

MINUTE ITEM

This Calendar Item No. 43  
was approved as Minute Item  
No. 43 by the State Lands  
Commission by a vote of 3  
to 0 at its 6/21/84  
meeting.

A 35  
S 18

CALENDAR ITEM

43 4

06/21/84  
PRC 2725  
PRC 2206  
Livenick

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

LESSEE: Texaco, Inc.  
3350 Wilshire Boulevard  
Los Angeles, California 90010

AREA, TYPE LAND AND LOCATION:  
State Oil and Gas Lease PRC 2725.1 was issued  
to Texaco on May 4, 1961, and contains  
approximately 4,250 acres of tide and submerged  
lands west of Gaviota (see Exhibit "A").

SUMMARY: On April 27, 1982, the Commission authorized  
the resumption of drilling operations on State  
Lease PRC 2725, thereby terminating the  
drilling moratorium. Since that time, Texaco  
has drilled and abandoned one well and has been  
involved in a re-evaluation of the lease  
geology. A 3-D survey has been conducted and is  
in the process of being interpreted. Texaco  
presently has a drilling deferment which  
expires on July 4, but does not expect to have  
completed the geophysical interpretation in  
time to meet the July 4 obligation.

Recent amendments of the Santa Barbara Air  
Pollution Control District (S.B.A.P.C.D.)  
regulations require that as a condition of any  
drilling permit issued by that agency, the  
operator must monitor the area for nitrogen  
dioxide levels for one year in advance of the  
proposed drilling operations. Texaco and the  
A.P.C.D. Have informally discussed the required  
monitoring program and Texaco has indicated its  
willingness to commence the program if it can

Added 6/18/84

|               |             |
|---------------|-------------|
| CALENDAR PAGE | <u>225</u>  |
| MINUTE PAGE   | <u>1448</u> |

be assured of a drilling window. The A.P.C.D. has advised that upon approval of the monitoring program drilling could be initiated in the fall of 1985 and into the spring of 1986. Further, drilling would be restricted to operation of one drill rig on the two leases operated by Texaco in this area (PRC 2725 and PRC 2206) at any time. Prior to these restrictions, a deferment was granted to Texaco on PRC 2206 through May 1, 1985.

In view of the now existing restrictions of the S.B.A.P.C.D. proposed permits it is necessary that the drilling requirements under both PRC 2206 and PRC 2725 be deferred until at least the fall of 1985. If the drilling permits issued by the A.P.C.D. provide terms other than that stated above, staff will report back to the Commission.

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061, the staff has determined that this activity is exempt from the requirements of the CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

- 2. APPROVE A DEFERMENT OF THE DRILLING REQUIREMENTS ON STATE OIL AND GAS LEASE PRC 2725.1 FOR THE PERIOD FROM JULY 4, 1984 THROUGH DECEMBER 31, 1985, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.
- 3. APPROVE A DEFERMENT OF DRILLING REQUIREMENTS ON STATE OIL AND GAS LEASE PRC 2206 FOR THE PERIOD FROM MAY 1, 1985 THROUGH DECEMBER 31, 1985, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Added 6/18/84

|               |       |
|---------------|-------|
| CALENDAR PAGE | 225.2 |
| MINUTE PAGE   | 1450  |