

MINUTE ITEM

This Calendar Item No. 32
was adopted as a Calendar Item
No. 32 of the State Lands
Commission by a vote of 2
0 at its 10/26/78
meeting.

CALENDAR ITEM

32.

10/78
PRC 145.1
Kuehn

APPROVAL OF REDRILLING OF WELL "STATE 145" 5

LEASE: PRC 145.1.

LESSEE: Energy Development of California, Inc.
9885 Charleville Boulevard, Suite #3
Beverly Hills, California 90212

COUNTY: Ventura.

AREA: Rincon Field.

PERTINENT INFORMATION:

The surface location of the well is on adjacent uplands. The purpose of the project is to produce as much of the recoverable oil as economically possible. Additional production would be stripper oil with an approximate value of \$12.38 per barrel. All project operations will be conducted on the lessee's adjacent upland facility and it is estimated that the redrilling operations will be completed in 3 weeks. No modifications of surface facilities are required.

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 CONSIDERATION:

In accordance with the State Guidelines for implementation of the CEQA of 1970, as amended, Commission staff prepared an initial study for the project and concluded that the proposed work will not result in a significant effect on the environment. Therefore, the preparation of an EIR is not required. As such, a negative declaration was prepared and circulated to concerned agencies and to the public.

EXHIBITS: A. Project Location Map. B. Negative Declaration.

A 36

S 18

CALENDAR ITEM NO. 32. (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS PROJECT BUT THAT A NEGATIVE DECLARATION HAS BEEN PREPARED BY COMMISSION STAFF.
2. CERTIFY THAT THE NEGATIVE DECLARATION (EIR ND 228) HAS BEEN COMPLETED IN COMPLIANCE WITH THE CEQA 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 REDRILLING OF WELL "STATE 145" 5 UNDER STATE OIL AND GAS LEASE PRC 145.1, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE LEASE AND THE RULES AND REGULATIONS OF THE STATE LANDS COMMISSION.

PRC 145.1
PROJECT LOCATION MAP
EXHIBIT "A"

