

300  
No. 30  
Commission  
to 7/21/83  
meeting.

CALENDAR ITEM

80

7/21/83  
PRC 3095  
Smith

STATUS REPORT OF  
STATE OIL AND GAS LEASE  
PRC 3095

LESSEE: Chevron USA, Inc.  
575 Market Street  
San Francisco, California 94120

AREA, TYPE LAND AND LOCATION:

State Oil and Gas Lease PRC 3095 was issued on January 30, 1964 and contains approximately 3,360 acres of tide and submerged lands lying in the County of Orange. State Lease PRC 3095 is currently held by Chevron USA, Inc.

BACKGROUND INFORMATION:

Chevron's Island "ESTHER" was destroyed during the severe storms of March 1-2, 1983. The "force majeure" condition warranting temporary cessation of operations. However, the Commission stated that Chevron was not excused from the requirement that they exercise due diligence to resume operations and required them to report to the Commission on the status of Island "ESTHER" by July 1, 1983. (Minute Item 32, April 28, 1983).

AB 884: N/A.

A 58 Revised 7/19/83.

-1-

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CALENDAR PAGE	135
MINUTE PAGE	1624

PERTINENT INFORMATION:

Chevron reported to the Executive Officer by letter dated June 27, 1983, Exhibit "B". An underwater survey was completed during April 1983, which indicated displacement of island rock and materials by the storm to the Northeast 100 feet to 200 feet from original position. Only a few metal items of equipment have been found. Chevron has applied to the Corps of Engineers for a permit to clear the island remaining around the wellheads down to a depth of 20 feet below MLLW, preparatory to possible construction of a future platform facility and to remove hazards to pleasure craft. Any salvageable metal will be removed to shore; concrete rubble and rock will be spread southeast of the island to a depth of at least 20 feet below MLLW. The Public Notice is currently being circulated, comment deadline was July 20, 1983.

Chevron's management is still reviewing the economics of alternate proposals to restore production by island or platform, and plan to submit a Development and Exploration Plan for the Commission's consideration soon.

EXHIBITS:

- A. Location Map.
- B. Chevron's letter of June 27, 1983.

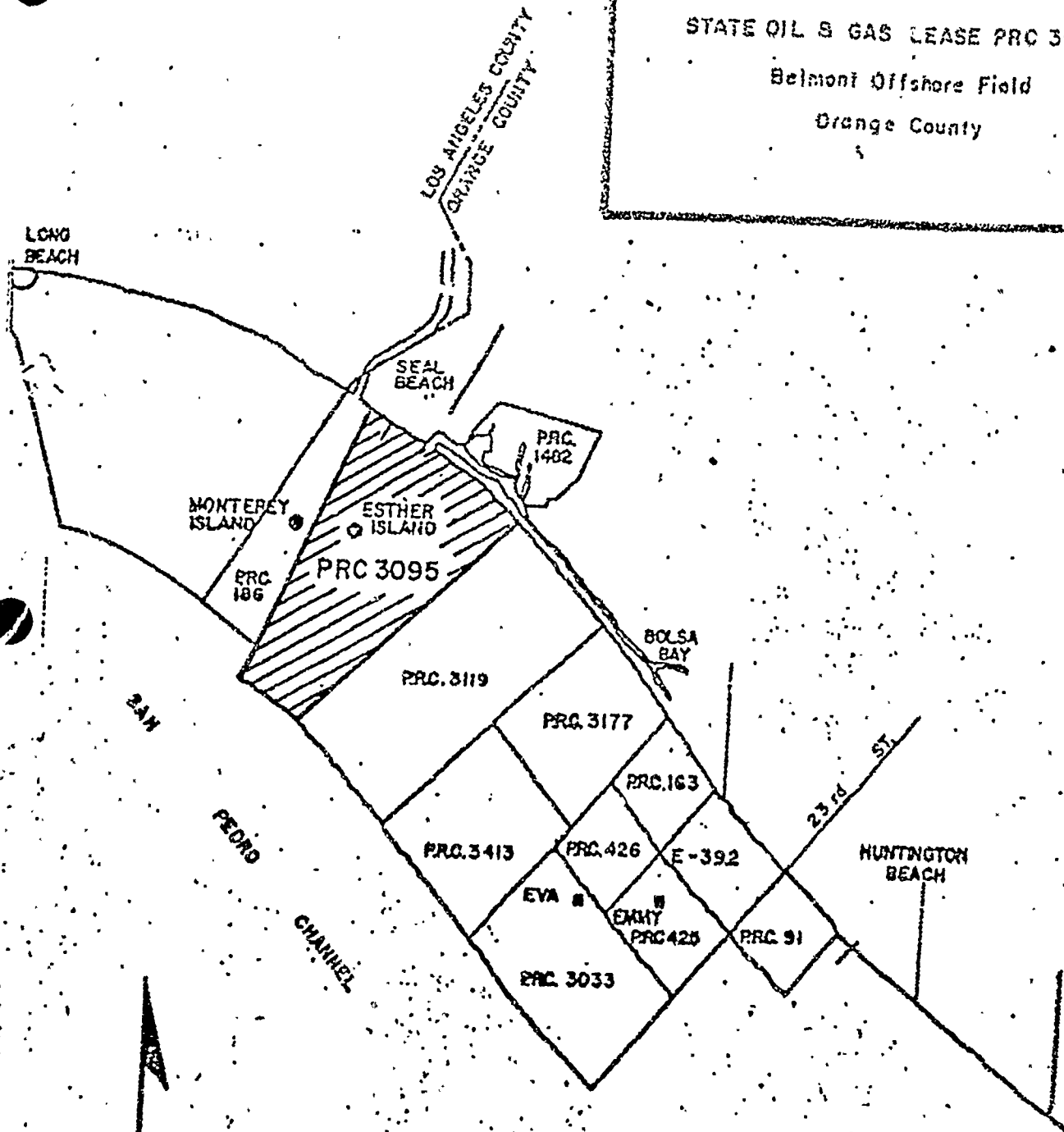
IT IS RECOMMENDED THAT THE COMMISSION:

