

This Calendar Item (No. 39)
was approved as Minute Item
No. 39 by the State Lands
Commission by a vote of 2
0 at its 7-22-76
meeting.

CALENDAR ITEM

7/76
W 9737
ADW

39.

AUTHORIZATION TO HOLD A PUBLIC HEARING
ON THE DRAFT ENVIRONMENTAL IMPACT REPORT
CONCERNING THE RESUMPTION OF DRILLING OPERATIONS
ON STATE OIL AND GAS LEASES E. 392.1, PRC 91.1
PRC 163.1, PRC 425.1 AND PRC 426.1, ORANGE COUNTY

On February 1, 1969, in response to an oil and gas well blowout on Federal OCS in the Santa Barbara Channel, the State Lands Commission declared a moratorium on further drilling on State offshore oil and gas leases, and announced that no new wells would be approved pending a complete review of all offshore drilling regulations, techniques, and procedures.

On July 31, 1969, the Commission unanimously adopted a resolution rejecting the staffs' recommendation that oil and gas drilling on State offshore leases be resumed. However, the resolution did provide that:

"Recommendations for drilling wells on existing leases may be brought to the Commission for consideration on a well-by-well basis if there are unique circumstances that justify and require such drilling" (Minutes, State Lands Commission, 1969, p. 867.)

In December 1974, the Commission authorized (1) the adoption of procedures for drilling and production operations from existing platforms, piers, and islands on existing offshore leases; and (2) the resumption of drilling operations on a lease-by-lease basis, such resumption to be predicated upon a review by the State Lands Division for compliance with the procedures, compliance with requirements of the California Environmental Quality Act, and upon final approval by the State Lands Commission.

Under the terms of the 1969 resolution, Burmah Oil and Gas Company (now Aminoil U.S.A. Inc.) has been permitted to continue re-drill and new well drilling operations from upland drill sites in the Huntington Beach Offshore Oil Field on a well-by-well review and approval by the Commission.

Subsequent to its 1974 action, the Commission has authorized resumption of operations on two leases in the Santa Barbara Channel (Mobil's pier lease of Rincon, and Atlantic Richfield's platform at S. Hillwood), and two leases in the Orange County area (Standard's Island and Exxon's Island). In addition, applications have been filed by Standard Oil Co. to resume operation from four existing platforms at Summerland and Carpinteria in the Santa Barbara Channel, Norris Oil Company from an existing pier and upland at Rincon in the Channel, and this application by Burmah Oil and Gas Company.

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Burmah has requested authorization from the State Lands Commission to resume drilling operation on five leases (PRC's 91, 163, 392, 425, and 426), from Platform Emmy in the Huntington Beach Offshore field, and to continue the uplands development of those fields.

Burmah's project includes operations from upland sites and from one offshore platform "Emmy". Development from both sites must be integrated in order to develop the composite five leases in an orderly manner.

The field was discovered by Standard Oil Co. in 1920. Subsequently, Burmah became the first successful bidder on a tidelands lease under the State Lands Act of 1938 and was issued PRC 392, and since then a total of 100 hundred plus new wells and redrills have been completed on five leases. The total leased area includes approximately 3500 acres. It is developed principally from an 130 acre upland site (390 wells currently producing, injecting, or idle), and to a lesser extent from 52 (27 producing, 18 water injectors, and 7 idle) wells on platform Emmy, 1 1/3 miles offshore in 45 feet of water.

The leases produce from 8 zones ranging in depth from 950' to 5,000'. Daily production amounts to approximately 32,000 barrels of oil from the uplands, and 1800 barrels from the platform. Approximately 430,000 b/d of water are injected for waterflood in the uplands, and 31,000 b/d are injected at the platform. Secondary recovery royalty rates have been negotiated and vary from 12.5% to 17.74%. Crude oil gravities vary from 14° API to 20° API. Prices are a mixture of lower and upper tier.

The long range program contemplates a total of 151 redrills and sidetracks from the uplands, and 52 from platform Emmy. Immediate plans consider only 17 redrills from the platform to be completed by the end of 1978. The first II (probably by the end of 1977) will develop a new fault block and include 5 injectors. All plans are contingent upon economics, and each well will be reviewed by the State Lands Division prior to final drilling approval. Additional production (estimated 1800 b/d) would be upper tier oil with an approximate value of \$9.80 per barrel. The long range program is estimated to provide an additional recovery of oil of 56.1 million barrels through 1988.

An environmental report has now been drafted in accordance with the California Environmental Quality Act for public review.

In order to assure adequate input to the EIR review process, and to receive full exposure on the draft environmental impact report, it is proposed that the Executive Officer or his designee be authorized to conduct a public hearing to receive comments on the draft report. The hearing would be held in Huntington Beach, as a convenience to those most directly affected. The

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adoption of the final environmental impact report and formal request for resumption of drilling would be the subject of a future request to the Commission, and would require a separate action on its part.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER, OR HIS DESIGNEE, TO HOLD A PUBLIC HEARING IN HUNTINGTON BEACH ON THE DRAFT ENVIRONMENTAL REPORT RELATIVE TO THE RESUMPTION OF DRILLING OPERATIONS ON STATE OIL AND GAS LEASES E392.1, PRC 91.1, PRC 163.1, PRC 425.1 AND PRC 426.1

EXHIBIT: A. Location Map.