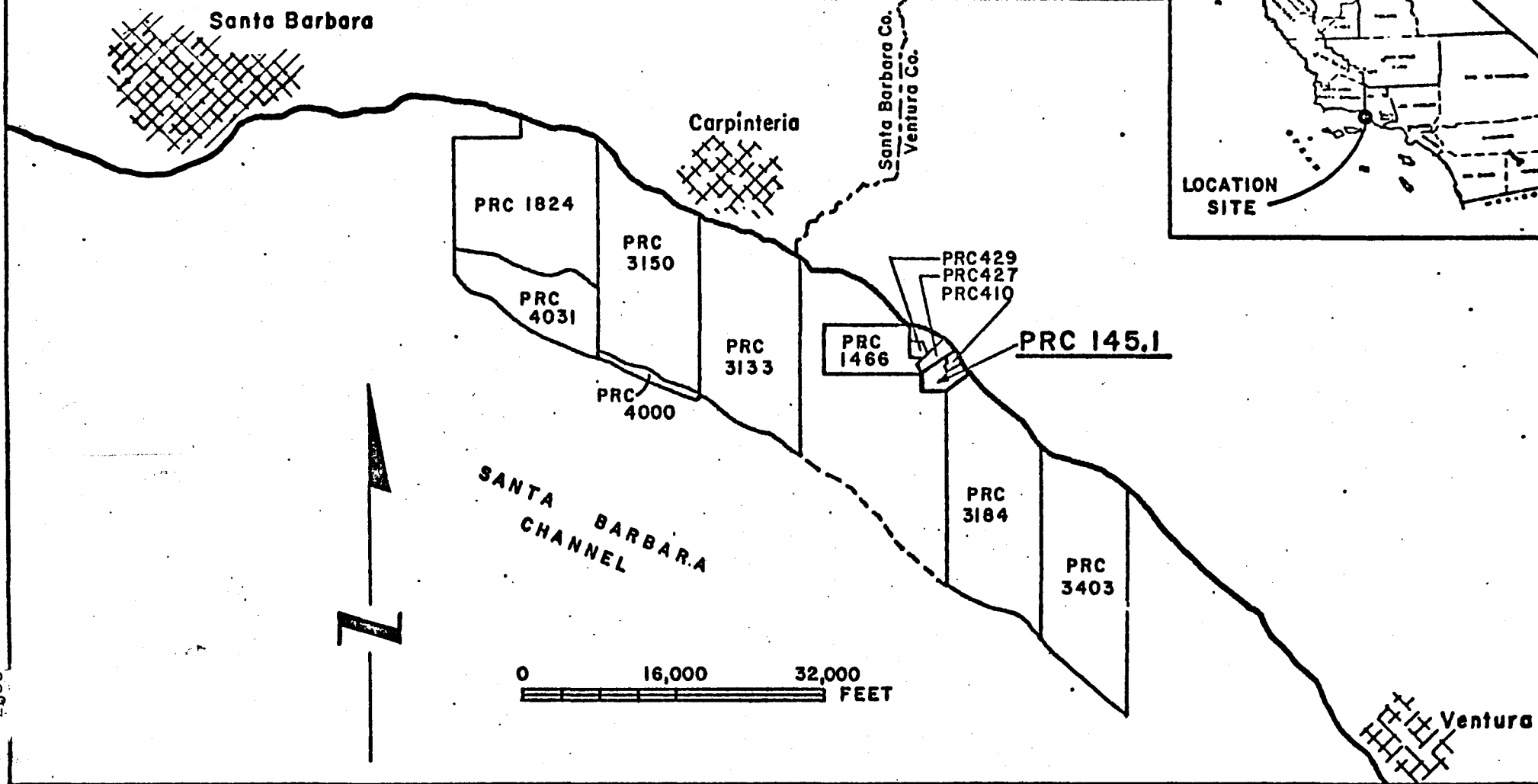
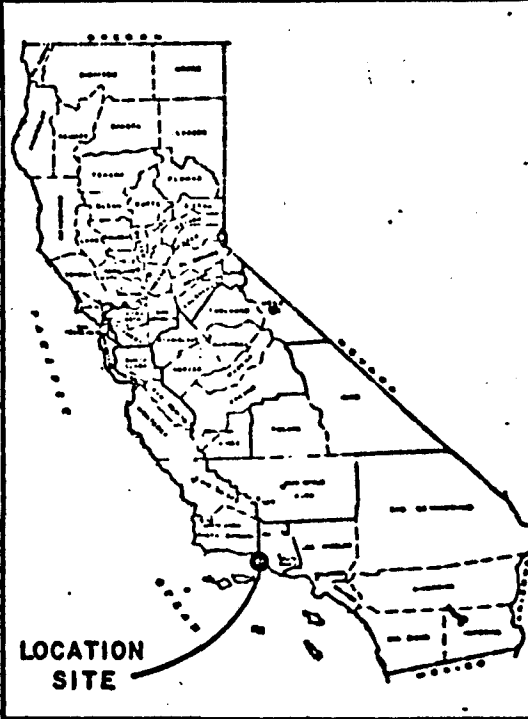


EXHIBIT "B"

ETR 2281910

OCT 3 1978

STATE OF CALIFORNIA
STATE LANDS COMMISSION
NEGATIVE DECLARATION

State Oil and Gas Lease PRC 145.1

Rincon Field, Ventura County

This Negative Declaration is prepared pursuant to Section 15083, California Administrative Code, Title 14, Division 6 and is based upon an Initial Study pursuant to Sections 15066 and 15080 thereof.

