

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 9/28/83  
meeting.

CALENDAR ITEM

19

9/28/83  
PRC 308  
PRC 309  
PRC 3242  
Livenick/  
Gonzalez

DEFERMENT OF DRILLING OPERATIONS  
STATE OIL AND GAS LEASES  
PRCs 308, 309 and 3242

OPERATOR: ARCO Oil and Gas Company  
P. O. Box 147  
Bakersfield, California 92302  
Attention: R. H. Flaherty

AREA, TYPE LAND AND LOCATION:  
State Oil and Gas Lease PRC 308 was issued  
on March 4, 1947 and contains approximately  
1,920 acres of tide and submerged lands  
south of Goleta. State Oil and Gas Lease  
PRC 309 was issued on March 4, 1947 and  
contains approximately 1,920 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 west of Goleta.  
ARCO is presently operator of all three  
leases.

SUMMARY: On April 29, 1971, the Commission authorized  
the extension of time a lessee has in which  
to resume drilling operations on State  
leases that were affected by the Commission's

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CALENDAR ITEM NO. 19-1 (CONTD)

1969 drilling moratorium. For State Leases PRCs 308, 309 and 3242, ARCO had six months after the drilling moratorium terminated in which to commence drilling operations. Resumption of drilling on PRCs 308 and 309 was approved on October 8, 1980. Resumption of drilling on PRC 3242 was authorized on February 25, 1983.

Since that time, two wells have been drilled, both on PRC 309. A major discovery, the Coal Oil Point Field, believed to underlie all three leases was made with the 309 No. 8 well. Drilling operations on the second well, 309 No. 9, ceased on November 17, 1982. Since that time, ARCO has been actively preparing a Development and Production Plan for the Coal Oil Point Field. Simultaneously, ARCO has been preparing to drill additional exploratory wells in conjunction with a sequence of reentries and abandonments. The SLC recently approved a soil boring program as a part of the geotechnical studies to be performed prior to moving in a jack up rig for the latter project.

ARCO has requested a deferment from drilling obligations on all three leases until development drilling from proposed platforms is commenced. Although ARCO is working diligently on the development plan in cooperation with SLC staff, the deferment should not be open-ended but should include time constraints and performance obligations. Therefore, staff proposes that a deferment be granted until December 17, 1983, twelve months after ARCO was obligated under the lease terms to commence drilling on PRC 309.

AB 884:

N/A.

EXHIBIT:

A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT CEQA IS NOT APPLICABLE TO THIS ACTION AS IT IS NOT A "PROJECT WHICH MAY HAVE A SIGNIFICANT EFFECT"

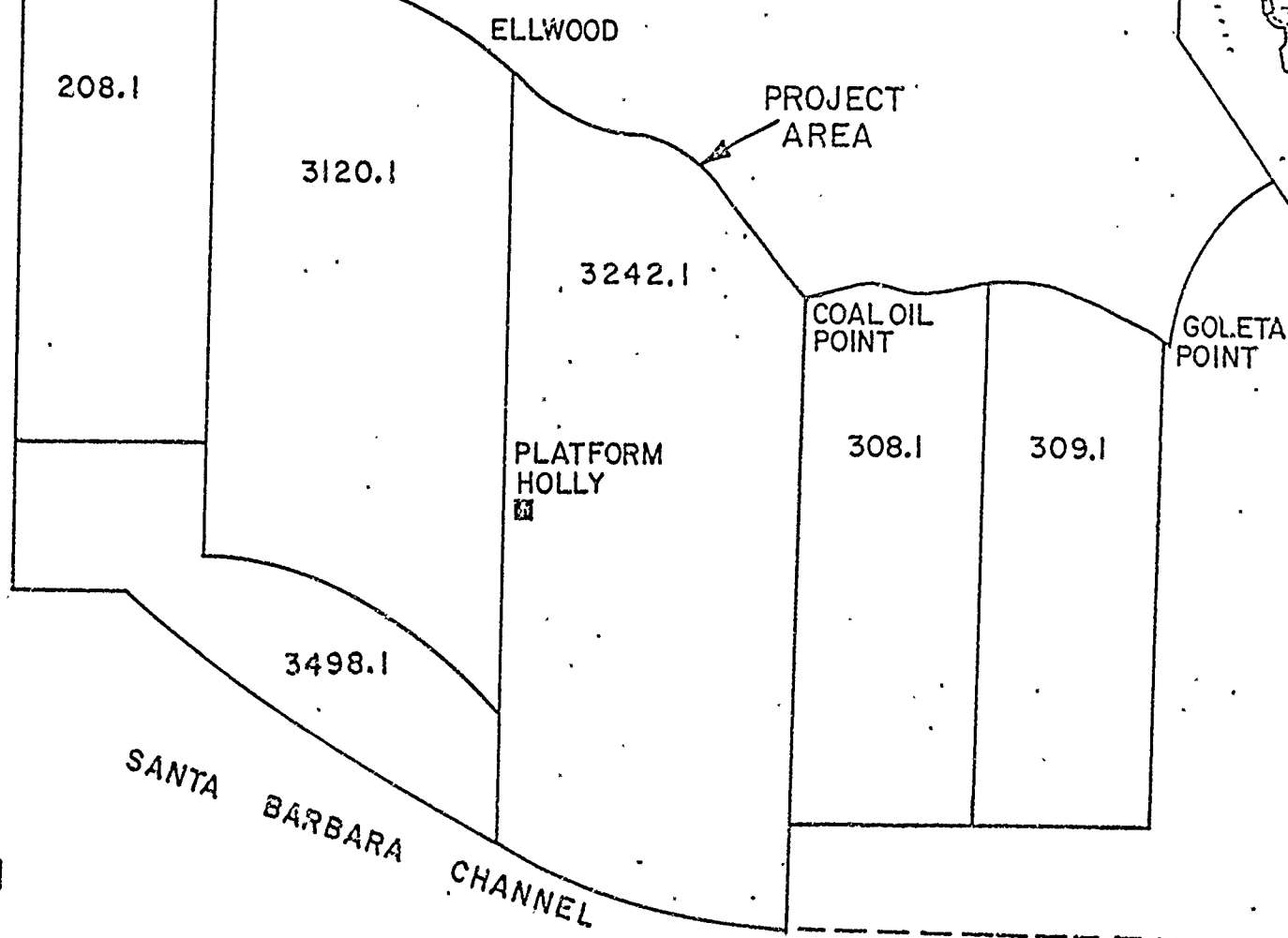
CALENDAR ITEM NO. 19 (CONTD)

ON THE ENVIRONMENT", AS DEFINED IN THE CEQA AND ITS IMPLEMENTING GUIDELINES.

2. APPROVE A DEFERMENT OF THE DRILLING OBLIGATIONS ON STATE OIL AND GAS LEASES PRCs 308, 309 AND 3242 UNTIL DECEMBER 17, 1983, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

CALENDAR PAGE	220
MINUTE PAGE	2214

DEFERMENT OF DRILLING OBLIGATION  
PRC 308, 309 & 3242, EXHIBIT "A"



COVERS PAGE  
221  
2215

