

**MINUTE ITEM**  
 This Calendar Item No. 54  
 was approved as Minute Item  
 No. 54 by the State Lands  
 Commission by a vote of 3  
 to 0 at its 8/10/88  
 meeting.

**CALENDAR ITEM**

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08/10/88  
 PRC 208  
 PRC 308  
 PRC 309  
 PRC 3120  
 PRC 3242  
 Gonzalez

**DEFERMENT OF DRILLING OPERATIONS,  
 STATE OIL AND GAS LEASES  
 PRC'S 208, 308, 309, 3120 AND 3242**

**OPERATOR:** ARCO Oil and Gas Company  
 Attn: Paul B. Norgaard  
 P.O. Box 147  
 Bakersfield, California 93302

**AREA, TYPE LAND AND LOCATION:**  
 State Oil and Gas Lease PRC 208 was issued in  
 January 1946 and PRC's 308 and 309 were issued  
 on March 4, 1947. Each lease contains  
 approximately 1,920 acres of tide and submerged  
 lands. PRC's 308 and 309 are located south of  
 Goleta, and PRC 208 is located west 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.

**BACKGROUND:** On March 27, 1986 the State Lands Commission  
 granted a drilling deferment permitting ARCO to  
 defer drilling until September 1, 1988, while  
 an application for a proposed plan of  
 development for the five subject leases was  
 being reviewed. On May 27, 1987, the State  
 Lands Commission denied approval of the

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development plan proposed by ARCO on its application and invited ARCO to reapply with suggestion for alternative development plans. ARCO subsequently brought suit against the State Lands Commission, maintaining that the Commission's action prevented ARCO from further development of the leases

Although maintaining that the development of the leases are tolled as a matter of law, ARCO has requested that the Commission grant a five-year drilling deferment from September 1, 1988, the date on which the current deferment will expire, until September 1, 1993. This request is being made, in ARCO's words, "in order to make it clear on the record that the status quo is being maintained pending the outcome of the litigation."

Although not agreeing with ARCO that development of the lease is tolled as a matter of law, the staff is recommending that a three-year deferment be granted in order to allow ARCO a reasonable time in which to study and propose alternative development plans that are economically and technologically feasible, are compatible with other public trust uses of these lands and will mitigate significant adverse environmental effects.

**OTHER PERTINENT INFORMATION:**

1. 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.