1. ACCEPT CHEVRON'S LETTER OF JUNE 27, 1983 IN FULFILLMENT OF THE COMMISSION'S REQUEST OF APRIL 28, 1983 TO REPORT ON THE STATUS OF ISLAND ESTHER.
2. REQUEST CHEVRON TO REPORT FURTHER ON THE STATUS OF THAT MATTER BY OCTOBER 1, 1983.

GENERAL PAGE	135.1
PHONE PAGE	1625

EXHIBIT A  
STATE LANDS COMMISSION

STATE OIL & GAS LEASE PRC 3095.1  
Belmont Offshore Field  
Orange County



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EXHIBIT B

Chevron



Chevron U.S.A. Inc.

2120 Diamond Boulevard, Concord, California

Mail Address: PO Box 8000, Concord, CA 94524

Land Department  
Western Region

June 27, 1983

Status Report  
Island Esther PRC 3095.1  
Offshore California

State Lands Commission  
1807-13th Street  
Sacramento, CA 95814

Attention: Claire Dedrick

Gentlemen:

Pursuant to the request of the State Lands Commission, by action on April 28, 1983, Chevron U.S.A. Inc. is writing this letter to update you on our efforts regarding Island Esther.

On March 2, 1983, Chevron U.S.A. Inc.'s man-made oil producing island (Esther) was partially destroyed by a severe storm. The wells themselves remained intact even though the cellars were destroyed.

Immediately following the cessation of the storm, Chevron diligently proceeded to do the following:

1. Contacted appropriate agencies to notify them of the disaster.
2. Established a temporary staging area in Seal Beach, California to facilitate emergency repair work.
3. Requested establishment of a safety zone by United States Coast Guard which was declared on March 11, 1983. Marina and yacht clubs in the area were notified via warning notices.
4. Implemented additional safety procedures for working on the Island under the adverse conditions.
5. Secured wells by pumping cement or fluid and setting a tubing plug in each well.
6. Began in-house analysis regarding the issues involved in restoring or abandoning the Island.
7. Initiated study to determine magnitude and direction of the storm.

CALENDAR PAGE	135.3
MINUTE PAGE	1627


June 27, 1983

8. Consulted with State Lands Commission on a permitting requirements for restoration of the Island.
9. Contacted Army Corps of Engineers regarding permitting requirements for restoration.
10. Requested State Lands Commission acknowledgement that force majeure situation exists as a result of our disaster.
11. Consulted with California Regional Water Quality Control Board, Santa Ana region regarding the status of existing permit and effect of our plans.
12. Prepared preliminary Development and Production Plan for in-house analysis.
13. Completed soil boring surveys on the site.
14. Completed underwater survey and provided copy to State Lands Commission.
15. Prepared bid package for clean-up of island pending receipt of management approval to proceed.
16. Submitted application to Army Corp of Engineers for clean-up of island.

Our management is currently reviewing a proposal to restore the Island to production. Upon receipt of such approval, we plan to submit a preliminary Development and Production Plan to State Lands Commission for their consideration.

If you have any questions regarding the above, please do not hesitate to contact the undersigned at (415) 827-6367.

Very truly yours,

  
Jeffrey J. Truskey

JT:blp

cc: State Lands Commission  
245 West Broadway, Suite 425  
Long Beach, CA 90802  
Attn: Mr. D. J. Everitts

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