

MINUTE ITEM

Application No. 39  
11/13/85

CALENDAR ITEM

A 35  
S 18

39

11/21/85  
PRC 308  
PRC 309  
PRC 3120  
PRC 3242  
Gonzalez

MODIFICATION TO DEFERMENT OF DRILLING OPERATIONS,  
STATE OIL AND GAS LEASES  
PRC'S 308, 309, 3120 AND 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. 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.

BACKGROUND:

On November 15, 1983, ARCO as operator for State Leases PRC 308, 309, 3120 and 3242, requested a deferment of the drilling obligations on the Leases until Coal Oil Point development facilities could be installed. On February 23, 1984, the State Lands Commission approved a deferment of the drilling obligations to July 3, 1985 with the condition that ARCO and co-owners drill four wells on the Leases during 1984. ARCO's additional request for a modification extending the deferment to

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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.

The State Lands Commission determined that ARCO's drilling obligations on the Leases had been fulfilled through March 1, 1986 conditioned upon completion of the four wells drilling program described in ARCO's letter to the Commission dated January 24, 1985.

SUMMARY:

The approved four wells drilling program consisted specifically of drilling two wells from Platform Holly, 3242-19 and 3242-7-1, and two wells 208-102 and 309-11, from a mobile drilling vessel. The Santa Barbara County Air Pollution Control District (APCD) granted permission for a total of 140 days to drill both off-platform wells.

The first well in the program, Well No. 208-102, was commenced November 29, 1984. The well was drilled to a total depth of 11,175 feet from a jack-up drilling vessel. Drilling and testing of this well required 110 days out of a total of 140 days granted by the APCD to drill the two off-platform wells in the program.

The second well in the program, Well No. 3242-19, was commenced on April 30, 1985 from Platform Holly. It was bottomed at a total depth of 11,524 feet.

The third well in the program, Well No. 3242-7-1, was spudded from Platform Holly on September 5, 1985 and is currently at a total depth of 10,800 feet and logging. This well will be completed as a Monterey zone producer by approximately November 1, 1985.

The fourth and final well in the program, Well No. 309-11, was originally projected, in January 1985, to be the second off-platform well. However, the APCD informed ARCO that they will permit only a maximum of 58 days to drill Well No. 309-11. It does not appear that

a deep test can be drilled in this short time period.

As an alternative to Well No. 309-11 and to comply with the conditions of the Commission's deferment, ARCO is proposing a substitute well by redrilling from Platform Holly into westerly Lease PRC 3120 to further define the commerciality and development potential of resource shows encountered in the adjacent Well 208-102. Staff has reviewed this proposal and concurs that this well will provide essential information for the (Well 208-102) westerly extension of the South Ellwood Offshore Field.

OTHER PERTINENT INFORMATION:

1. In July 1974 the Commission approved the resumption of drilling from Platform Holly. This approval included the authorization to fully utilize Platform Holly, including all redrills. ARCO's proposal is consistent with the Commission's prior authorizations.
2. 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.

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2. CONSENT TO MODIFICATION OF THE CONDITIONS FOR DEFERMENT OF DRILLING OBLIGATIONS ON STATE OIL AND GAS LEASES PRC 308, 309, 3120 AND 3242 AS APPROVED ON MARCH 28, 1985, TO ALLOW REDRILLING OF A WELL FROM PLATFORM HOLLY IN LIEU OF THE ORIGINALLY PROPOSED WELL 309-11.
3. FIND THAT THE REDRILLING PROPOSED BY ARCO IS CONSISTENT WITH THE COMMISSION'S PRIOR AUTHORIZATIONS AND IS COVERED BY A PRIOR EIR PREPARED FOR THE RESUMPTION OF DRILLING FROM PLATFORM HOLLY.