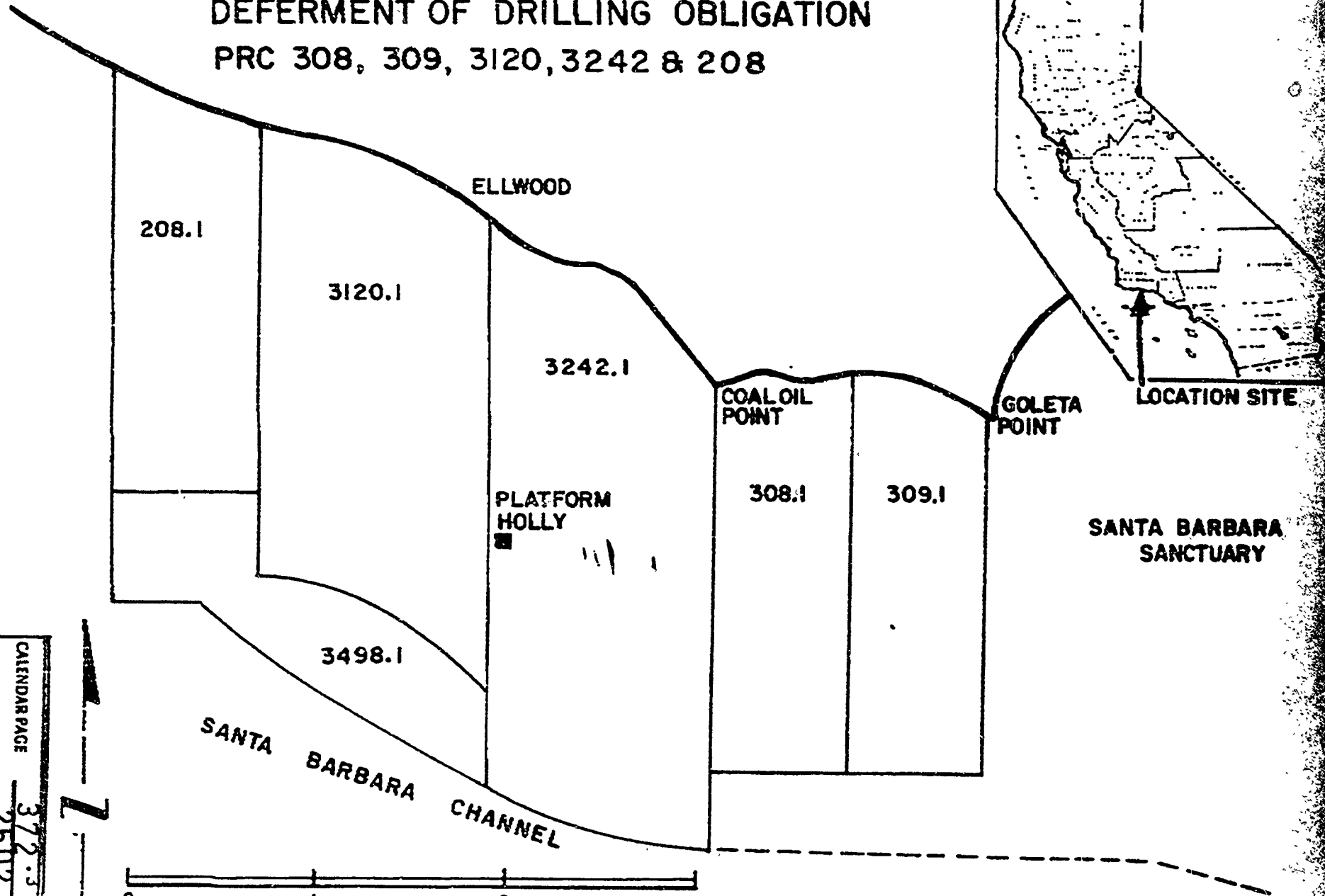
EXHIBIT: A. Location Map.

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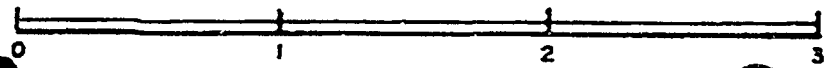
IT IS RECOMMENDED THAT THE COMMISSION:

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.
2. APPROVE A DEFERMENT OF THE DRILLING OBLIGATIONS UNDER STATE OIL AND GAS LEASES PRC'S 208, 308, 309, 3120 AND 3242 UNTIL SEPTEMBER 1, 1991.

DEFERMENT OF DRILLING OBLIGATION  
PRC 308, 309, 3120, 3242 & 208



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MILES SCALE

EXHIBIT "A"

