Minute Item
109

04/24/01
PRC 3150.1

VENOCO, INC. (APPLICANT)

CALENDAR ITEM C109: was deferred.

Calendar Item Attached

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C109

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S 18

04/24/01
PRC 3150.1
A. Nitsche

CONSIDER REQUEST FOR A DEFERMENT OF LEASE OBLIGATIONS, OIL AND GAS LEASE NO. PRC 3150.1, CARPINTERIA AREA, OFFSHORE SANTA BARBARA COUNTY

LESSEE/OPERATOR:

Venoco, Inc.
Attn.: Mr. Stephen A. Greig
520 E. Montecito Street, Box 9
Santa Barbara, CA 93103-3245

AREA, TYPE LAND AND LOCATION:

Oil and Gas Lease No. PRC 3150.1 (Lease) contains 4,012 acres and is situated offshore the City of Carpinteria, Santa Barbara County.

BACKGROUND:

The Lease was issued on July 28, 1964. The current lease is jointly held by Venoco, Inc. (Venoco), and Arco Oil and Gas Company and is restricted to subsurface development from onshore. On February 8, 2000, Venoco acquired its 50 percent interest and was designated as lease operator. As a condition of this assignment, Venoco was required to submit to the Commission, within one year from the effective day of the assignment (March 1, 2000), a plan of exploration/ development and the drilling obligation was deferred through the period.

Venoco, by letter of February 6, 2001, has now requested a two-year deferment of the assignment conditions. Venoco has requested the deferment in order to evaluate reservoir data and to determine possible drilling locations. Commission

staff has reviewed Venoco's justification for the requested additional time. Venoco has been diligent in finding, interpreting and rebuilding seismic data in the area, and claim that they are still waiting on some of the data (anticipated within the next six months). The data they are waiting on apparently will also require extensive reworking and interpretation (at least another six months). Their geologic investigation, with the current geophysical information, shows that it would be in the best interest of the state to allow the operator more time to process the data and bring a well thought out development plan to the Commission. Venoco has also examined a variety of drilling and production sites, each raising a variety of land and legal considerations, as well as leasing and permitting issues, which will need to be resolved. Commission staff, therefore recommends deferring Venoco's requirement to submit an exploration/development plan for an additional two years, until March 1, 2003, and to, also, defer the drilling obligation through that period. Venoco shall be required to submit a timetable for the completion of their investigation and permitting for an onshore drillsite as soon as possible but not later than December 31, 2001, and shall submit a development plan for the lease before the end of the deferment.

STATUTORY AND OTHER REFERENCES:

A. Public Resources Code section: Division 6, Parts 1 and 2; Division 13.

B. California Code of Regulations section: Title 3, Division 3; Title 14, Division 6.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 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 the CEQA and the State CEQA Guidelines.

   Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

EXHIBIT:

A. Location Map

PERMIT STREAMLINING ACT DEADLINE:

September 6, 2001.

RECOMMENDED ACTION:
IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDINGS:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

APPROVE A DEFERMENT OF THE OIL AND GAS LEASE NO. PRC 3150.1 ASSIGNMENT OBLIGATIONS TO SUBMIT AN EXPLORATION/DEVELOPMENT PLAN AND APPLICATION TO INITIATE DRILLING OPERATIONS UNTIL MARCH 1, 2003, SUBJECT TO THE FOLLOWING CONDITIONS:

A. VENOCO SHALL SUBMIT A TIMETABLE FOR THE COMPLETION OF THEIR INVESTIGATION AND PERMITTING FOR AN ONSHORE DRILLSIITE AS SOON AS POSSIBLE BUT NOT LATER THAN DECEMBER 31, 2001; FAILURE TO SUBMIT THIS TIME TABLE BY DECEMBER 31, 2001 SHALL TERMINATE THIS DEFERMENT AND THE LEASE UNLESS OTHERWISE EXTENDED BY THE COMMISSION.

B. FAILURE BY VENECO TO SUBMIT AN EXPLORATION AND DEVELOPMENT PLAN AND APPPLICATION TO INITIATE DRILLING BY MARCH 1, 2003 SHALL TERMINATE THIS LEASE UNLESS OTHERWISE EXTENDED BY THE COMMISSION.

