

MINUTE ITEM

This Calendar Item No. 46
was approved as Minute Item
No. 46 by the State Lands
Commission by a vote of 3
to 0 at its 3/26/87
meeting.

CALENDAR ITEM

46

A 35

S 18

03/26/87
PRC 3499
Gonzalez

**DEFERMENT OF DRILLING OPERATIONS
STATE OIL AND GAS LEASE PRC 3499**

LESSEE/OPERATOR:

Phillips Petroleum Company
Attn: D. E. Smith
8055 East Tufts Avenue Parkway
Denver, Colorado 80237-2898

AREA, TYPE LAND AND LOCATION:

State oil and gas lease PRC 3499 contains approximately 1,340 acres of submerged lands located immediately south of State oil and gas Leases PRC 2879 and PRC 2207 (quitclaimed July 25, 1975) and three miles south of Government Point, at the western end of the Santa Barbara Channel, Santa Barbara County (see Exhibit "A").

LEASE INFORMATION:

State oil and gas lease PRC 3499, originally issued to Phillips Petroleum Company (Phillips) (50 percent) and Pan Petroleum Company Inc. (now Amoco Production Company) (50 percent) on June 15, 1966, contains a continuous drilling obligation interruptible for periods not to exceed 120 days between wells.

On February 23, 1984, the State Lands Commission authorized the resumption of offshore exploratory drilling operations on State oil and gas lease PRC 3499. Under this authorization the lessee was required to commence drilling by August 23, 1984. A deferment was granted to January 1, 1986, pending receipt of an APCD permit.

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(ADDED 03/18/87)

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In late April 1984, the Santa Barbara County Board of Supervisors adopted County APCD Rule 205.C. This rule required that before an application for an authority to construct or permit to operate is accepted as complete, the applicant shall conduct an ambient air quality monitoring study of not less than one year's duration to study the effects emissions may have on air quality in the area. To comply with this rule, Phillips had to conduct an air quality study prior to commencing drilling operations on the lease.

Phillips started negotiating with the Santa Barbara County APCD in January 1984 regarding the pollutants to be monitored. Actual data collection in the field began in April 1985. Phillips applied in July 1986 to the County for an authority to construct. The Santa Barbara County APCD advised Phillips that the exploratory drilling project air data were being reevaluated. This reevaluation was concluded in November 1986, and the County informed Phillips that the County would accept an application for an authority to construct. (Phillips is now preparing to make this application.)

Phillips, in the meantime, is reprocessing geophysical seismic data to better define the geologic structure to be drilled. The reprocessing of data and analysis will require three or four months to complete and may result in a repositioning of the planned drill hole locations. Phillips is requesting a deferment of the drilling obligation of State oil and gas Lease PRC 3499 from April 1, 1987 until September 30, 1987, to complete this assessment.

AB 684: N/A.

ENVIRONMENTAL INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 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.

(ADDED 03/18/87)

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Authority: P.R.C. 21065 and 14 Cal. Adm.
Code 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. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE A DEFERMENT OF THE DRILLING OBLIGATION OF STATE OIL AND GAS LEASE PRC 3439 UNTIL SEPTEMBER 30, 1987.

(ADDED 03/18/87)

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EXHIBIT "A"

STATE LANDS COMMISSION

LOCATION MAP

STATE OIL & GAS LEASE

PRG 3499.1

SANTA BARBARA COUNTY

2-24-87

K.T.K.

POINT CONCEPTION

SANTA BARBARA CHANNEL

PRG 2879.1

PRG 2207.1

3499.1

PRG

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(ADDED 03/18/87)