MINUTE ITEM
This Calendar Item No. 32
was approved as Minute Item
No. 37 by the State Lands
Commission by a vote of 3
0 at its 9/27/89
meeting.

CALENDAR ITEM

A 36

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09/27/89
PRC 3489
PRC 3490
Nitsche

DEFERMENT OF DRILLING OBLIGATION
STATE OIL AND GAS LEASES PRC 3489 AND 3490
VENTURA COUNTY

LESSEE/OPERATOR: Mobil Exploration & Producing, U.S., Inc.
Attn.: Mr. J. A. O'Donnell
P. O. Box 9989
Bakersfield, CA 93389-9989

AREA, TYPE LAND AND LOCATION:

1. State oil and gas lease PRC 3489 contains 4,570 acres of submerged lands in Ventura County approximately 8.5 miles west of Point Dume immediately adjacent to the Los Angeles County line. The lease was issued on May 26, 1966 to Mobil Oil Corporation (Mobil) and Union Oil Company of California (Union). State oil and gas lease PRC 3490 contains 5,305 acres of submerged lands and is adjacent and westerly of lease PRC 3489. The lease was issued on May 26, 1966 to Mobil and Union. Mobil is the operator for both leases.

LEASE BACKGROUND:

One exploratory well was drilled on lease PRC 3490. The well was abandoned in January 1967. No further exploratory work has been conducted on either of these two leases. Beginning April 2, 1969 several deferments of the drilling obligation of the subject leases were authorized by the Commission, and a blanket deferment for both leases was authorized in April 1971.

On November 3, 1984, the Executive Officer of the State Lands Commission informed Mobil, as operator, to submit an application for resumption of drilling on PRC 3489 and PRC 3490 by May 1, 1986. Mobil complied on April 29, 1986, and submitted a preliminary project description and lease environmental data for a proposed exploration project of five wells covering the two leases. A Draft EIR for the exploration project was prepared and released for public comment on July 20, 1988. On August 11, 1988, Mobil withdrew its application for resumption of drilling under the two State leases and requested a deferment of the drilling obligations in order to modify the exploration project and minimize environmental impacts from drilling, and to review the economics of onshore disposal of drilling solids. Commission approval was granted on September 14, 1988.

The Draft Environmental Impact Report (DEIR) indicates that the project could have significant Air Quality Impacts. Investigations conducted by Mobil indicate that there is potential for retrofitting drilling vessels with additional air emissions reductions technology. Additional time is necessary to investigate the feasibility of installing the air emissions equipment on drilling vessels and for further economic review of transporting the drilling wastes to shore for disposal. Mobil has found that transporting all the associated wastes to shore is an available but costly option. Mobil also proposes to investigate the feasibility of on-board drilling fluids treatment. It is anticipated that if such a program is possible, its implementation would result in no discharge of drilling muds or cuttings to the ocean.

Mobil has requested a deferment of the drilling obligations of State Leases PRC 3489 and PRC 3490 while the exploratory drilling project is being reevaluated.

AB 884: N/A.

ENVIRONMENTAL INFORMATION:

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

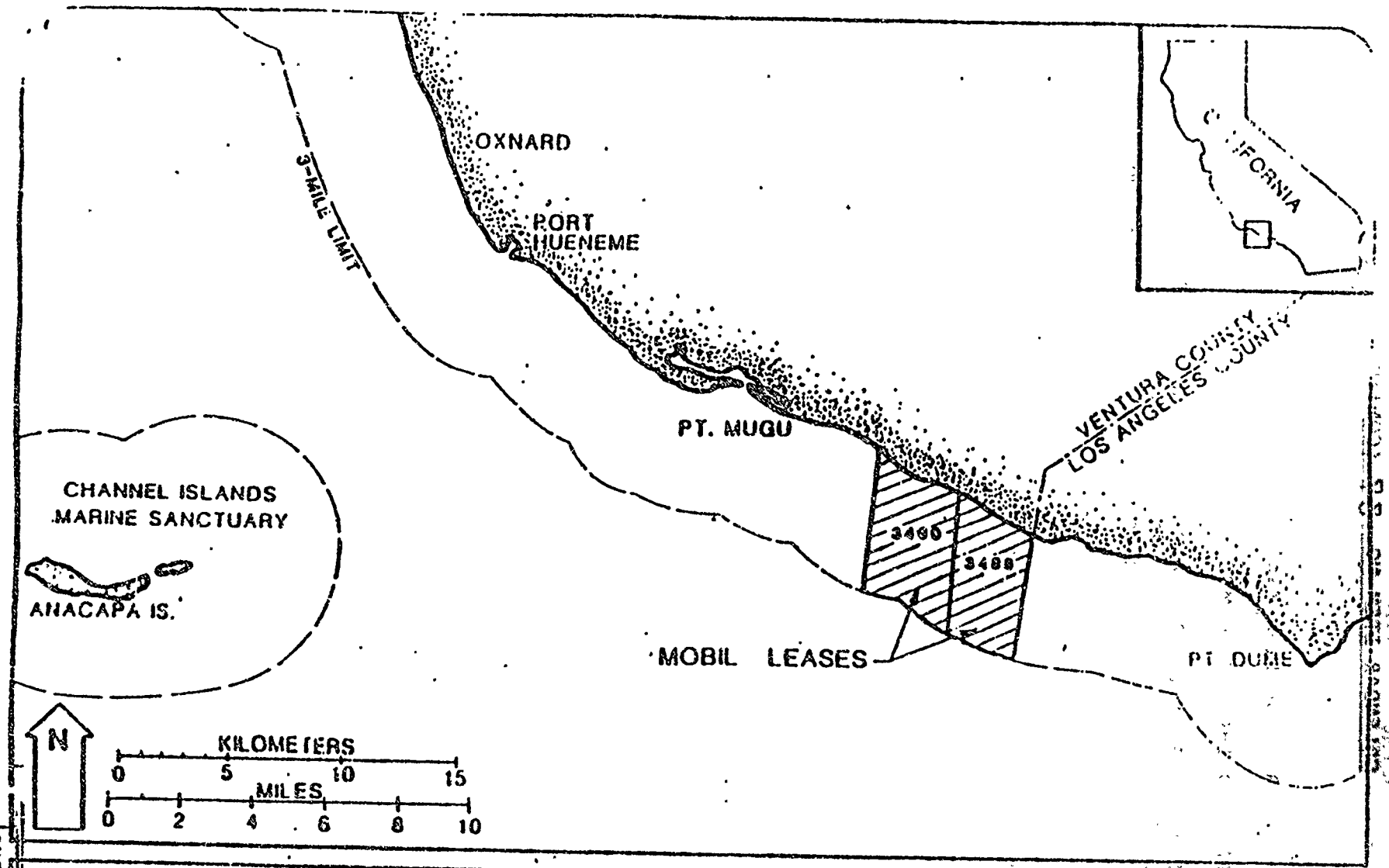
   Authority: P.R.C.: 21065 and 14 Cal. Code Regs. 15378.

EXHIBIT: A. Location Map.

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 THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

2. APPROVE A DEFERMENT OF THE DRILLING OBLIGATION OF STATE OIL AND GAS LEASES PRC 3489 AND PRC 3490 FROM SEPTEMBER 30, 1989 UNTIL SEPTEMBER 30, 1991.



VICINITY MAP

EXHIBIT "A" PRC 3489 & 3490

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