EXHIBIT A

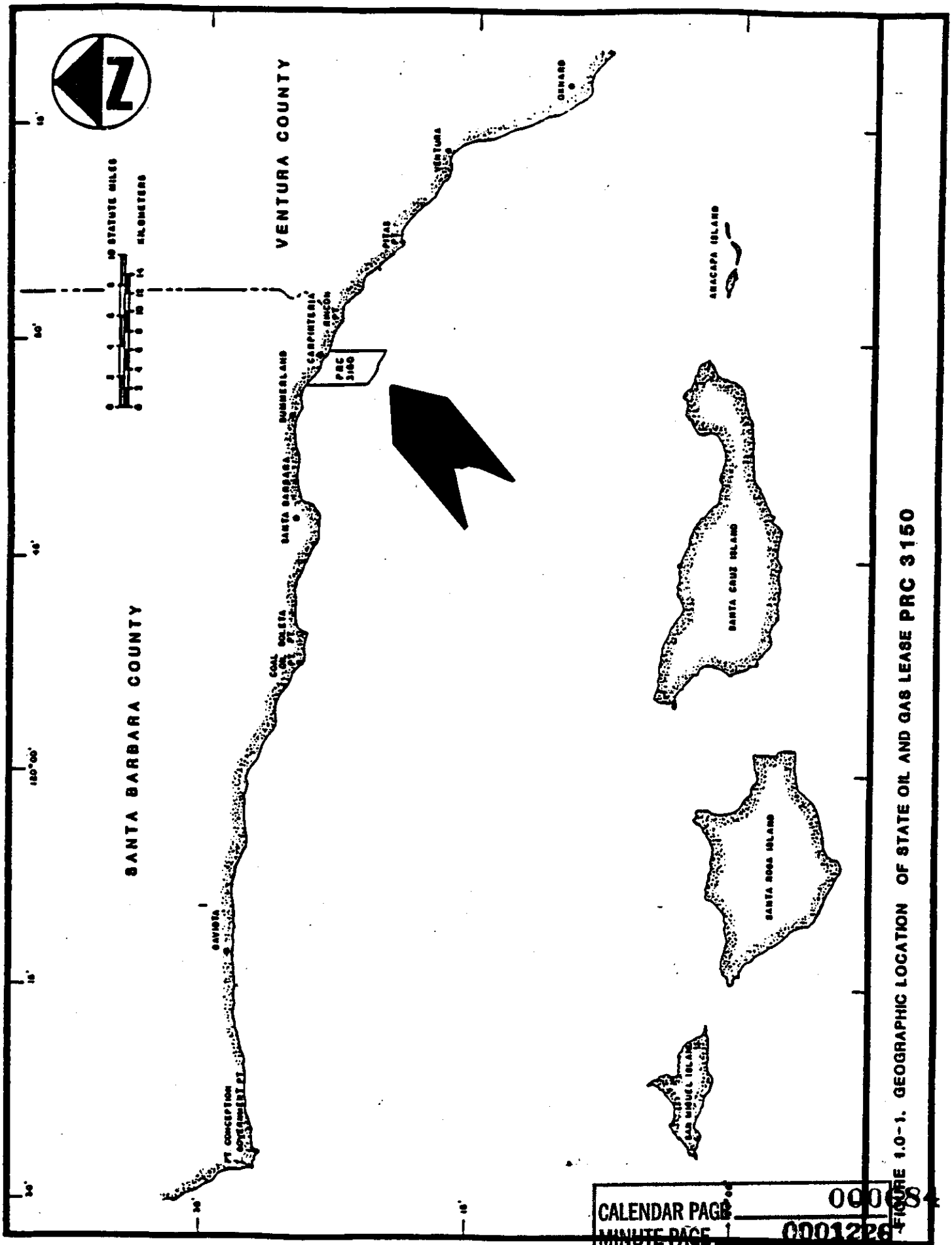

FIGURE 1.0-1. GEOGRAPHIC LOCATION OF STATE OIL AND GAS LEASE PRC 3150

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