

MINUTE ITEM

This Calendar Item No. 41  
was approved as Minute Item  
No. 41 by the State Lands  
Commission by a vote of 2  
to 0 at its 11/29/84  
meeting.

CALENDAR ITEM

A 35

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11/29/84  
PRC 308  
PRC 309  
PRC 3120  
PRC 3242  
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MODIFICATION TO 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. Each lease contains  
approximately 1,920 acres of tide and submerged  
lands located 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 located west of Goleta. ARCO is  
presently operator of all four leases.

SUMMARY:  
On April 29, 1971, the Commission authorized  
the extension of the 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 development drilling on PRCs 3120  
and 3242 was authorized on May 27, 1975.

CALENDAR ITEM NO. 41 (CONT'D)

Resumption of exploratory drilling on PRCs 308 and 309 was authorized on October 8, 1980. In addition, exploratory drilling on PRC's 208, 3120 and 3242 from a mobil drilling vessel was authorized on February 25, 1982.

Development 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. However, two exploratory 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.

Additionally, in order to fulfill its drilling obligations under the leases, ARCO submitted to the Commission a plan for further exploration of the four leases during 1984 and 1985. The plan included the drilling of four wells in 1984, and further exploration during 1985 based on the results of the 1984 program. ARCO is about to spud the first of the four wells and will drill all four wells without significant interruption, but it will be impossible to complete all four wells in 1984.

On February 23, 1984, the Commission approved a deferment of the respective lease drilling obligations to drill any wells, (aside from those four described above), until mid-1985, on any of the four leases. The deferments were conditioned on ARCO's drilling the four exploratory wells proposed for 1984.

Because of ARCO's commitment to exploration and development of these leases and its further commitment to drill all four exploration wells sequentially, staff believes that the condition of the drilling deferment which required all four wells to be drilled in 1984 should be modified to provide that the four wells must be drilled by the end of the eighteen month deferment, i.e. by July 3, 1985.

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CALENDAR ITEM NO. 23 (CONT'D)

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061) 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.

AB 884: N/A.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS 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 MODIFICATION OF THE DEFERMENT (UNTIL JULY 3, 1985) OF THE DRILLING OBLIGATIONS ON STATE OIL AND GAS LEASES PRCs 308, 309, 3120 AND 3242 APPROVED BY THE COMMISSION ON FEBRUARY 23, 1984 (MINUTE ITEM NO. 23) TO PROVIDE THAT FOUR EXPLORATORY WELLS SHALL BE DRILLED ON THE LEASES BY JULY 3, 1985 WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASES REMAINING IN FULL FORCE AND EFFECT.

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

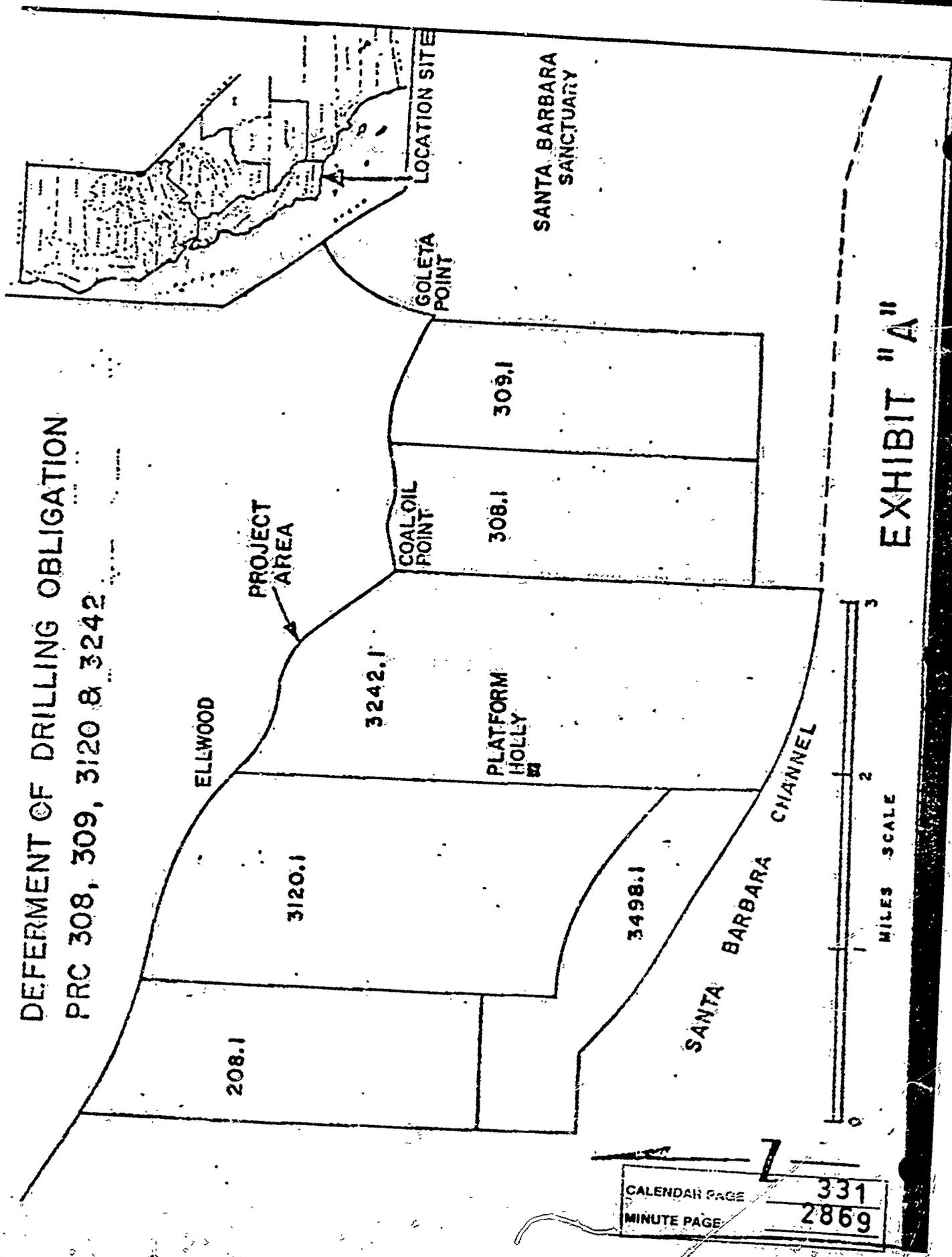


EXHIBIT "A"