

MINUTE ITEM

This Calendar Item No. 20
was approved as Minute Item
No. 20 by the State Lands
Commission by a vote of 3
to 0 at its 3/23/89
meeting

CALENDAR ITEM

A 35
S 18

20

03/23/89
PRC 1824
PRC 3133
PRC 3150
PRC 4000
Gonzalez

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: John Dowling
Ventura, California 93006

Exxon Company, U.S.A.
Attn: Bruce Bowen
P.O. Box 5025
Ventura, California 93006

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

AREA, TYPE 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 of PRC 1824 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 5,535 acres of
tidelands. The current lessee is Exxon. State
oil and gas lease PRC 3150, issued on July 28,
1964, contains 5,553 acres of tidelands. The
current lessees are Chevron and ARCO Oil and
Gas Company (ARCO).

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State oil and gas lease PRC 4000, issued August 28, 1968, contains 204 acres of tidelands. 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:

Resumptions of drilling operations from the existing platforms on 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 on these four leases, the Commission has 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 provide for a 90-day interval between drilling obligations (previously 120-day). Since resumption of drilling was approved, 24 wells have been drilled on the four leases.

On September 14, 1988, the State Lands Commission approved the deferment of the drilling obligation under the four leases through January 31, 1989. 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 from the platform into Exxon's Lease PRC 3133.

Final terms of the agreement have not been reached because of unrasolved issues involving low petroleum prices, distribution of costs of using the platform 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.

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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 among the parties of a Platform Use Agreement.

AB 884: N/A.

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 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. 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, 1989 THROUGH JANUARY 31, 1991.

DEFERMENT OF DRILLSTRING OBLIGATION

PRCs 1824, 3133, 3150 and 4000

SANTA BARBARA COUNTY

CHEVRON EXXON ARCO

VENTURA COUNTY

Point
Conception

SANTA
BARBARA

HILDA

HAZEL

HOPE

HEIDI

RINCON
ISLAND

VENTURA

PROJECT AREA

SANTA
BARBARA
CHANNEL

SAN MIGUEL
ISLAND

SANTA ROSA
ISLAND

SANTA CRUZ
ISLAND

ANACAPA ISLAND

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827

0 3 6 9 Miles

LEGEND

- ▲ PRODUCTION PLATFORM
- DRILLING ISLAND
- DRILLING PLATFORM

EXHIBIT A