

MINUTE ITEM

This Calendar Item No. 620
was approved as Minute Item
No. 620 by the State Lands
Commission by a vote of 2
to 0 at its 3/6/91
meeting.

CALENDAR ITEM

C 2 0

A 35

S 18

03/06/91
PRC 1824
PRC 3133
PRC 3150
PRC 4000
Nitsche

**DEFERMENT OF DRILLING OPERATIONS
STATE OIL AND GAS LEASES, PRC 1824, PRC 3133, PRC 3150
AND PRC 4000, SANTA BARBARA COUNTY**

LESSEES:

Chevron U.S.A. Inc.
Attn: Lee Bafalon
P. O. Box 6917
Ventura, California 93006-6917

Exxon Company, U.S.A.
Attn: Bruce Bowen
P. O. Box 5025
Thousand Oaks, California 91359

ARCO Oil and Gas Company
Attn: Paul Langland
P.O. Box 147
Bakersfield, California 93302

AREA, TYPE LAND AND LOCATION:

State oil and gas lease PRC 1824, issued on January 10, 1957, contains approximately 5,500 acres of tide and submerged lands. Current lessees are Chevron U.S.A., Inc. (Chevron) and Exxon Company, U.S.A. (Exxon). State oil and gas lease PRC 3133, issued on May 28, 1964, contains approximately 5,535 acres of tide and submerged lands. The current lessee is Exxon. State oil and gas lease PRC 3150, issued on July 28, 1964, contains approximately 5,553 acres. The current lessees are Chevron and ARCO Oil and Gas Company (ARCO). State oil and gas lease PRC 4000, issued on

CALENDAR ITEM NO. C 2 0 (CONT'D)

August 28, 1968, contains approximately 204 acres of submerged lands. Current lessees of PRC 4000 are Chevron and ARCO. By separate agreement dated June 22, 1968, Chevron is operator of the existing facilities, platforms and onshore facilities, which serve all four tracts.

SUMMARY

Resumption of drilling operations from the existing platforms on State oil and gas leases PRC 1824, PRC 3150 and PRC 4000 were authorized by the Commission October 28, 1976. Resumption of drilling on PRC 3133 from existing Chevron facilities, located on platform Heidi on lease PRC 3150, was authorized on December 17, 1981. As a condition to the resumption of drilling operations on these four leases, the Commission required that no more than one drilling rig be operated at any time on any of the four platforms. The drilling obligation on each of the four leases was modified so that drilling on any one of the leases satisfied the drilling obligations for all four leases. The leases were also modified to change the interval between drilling obligations from 120 days to 90 days. Since resumption of drilling was approved, 24 wells have been drilled on the four leases.

On March 23, 1989, the State Lands Commission approved the deferment of the drilling obligation under the four leases through January 31, 1991. During the deferment period, Chevron, as operator of the leases, together with ARCO and Exxon, attempted to finalize a Well Slot Use Agreement for Platform Heidi to drill additional wells into Exxon's Lease PRC 3133.

Final terms of the agreement have not been reached because of unresolved issues involving low petroleum prices, distribution of costs of using the platform rig or an associated jack-up drilling rig, air emission offset costs, allocation of abandonment costs and liabilities of lease restoration costs if the productive life of one lease extends beyond the others. Chevron, as operator of the leases, has requested a further deferment of the drilling obligation of the four leases for two years to allow for further negotiation of a Platform Use Agreement among the parties.

AB 884:

N/A.

CALENDAR ITEM NO. C 2 0 (CONT'D)

OTHER PERTINENT 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 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:

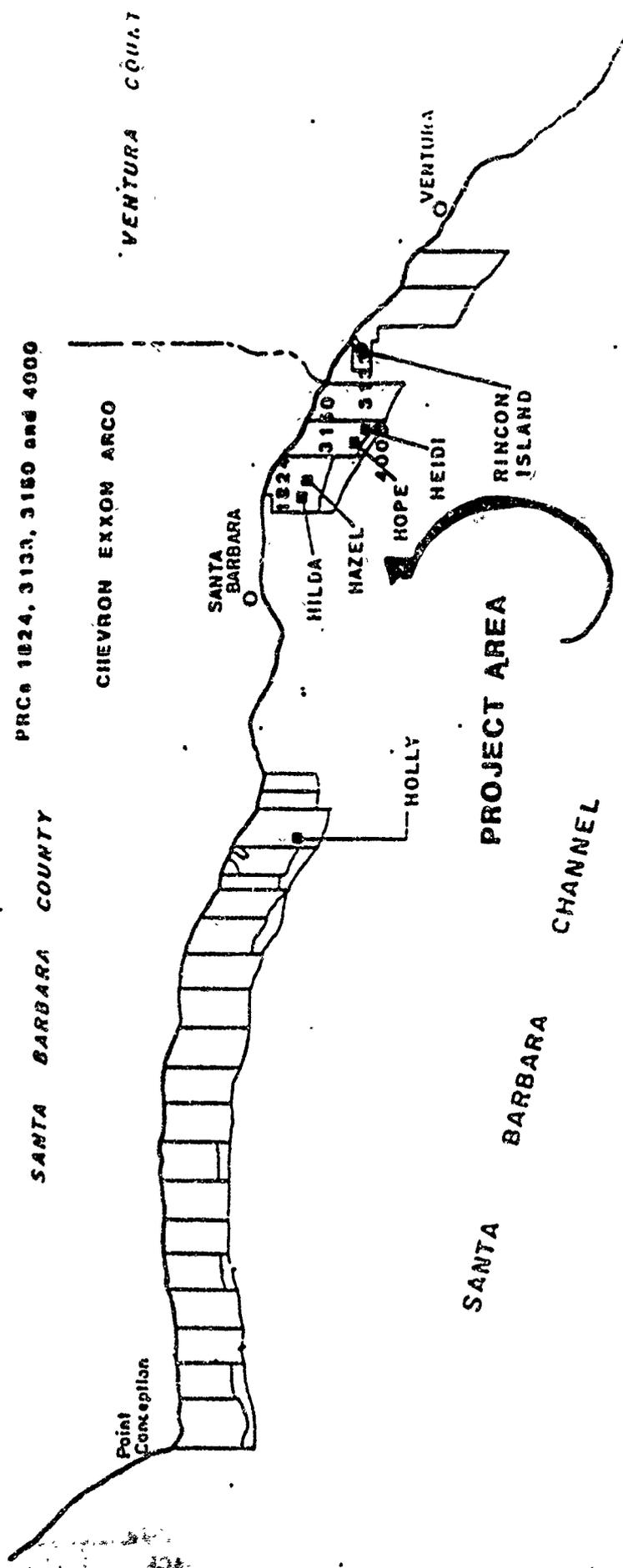
1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE A DEFERMENT OF THE DRILLING OBLIGATION UNDER STATE OIL AND GAS LEASES PRC 1824, PRC 3133, PRC 3150 AND PRC 4000 FROM FEBRUARY 1, 1991 THROUGH JANUARY 31, 1993.

DEFERMENT OF DRILLSTRING OBLIGATION

EXHIBIT A

PRCs 1824, 3133, 3150 and 4000

SANTA BARBARA COUNTY



Point Conception

CHEVRON EXXOM ARCO

VENTURA COUNTY

SANTA BARBARA CHANNEL

PROJECT AREA

SAN MIGUEL ISLAND

SANTA ROSA ISLAND

SANTA CRUZ ISLAND

ANACAPA ISLAND

LEGEND

- A PRODUCTION PLATFORM
- O DRILLING ISLAND
- DRILLING PLATFORM



CALENDAR PAGE 258
MINUTE PAGE 602