

MINUTE ITEM

1/14/75
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7. ACTION OF STATE LANDS COMMISSION OF NOVEMBER 21, 1974, AUTHORIZING THE RESUMPTION OF DRILLING OPERATIONS UNDER STATE OIL AND GAS LEASE PRC 3095; STANDARD OIL COMPANY OF CALIFORNIA - W 9741, PRC 3095.

During consideration of Calendar Item 4 attached, Mr. Donald J. Everitts, Manager, Energy and Mineral Resources Development, explained the history of the transaction and its current status to the Commission. After the Commission determined that the former action of the previous Commission was proper, no action was taken.

Attachment:

Calendar Item 4 (3 pages)

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4.

INFORMATION REGARDING ACTION OF
STATE LANDS COMMISSION NOVEMBER 21, 1974
AUTHORIZING THE RESUMPTION OF DRILLING OPERATIONS
UNDER STATE OIL AND GAS LEASE PRC 3095;
STANDARD OIL COMPANY OF CALIFORNIA

State Lease PRC 3095 (Calendar Item 22, Exhibit "A" attached).

Lessee: Standard Oil Company of California.
County: Orange.
Issued: January 30, 1964.
Acreage: 3,360.
Bonus: \$4,066,676.
Royalty: Sliding scale; minimum 16-2/3% - maximum 50%.
Structure: Man-made Island "Esther"; 150' x 240'; water depth - 35'; constructed 1916.
Well Locations: 128.
Wells Drilled: 74.
Cumulative Production: Oil - 21,110,535 bbls.; Gas - 12,322,170 mcf.
Cumulative Royalty: \$16,492,481.
Current Production: Oil - 106,882 bbl./Mo.; Gas - 23,703 mcf/Mo.
Current Royalty: \$94,554/Mo.
Attachment: Exhibit "A" (Calendar Item 22, November 21, 1974 meeting)

In December 1973 additional operational procedures were adopted for off-shore drilling operations conducted under State oil and gas lease. Such procedures mandate safety and oil spill equipment and procedures, training of operating personnel in oil spill prevention, control and cleanup techniques, and frequent and intense inspecting and monitoring by State Lands Division representatives. Additionally, detailed well casing requirements, blowout prevention equipment, drilling fluid programs, drilling practices, production procedures, inspections, testing, plugging and record keeping are specifically detailed in the new requirements.

EXHIBIT "A"

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22.

APPROVAL OF RESUMPTION OF DRILLING OPERATIONS
ON STATE OIL AND GAS LEASE PRC 3095.1
BELMONT OFFSHORE FIELD, ORANGE COUNTY

LEASE: PRC 3095.1.
LESSEE: Standard Oil Company of California.
COUNTY: Orange.
AREA: Belmont Offshore Field.

PERTINENT INFORMATION:

The purpose of the project is to complete the development of oil and gas reserves in known reservoirs underlying the subject lease from the existing filled offshore Island "Esther." The productive limits of these reservoirs and the geology of the lands underlying the developed portion of the lease in question are fully known as a result of prior drilling operations.

Present geological information establishes that a total of 20 new wells would be the maximum number required to develop the known reservoirs and can be accomplished using existing well locations on Island "Esther". In no event will the total number of wells drilled from the two platforms exceed 20.

The proposed work would be accomplished with one drilling rig, with the intent to drill all wells in a sequence, then remove the rig from the island. Operations on the filled island will be essentially the same as those performed on-shore, except for water access. Island "Esther" was constructed so as to prevent any spillage of oil from the island into the ocean and is equipped with two catchment cellars which have a total capacity of 9,300 barrels. In addition the island is equipped with emergency oil-spill cleanup equipment.

The project will be conducted in accordance with the procedures for drilling and production operations, and rules and regulations of the State Lands Commission and the State Division of Oil and Gas.

ENVIRONMENTAL IMPACT:

In accordance with the State Guidelines for Implementation of the California Environmental Quality Act of 1970, as amended, a negative declaration has been prepared and circulated to concerned agencies and to the public.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL IMPACT REPORT HAS NOT BEEN PREPARED FOR THIS PROJECT BUT THAT A NEGATIVE DECLARATION HAS BEEN PREPARED BY THE DIVISION.
2. CERTIFY THAT THE NEGATIVE DECLARATION (ND EIR 164) HAS BEEN COMPLETED IN COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT OF 1970, AS AMENDED, AND THE STATE GUIDELINES AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
3. DETERMINE THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
4. AUTHORIZE THE RESUMPTION OF DRILLING OPERATIONS FROM EXISTING FACILITIES ON STATE OIL AND GAS LEASE PRC 3095.1, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE LEASE AND THE RULES AND REGULATIONS OF THE STATE LANDS COMMISSION.