

MINUTE ITEM

1/14/75  
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9. ACTION OF STATE LANDS COMMISSION OF DECEMBER 19, 1974, AUTHORIZING THE RESUMPTION OF DRILLING OPERATIONS UNDER STATE OIL AND GAS LEASES PRC 3120 AND PRC 3242; ATLANTIC RICHFIELD COMPANY AND MOBIL OIL CORPORATION - W 9723, PRC 3120, PRC 3242.

During consideration of Calendar Item 6 attached, Mr. Donald J. Everitts, Manager, Energy and Mineral Resources Development, explained the history of the transaction and its current status to the Commission. Commissioner Mervyn Dymally asked the Chairman to instruct the staff to report back to the Commission at the next meeting on this project. He also requested the representative from the Attorney General's Office to read into the record the proposed recommendations, at which time Mr. N. Gregory Taylor, Deputy Attorney General, did so. Commissioner Dymally then moved that the proposed recommendations be adopted, at which time Commissioner Roy Bell seconded the motion.

Appearances:

Jeff Pendergraft, Attorney, representing Atlantic Richfield Company

Bruce Rosenthal, representing the office of Senator Omer L. Rains, 18th Senatorial District, California State Legislature. Mr. Rosenthal stated that the Senator had requested he deliver a statement from the Isla Vista Community Council, said statement being on file in the office of the State Lands Commission and by reference made a part hereof. (Note: Mr. Rosenthal's statement was given out of sequence during consideration of Minute Item 6.)

Upon motion duly made and carried the following resolution was adopted:

THE COMMISSION:

1. DETERMINES THAT A RE-EXAMINATION OF THE STATE LANDS COMMISSION RESOLUTION OF DECEMBER 19, 1974, ALLOWING THE RESUMPTION OF DRILLING OPERATIONS FROM EXISTING FACILITIES ON STATE OIL AND GAS LEASES PRC 3120 AND PRC 3242, IS NECESSARY IN ORDER TO DETERMINE WHETHER SUCH ACTION IS CONSONANT WITH CURRENT LEGISLATIVE AND EXECUTIVE POLICIES OF THE STATE.
2. SUSPENDS SAID RESOLUTION AND ALL PERMITS ISSUED BY THE STATE LANDS DIVISION PURSUANT THERETO PENDING A FURTHER REVIEW OF THE RECORD BEFORE THE STATE LANDS COMMISSION AND A REVIEW OF CURRENT STATE POLICIES IN COOPERATION WITH APPROPRIATE REPRESENTATIVES OF THE EXECUTIVE AND LEGISLATIVE BRANCHES OF STATE GOVERNMENT.
3. INSTRUCTS THE DIVISION TO REPORT BACK TO THE COMMISSION CONCERNING THIS MATTER ON JANUARY 30, 1975.

Attachment:

Calendar Item 6 (3 pages)

A 35  
S 18

6.

INFORMATION REGARDING ACTION OF  
STATE LANDS COMMISSION DECEMBER 19, 1974,  
AUTHORIZING THE RESUMPTION OF DRILLING OPERATIONS  
UNDER STATE OIL AND GAS LEASES PRC 3120 AND PRC 3242;  
ATLANTIC RICHFIELD COMPANY AND MOBIL OIL CORPORATION

State Leases PRC 3120 and PRC 3242 (Calendar Item 11, Exhibit "A" attached).

Lessee: Atlantic Richfield Company and Mobil Oil Corporation.  
County: Santa Barbara.  
Issued: PRC 3120 - April 29, 1964; PRC 3242 - April 8, 1965.  
Acreage: PRC 3120 - 3,324; PRC 3242 - 4,290.  
Bonus: PRC 3120 - \$352,111; PRC 3242 - \$3,667,111.  
Royalty: Sliding scale, minimum 16-2/3% - maximum 50%.  
Structure: Platform "Holly"; constructed 1966; water depth 211'  
size - 125' x 125'.  
Well Locations: 30.  
Wells Drilled: 13.  
Cumulative Production: Oil - 8,074,975 bbls.; Gas - 8,413,363 mcf.  
Cumulative Royalty: \$9,854,482.  
Current Production: Oil - 112,093 bbls/Mo.; Gas - 47,593 mcf/Mo.  
Current Royalty: \$407,161/Mo.

Attachment: Exhibit "A" (Calendar Item 11, December 19, 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"

CALENDAR ITEM

12/74  
ADW  
W 9723

11.

APPROVAL OF RESUMPTION OF DRILLING OPERATIONS  
FROM EXISTING FACILITIES ON  
STATE OIL AND GAS LEASES PRC 3120.1 AND PRC 3242.1,  
SOUTH ELLWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY

LEASES: PRC 3120.1 and PRC 3242.1.  
LESSEE: Atlantic Richfield Company.  
COUNTY: Santa Barbara.  
AREA: South Ellwood Offshore Field.

PERTINENT INFORMATION:

The purpose of the project is the extraction of recoverable oil and gas from the Monterey reservoir underlying the subject leases from the existing Platform "Holly". It is anticipated that a total of 30 Monterey wells (Platform "Holly" capacity) is possible by recompletion, redrilling and drilling of 17 new wells.

The proposed project will depend upon the lessee obtaining approvals for necessary modifications to onshore oil and gas processing facilities. However, in the event these approvals cannot be obtained, or are delayed, the lessee is prepared to implement a partial interim development program. This partial program would involve the initial drilling of 8 to 10 new wells, a reduced rate of Monterey oil production (12,000 B/D rather than 20,000 B/D), reinjection of Monterey gas at Platform Holly, and use of existing onshore facilities.

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

The lessee was granted an exemption from the permit requirements of the California Coastal Zone Conservation Act by the South Central Coast Regional Commission on March 29, 1974, and, upon appeal, the exemption was upheld by the State Commission on June 5, 1974. A lawsuit, filed by Get Oil Out!, Inc. challenging the exemption, is currently pending in the State Superior Court.

CALENDAR ITEM NO. 11. (CONTD)

The Office of the Attorney General has advised that the application by Atlantic Richfield Company for the resumption of drilling operations in the South Ellwood Offshore Field from the existing drilling structure is in compliance with law.

**ENVIRONMENTAL IMPACT:**

In accordance with the State Guidelines for Implementation of the California Environmental Quality Act of 1970, as amended, a draft environmental impact report was prepared and circulated for comment. On September 21, 1974, a public hearing was held for the purpose of receiving comments on the draft environmental report. The comments made at the hearing and all other written comments have been reviewed by the staff; those comments and the Division's responses have been incorporated into the final EIR No. 169.

The Division finds that the project will not have a significant effect on the environment.

**EXHIBIT:** A. Location Map.

**IT IS RECOMMENDED THAT THE COMMISSION:**

1. DETERMINE THAT A FINAL ENVIRONMENTAL IMPACT REPORT HAS BEEN PREPARED FOR THIS PROJECT BY THE DIVISION FOLLOWING EVALUATION OF COMMENTS AND CONSULTATION WITH PUBLIC AGENCIES WHICH WILL ISSUE APPROVALS FOR THE PROJECT.
2. CERTIFY THAT THE FINAL ENVIRONMENTAL IMPACT REPORT (EIR NO. 169) 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 LEASES PRC 3120.1 AND PRC 3242.1, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE LEASES AND THE RULES AND REGULATIONS OF THE STATE LANDS COMMISSION.