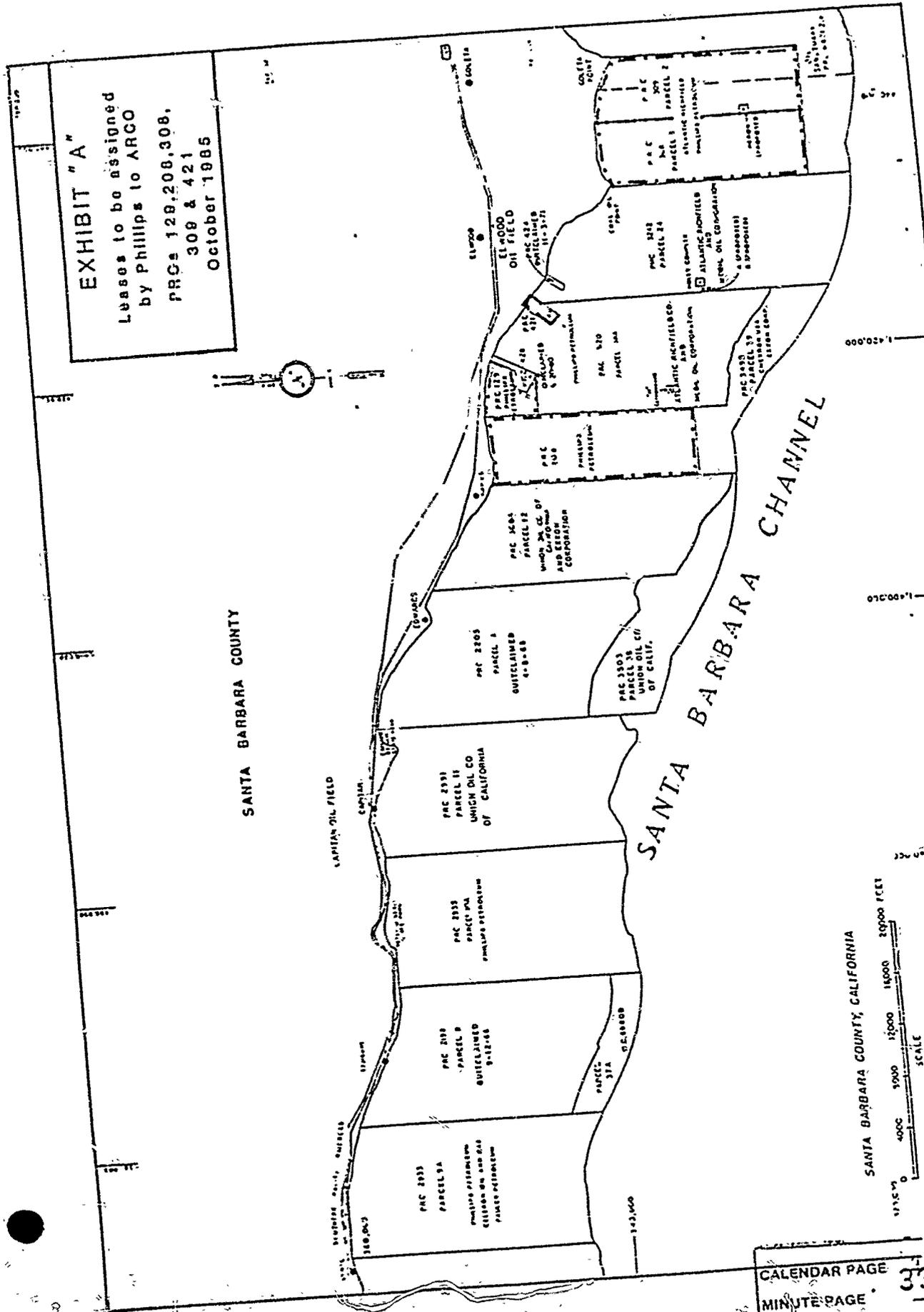
**EXHIBIT "A"**

Leases to be assigned  
by Phillips to ARCO  
PRCs 129, 208, 308,  
309 & 421  
October 1985

SANTA BARBARA COUNTY

LAPIAN OIL FIELD

SANTA BARBARA CHANNEL



SANTA BARBARA COUNTY, CALIFORNIA  
SCALE  
0 4000 8000 12000 16000 20000 FEET

STATE OF CALIFORNIA  
STATE LANDS COMMISSION

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