# DEFERMENT OF DRILLING OBLIGATION PRC 308, 309, 3120, 3242 & 208

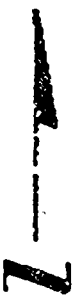
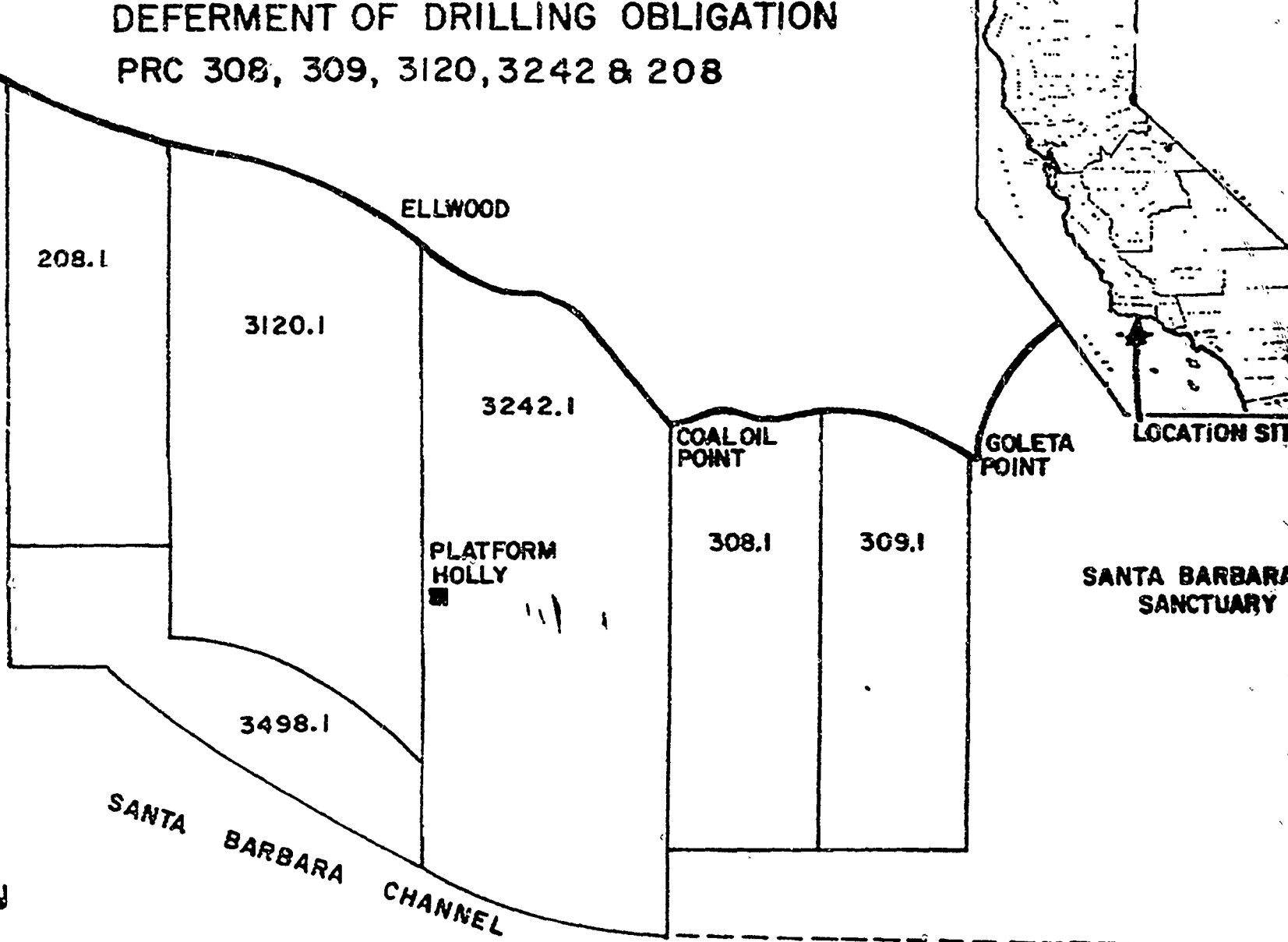
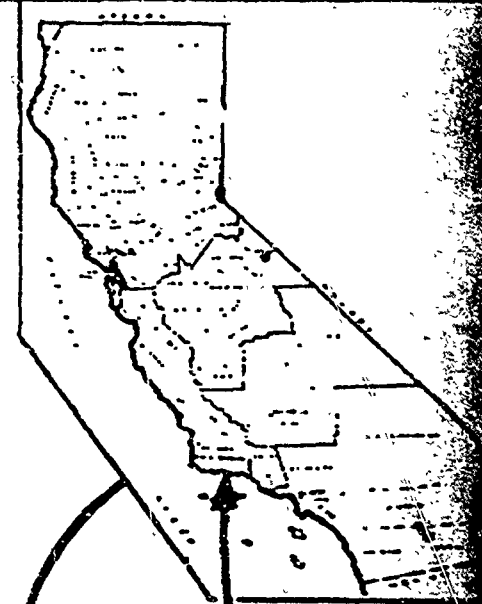


EXHIBIT "A"

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