29, 1964
and contains approximately 3,324 acres
of tide and submerged lands west of Goleta.
State Oil and Gas Lease PRC 3242 was issued
on April 8, 1965 and contains 4,290 acres
of tide and submerged lands west of Goleta.
ARCO is presently operator of all four
leases.

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CALENDAR ITEM NO. 23 (CONTD)

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 1969 drilling moratorium. For State Leases PRCs 308, 309, 3120 and 3242, ARCO had six months after the drilling moratorium terminated in which to commence drilling operations. Resumption of drilling on PRCs 308 and 309 was authorized on October 8, 1980. Resumption of drilling on PRCs 3120 and 3242 was authorized on May 27, 1975. In addition, exploratory drilling from a mobil drilling vessel was authorized on February 25, 1982.

Development and drilling operations on PRCs 3120 and 3242 resumed in 1976 and continued through 1981. No exploratory drilling from a mobil vessel has occurred on PRCs 3120 or 3242 since the 1982 Commission authorization. Two wells have been drilled on PRC 309, 1,027 miles of seismic data has been obtained on the four leases during 1983, and a major discovery, the Coal Oil Point Field, believed to underlie PRCs 308, 309 and 3242, has been made.

The State Lands Commission authorized a deferment of the drilling obligation on PRC 308, 309 and 3242 through December 17, 1983. On December 15, 1983, ARCO submitted their Preliminary Development Plan for the Coal Point Field.

ARCO has submitted to the Commission a plan for exploration on the four leases during 1984 and 1985. The plan includes the drilling of four wells in 1984, and further exploration during 1985 based on the results of the 1984 program. ARCO expects to begin drilling from the proposed Coal Oil Point platform complexes in 1986.

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ARCO has requested deferment of the respective lease drilling obligations to drill any wells, aside from those described above, until mid-1985, on any of the four leases. Meanwhile, ARCO is actively pursuing its application for the Coal Oil Point Field Development Project. Staff supports the proposed eighteen month deferment if it is conditioned on ARCO's drilling the four exploratory wells proposed for 1984.

AB 884: N/A.

