MINUTE ITEM

This Calendar Item No. 25 was approved as Minute Item No. 25 by the State Lands Commission by a vote of 2 to 0 at its 3/28/85 meeting.

CALENDAR ITEM

A 35

S 18

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03/28/85
PRC 308
PRC 309
PRC 3120
PRC 3242
Gonzalez

DEFERMENT OF DRILLING OBLIGATIONS
STATE OIL AND GAS LEASES
PRC 308, PRC 309, PRC 3120 AND PRC 3242

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

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.

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.

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Resumptions of exploratory drilling on PRCs 308 and 309 was authorized on October 8, 1980. In addition, exploratory drilling on PRCs 208, 3120 and 3242 from a mobile 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 mobile 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 have 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.

On February 23, 1984, the Commission approved a 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. The deferments were conditioned on ARCO's drilling the four exploratory wells proposed for 1984.

Due to permit and other problems, ARCO's request for a modification of the deferment to provide that the four wells be drilled on the leases by July 3, 1985 was granted by the State Lands Commission on November 29, 1984.

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The first well on the program, 208 #102, was commenced November 29, 1984. The well was drilled and after testing, was abandoned on March 10, 1985. In issuing the permits for the two non-platform wells (208 #102 and 309 #11), the Santa Barbara County Air Pollution Control District granted a total of 140 days to drill both wells. Their limitation was intended to restrict non-platform drilling with its respective greater emissions to a period least likely to increase the ozone and/or smog levels of late spring and summer.

Due to additional time required on 208 #102 because of drilling beyond the projected original depth and well problems, there are now insufficient permit days remaining to drill 309 #11. ARCO has asked the Santa Barbara Air Pollution Control District if it would permit the drilling of two platform wells this summer with the understanding that the second non-platform well 309 #11 would be drilled during the fall of 1985 or beyond the air pollution smog alert season. The Air Pollution Control District has agreed to this proposal subject to ARCO having to shut down the 309 #11 drilling for smog alerts prior to October 15, 1985.

ARCO has moved to the two platform wells which are scheduled to be completed in approximately 180 days, and will then move to drill well 309 #11. It is estimated that the 308 #11 well will be started by October 1985, and should be finished in late December 1985 or early January 1986.

ARCO has requested that the State Lands Commission determine that the drilling obligation under Leases PRCs 308, 309, 3120 and 3242 have been fulfilled through March 1, 1986 provided the four well program is completed by that date.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. 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.

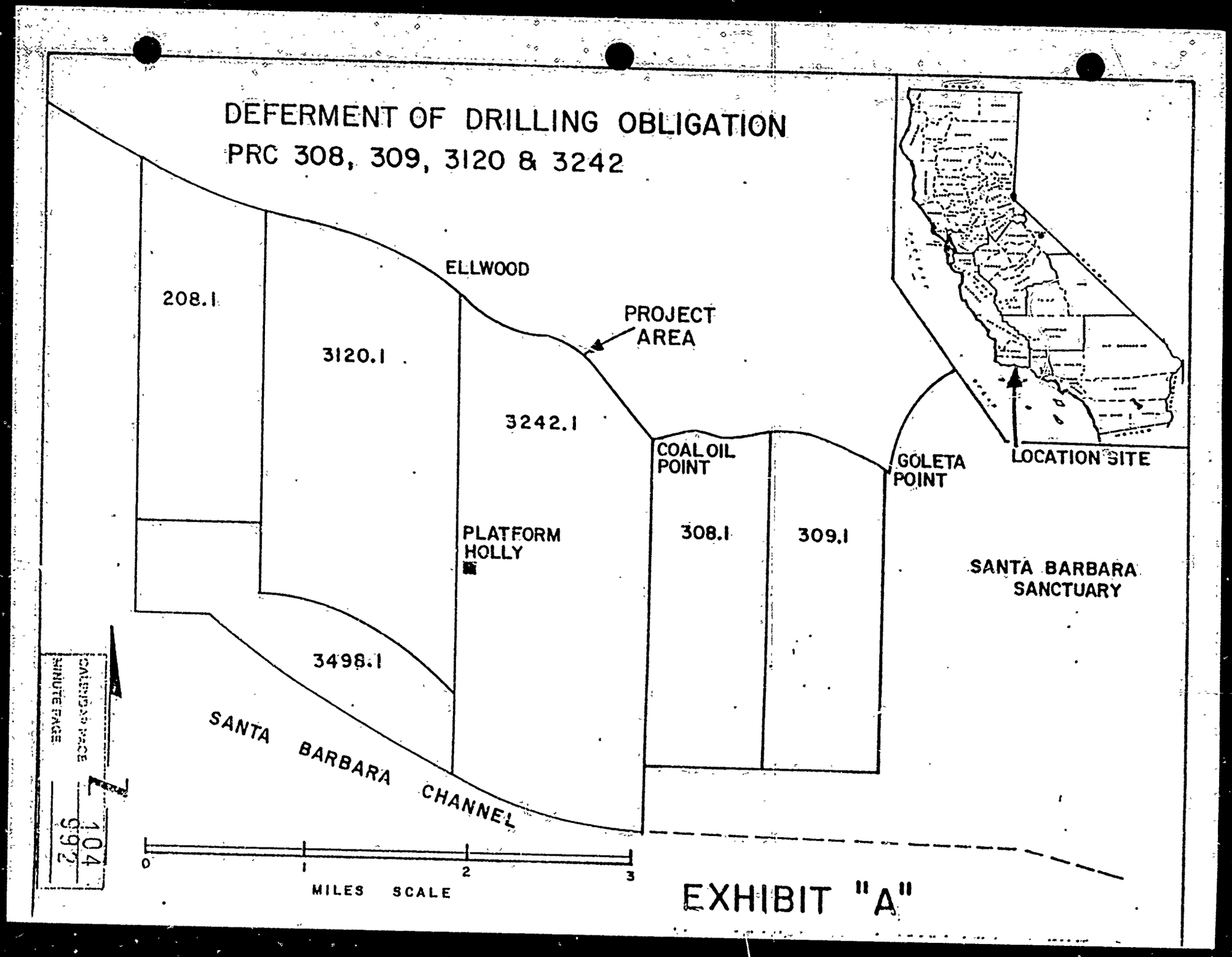
   Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

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. DETERMINE THAT THE DRILLING OBLIGATIONS ON STATE OIL AND GAS LEASES PRCs 308, 309, 3120 AND 3242 HAVE BEEN FULFILLED THROUGH MARCH 1, 1986, CONDITIONED UPON LESSEE'S COMPLETING THE FOUR WELL DRILLING DESCRIBED IN LETTER DATED JANUARY 24, 1985 FROM ARCO OIL AND GAS COMPANY.


DEFERMENT OF DRILLING OBLIGATION
PRC 308, 309, 3120 & 3242
ELLWOOD
PROJECT AREA
208.1
3120.1
3242.1
COAL OIL POINT
GOLETA POINT
LOCATION SITE
PLATFORM HOLLY
308.1
309.1
SANTA BARBARA SANCTUARY
3498.1
SANTA BARBARA CHANNEL
0
1
2
3
MILES SCALE
EXHIBIT "A"
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