

MINUTE ITEM

1/28/71
ADW

9. APPROVAL OF PARTIAL ASSIGNMENT OF PIPELINE RIGHT-OF-WAY PRC 4017.1, FROM UNION OIL COMPANY OF CALIFORNIA TO SUN OIL COMPANY, VENTURA AND SANTA BARBARA COUNTIES - W 7319.

After consideration of Calendar Item 17 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES THE APPROVAL OF THE ASSIGNMENT BY UNION OIL COMPANY OF CALIFORNIA TO SUN OIL COMPANY OF A 30 PERCENT INTEREST IN ITS PIPELINE RIGHT-OF-WAY PRC 4017.1, IN VENTURA AND SANTA BARBARA COUNTIES.

Attachment:

Calendar Item 17 (2 pages)

CALENDAR ITEM

1/71
ADW

17.

APPROVAL OF PARTIAL ASSIGNMENT OF PIPELINE RIGHT-OF-WAY PRC 4017.1, FROM UNION OIL COMPANY OF CALIFORNIA TO SUN OIL COMPANY, VENTURA AND SANTA BARBARA COUNTIES - W 7319.

On August 28, 1968, the State Lands Commission authorized the issuance to Union Oil Company of California of a 49-year pipeline right-of-way over State-owned tide and submerged lands from a point onshore in Ventura County to the Federal Outer Continental Shelf lands and connecting to Union's Platform "A". The installation included a 14-1/4-inch oil line, a 14-1/4-inch gas line and a 7-1/2-inch water line (Exhibit "A").

As result of the well blowout on Platform "A" and subsequent oil seepage resulting therefrom, a Federal investigation and report to the President and to the Secretary of the Interior from Dr. Lee A. Dubridge, Science Advisor to the President, concluded that maximum safety would be attained by depleting the reservoirs as efficiently and rapidly as possible. Further, the report noted that the oil structure extended into the adjoining lease operated by Sun Oil Company. In accordance with these findings, the Department of the Interior approved the installation of Platform "Hillhouse" on the adjacent Sun Oil lease, and has ordered the drilling and completion of wells within the Repetto reservoirs. Sixteen wells have been completed, of which fourteen are currently producing, and drilling is continuing. The production of these wells is to reduce pressures in the reservoirs and to assist in the control of seepage near Platform "A". Pipelines have been installed connecting Sun's Platform "Hillhouse" and Union's Platform "A", and a cooperative plan of operation was ordered by the Director of the U.S. Geological Survey on July 21, 1970, wherein production from the two leases is being commingled and moved through the existing pipeline facilities from Platform "A" to shore. Alternatives to such operations would have included installation of additional pipelines or removal of the oil by barge, requiring flaring offshore of the produced gas, a procedure that would not be in the interest of conservation of natural resources.

Union Oil Company has requested approval of an assignment of a 30 percent interest in its pipeline right-of-way, PRC 4017.1, to Sun Oil Company, for use in transporting the oil and gas produced from Sun's lease through the Union Oil Company pipelines from Platform "A" to the onshore processing facilities.

The operations on Platform "Hillhouse" are considered by the Department of the Interior as necessary to ameliorate the seepage from Platform "A". The cooperative use of the Union Pipeline from Platform "A" to the onshore facilities is in accordance with the established State Lands Commission policy of maintaining a minimum number of pipeline installations on the ocean floor. The specifications for the pipelines installed by Union Oil Company under PRC 4017.1 have been reviewed by the Division and have been determined to be of adequate engineering design for the safe transmission of the combined production from both leases.

The annual rental under PRC 4017.1 is currently \$9,575.29, and is subject to review every five years.

CALENDAR ITEM 17. (CONTD.)

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE APPROVAL OF THE ASSIGNMENT BY UNION OIL COMPANY OF CALIFORNIA TO SUN OIL COMPANY OF A 30 PERCENT INTEREST IN ITS PIPELINE RIGHT-OF-WAY PRC 4017.1, IN VENTURA AND SANTA BARBARA COUNTIES.