

MINUTE ITEM

10. APPLICATION FOR CONSTRUCTION OF A DRILLING AND PRODUCTION PLATFORM, SIGNAL OIL AND GAS COMPANY, OIL AND GAS LEASE P.R.C. 425.1, HUNTINGTON BEACH FIELD, ORANGE COUNTY - W.O. 3900.

After consideration of Calendar Item 19 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO APPROVE THE LOCATION AND CONSTRUCTION BY SIGNAL OIL AND GAS COMPANY OF A STATIONARY PILE-SUPPORTED DRILLING AND PRODUCTION PLATFORM, APPROXIMATELY 7,000 FEET FROM SHORE, WITHIN THE AREA OF OIL AND GAS LEASE P.R.C. 425.1, SUBJECT TO THE CONDITION THAT A GOOD AND SUFFICIENT BOND IN THE AMOUNT OF \$500,000, IN FAVOR OF THE STATE OF CALIFORNIA, SHALL BE FILED AND MAINTAINED WITH THE STATE TO GUARANTEE THE FAITHFUL PERFORMANCE BY THE LESSEE OF THE TERMS AND CONDITIONS CONTAINED IN THE LEASE RELATING TO THE CONSTRUCTION AND MAINTENANCE OF THE PLATFORM AND THE REMOVAL THEREOF, AT THE REQUEST OF THE STATE, UPON EXPIRATION OR SOONER TERMINATION OF THE LEASE.

Attachment

Calendar Item 19 (1 page)

CALENDAR ITEM

19.

APPLICATION FOR CONSTRUCTION OF A DRILLING AND PRODUCTION PLATFORM, SIGNAL OIL AND GAS COMPANY, OIL AND GAS LEASE P.R.C. 425.1, HUNTINGTON BEACH FIELD, ORANGE COUNTY - W.O. 3900.

An application has been received from Signal Oil and Gas Company, lessee under State Oil and Gas Lease P.R.C. 425.1, for approval of the construction of a stationary pile-supported drilling and production platform, approximately 7,000 feet from shore, within the lease area in the vicinity of Huntington Beach (refer to Exhibit "A" attached).

A platform design has been developed which has been analyzed and approved by Petrey & Knowles, Structural Engineers, and has been reviewed by the staff. The size and the location of the proposed drilling and production platform are in accordance with the terms of the lease and the rules and regulations of the State Lands Commission. The proposed platform will provide drillsites for 26 wells. Under the code-name procedure adopted by the oil industry and the U. S. Coast Guard, it is proposed to name the offshore platform "Emmy".

A report on the proposed offshore structure was referred to the Department of Natural Resources, and the application was referred to the office of the Attorney General for review, as required by the Public Resources Code. After examination and review, the Department of Natural Resources reported that erection of the platform will not interfere with the recreational use of lands littoral to the tide and submerged lands covered in the lease. The office of the Attorney General advised that there is no legal objection, provided specified requirements of the code are met. These requirements are included in the terms of the lease, in the rules and regulations of the Commission, and in Section 3606 of the Public Resources Code.

The Corps of Engineers has issued a Department of the Army permit authorizing the construction and maintenance of the drilling and production platform at the specified location.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO APPROVE THE LOCATION AND CONSTRUCTION BY SIGNAL OIL AND GAS COMPANY OF A STATIONARY PILE-SUPPORTED DRILLING AND PRODUCTION PLATFORM, APPROXIMATELY 7,000 FEET FROM SHORE, WITHIN THE AREA OF OIL AND GAS LEASE P.R.C. 425.1, SUBJECT TO THE CONDITION THAT A GOOD AND SUFFICIENT BOND IN THE AMOUNT OF \$500,000, IN FAVOR OF THE STATE OF CALIFORNIA, SHALL BE FILED AND MAINTAINED WITH THE STATE TO GUARANTEE THE FAITHFUL PERFORMANCE BY THE LESSEE OF THE TERMS AND CONDITIONS CONTAINED IN THE LEASE RELATING TO THE CONSTRUCTION AND MAINTENANCE OF THE PLATFORM AND THE REMOVAL THEREOF, AT THE REQUEST OF THE STATE, UPON EXPIRATION OR SOONER TERMINATION OF THE LEASE.