

MINUTE ITEM

This Calendar Item No. 19
was approved as Minute Item
No. 19 by the State Lands
Commission by a vote of 3
to 0 at its 4-28-76
meeting

CALENDAR ITEM

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APPROVAL OF RESUMPTION OF DRILLING OPERATIONS
FROM EXISTING FACILITIES ON STATE OIL AND GAS LEASE
PRC 186.1, BELMONT OFFSHORE FIELD, ORANGE COUNTY

LEASE: PRC 186.1

LESSEE: Exxon Corporation, U. S. A.
P. O. Box 7033
Long Beach, California 90807

Texaco Incorporated
3350 Wilshire Blvd.
Los Angeles, California 90010

COUNTY: Orange.

AREA: Belmont Offshore Field.

PERTINENT INFORMATION:

The purpose of the project is to complete the development of oil and gas reserves in the reservoirs underlying the subject lease from the existing filled offshore Belmont Island. The geology of the lands underlying the developed portion of the lease in question are fully known as a result of prior drilling operations.

Present geological information establishes that a total of three new wells and 28 redrills would be the maximum number required to develop the reservoirs and can be accomplished using existing well locations on Belmont Island.

The work will proceed in a manner that minimizes the time that a drilling rig will be needed on the Island. Operations on the filled island will be essentially the same as those performed onshore, except for water access. The program will require no additional production facilities on the Island; and while minor modifications may be needed at the onshore Seal Beach Separation Center to handle efficiently the increased volumes, no additional land will be required. The Island is equipped with emergency oil-spill cleanup equipment, and the required Critical Operations and Curtailment Plan and Oil Spill Contingency Plans have been reviewed and approved by the staff.

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Under the present Federal oil price regulations, approximately 85 percent of the production under lease PRC 186.1 (currently 2400 barrels per day), is classified as "new" oil and may be sold at the upper tier prices (approximately \$10 per barrel). The production resulting from the renewed drilling will not only maintain present production rates but is anticipated to slightly increase such rates to about 3,000 barrels per day. Thus, production from the renewed drilling will be sold at the upper tier prices. The State's royalty oil (17.878% of the production) from this lease is being sold to USA Petroleum Corporation under Royalty Oil Sales Contract PRC 4854.1.

The project will be conducted in accordance with the procedures for drilling and production operations, and rules and regulations of the State Lands Commission and the State Division of Oil and Gas.

ENVIRONMENTAL IMPACT CONSIDERATION:

1. In accordance with the State Guidelines for Implementation of the California Environmental Quality Act of 1970, as amended, a negative declaration has been prepared and circulated to concerned agencies and to the public.
2. This project is situated on State land identified as possessing significant environmental values, pursuant to Public Resources Code 6570.1, and is classified in a significant use category, Class C: Multiple Use. Staff review indicates that there will be no significant effect upon the identified environmental values.
3. The proposed operations are a portion of development exempted from permit requirements by the South Coast Regional Zone Conservation Commission on November 26, 1973, (HF-10-2-73-189).

EXHIBIT: A. Location Map. B. Negative Declaration.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL IMPACT REPORT HAS NOT BEEN PREPARED FOR THIS PROJECT BUT THAT A NEGATIVE DECLARATION HAS BEEN PREPARED BY THE DIVISION.

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2. CERTIFY THAT THE NEGATIVE DECLARATION (EIR ND 189) HAS BEEN COMPLETED IN COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT OF 1970, AS AMENDED, AND THE STATE GUIDELINES AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
3. DETERMINE THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
4. DETERMINE PURSUANT TO SECTION 6818 OF THE PUBLIC RESOURCES CODE THAT THE ACTION AS PROPOSED WILL NOT UNREASONABLY INTERFERE WITH THE MAINTENANCE OR USE OF THE LANDS INVOLVED FOR RECREATIONAL PURPOSES OR PROTECTION OF SHORE PROPERTIES.
5. FIND THAT THE GRANTING OF THE APPLICATION WILL HAVE NO SIGNIFICANT EFFECT UPON THE ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO SECTION 6379.1 ET SEQ. OF THE PUBLIC RESOURCES CODE.
6. AUTHORIZE THE RESUMPTION OF DRILLING OPERATIONS FROM EXISTING FACILITIES ON STATE OIL AND GAS LEASE PRC 186.1, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE LEASE AND THE RULES AND REGULATIONS OF THE STATE LANDS COMMISSION.