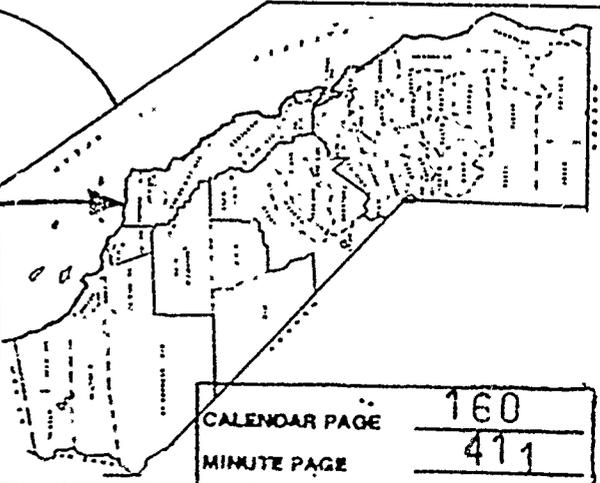
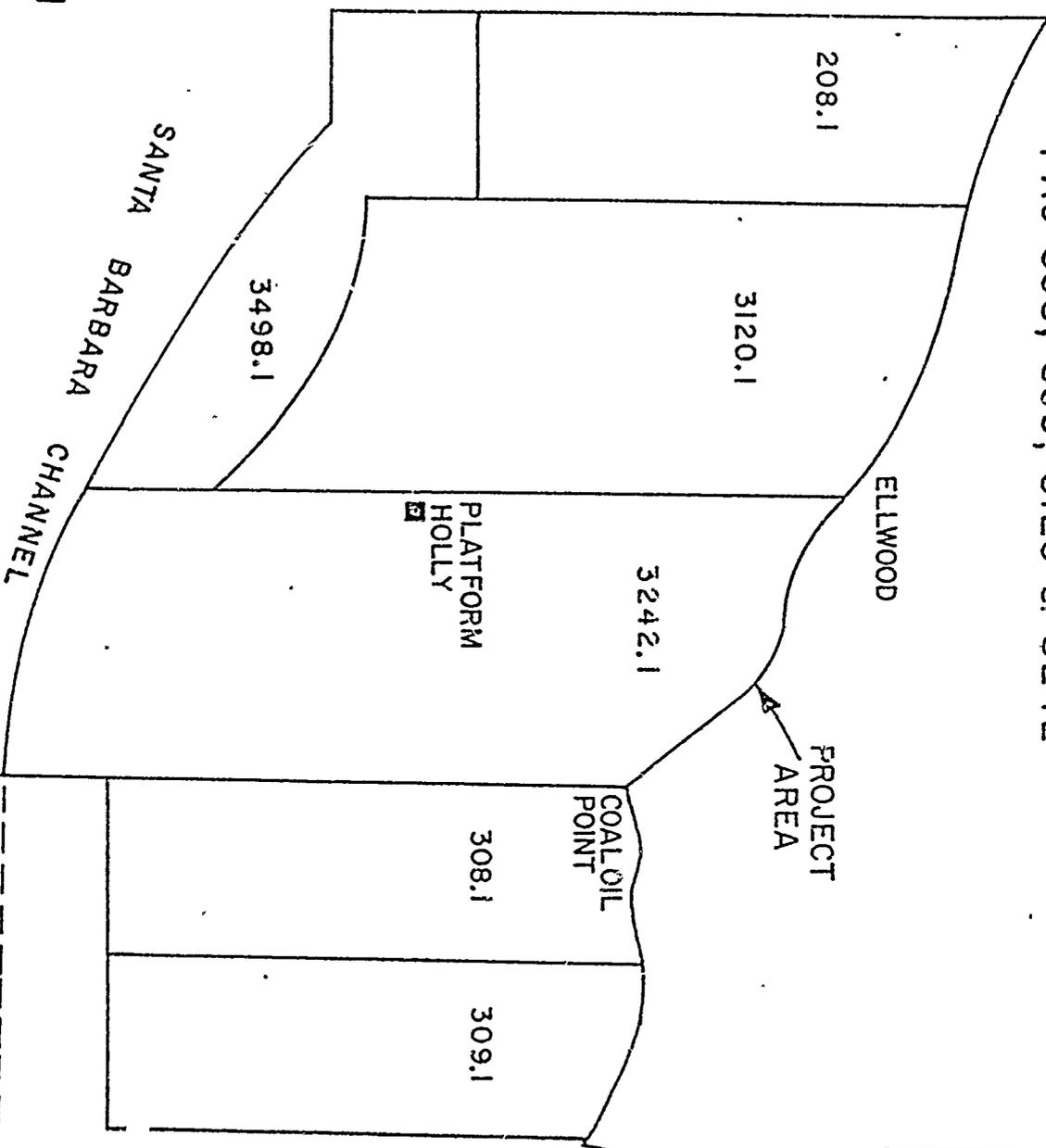
EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT CEQA IS NOT APPLICABLE TO THIS ACTION AS IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAC 15378.
2. APPROVE A DEFERMENT OF THE DRILLING OBLIGATIONS ON STATE OIL AND GAS LEASES PRCs 308, 309, 3120 AND 3242 UNTIL JULY 3, 1985, CONDITIONED ON THE DRILLING OF FOUR EXPLORATORY WELLS ON THE LEASES DURING 1984 WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASES REMAINING IN FULL FORCE AND EFFECT.

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DEFERMENT OF DRILLING OBLIGATION
 PRC 308, 309, 3120 & 3242



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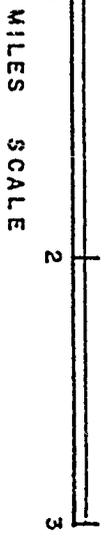


EXHIBIT "A"

7.2 '84