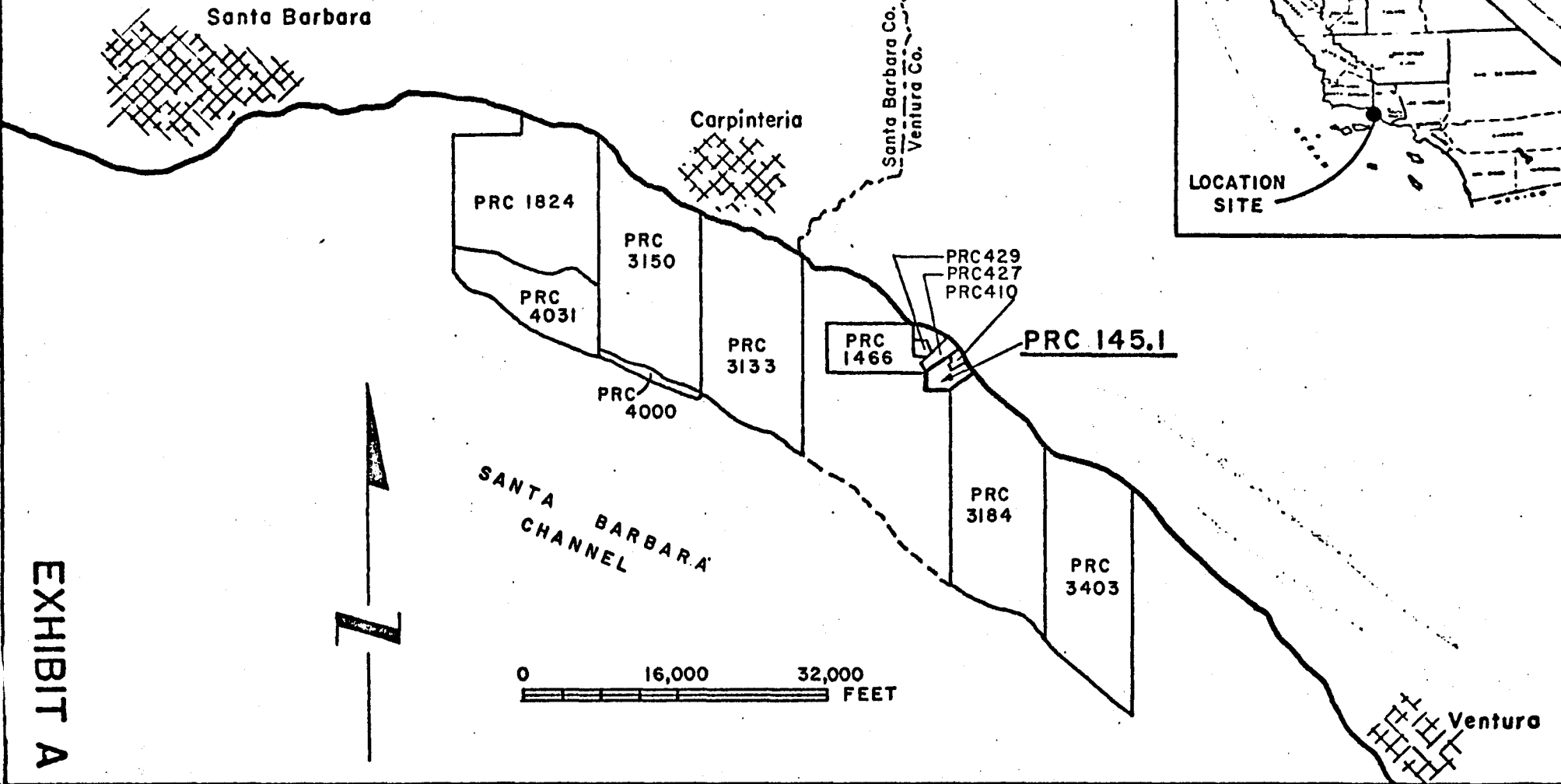
The proposed project is a request for a State Lands Commission approval for the redrilling of one well from existing onshore facilities to further the development of State Oil and Gas Lease PRC 145.1 located in Rincon Field, Ventura County (see Exhibit "A" attached).

Based upon such Initial Study, the project will not have a significant effect on the environment for the following reasons:

1. There will be no significant growth inducing impact, inefficient energy consumption, air and water pollution, or solid waste problems created as a result of implementation of this project.
2. There will be minimal impacts on fish and wildlife.
3. The implementation of this project will not narrow the range of beneficial uses of the environment or pose long-term risks to health or safety.

The Initial Study was prepared by the staff of the State Lands Commission. A copy of such Initial Study together with comments and responses, is attached for your information.

PRC 145.1
PROJECT LOCATION MAP



STATE OF CALIFORNIA
STATE LANDS COMMISSION

Initial Study for the Redrilling of One Well

STATE OIL AND GAS LEASE PRC 145.1

Energy Development of California, Inc.

Rincon Field, Ventura County

1. Project and Its Location

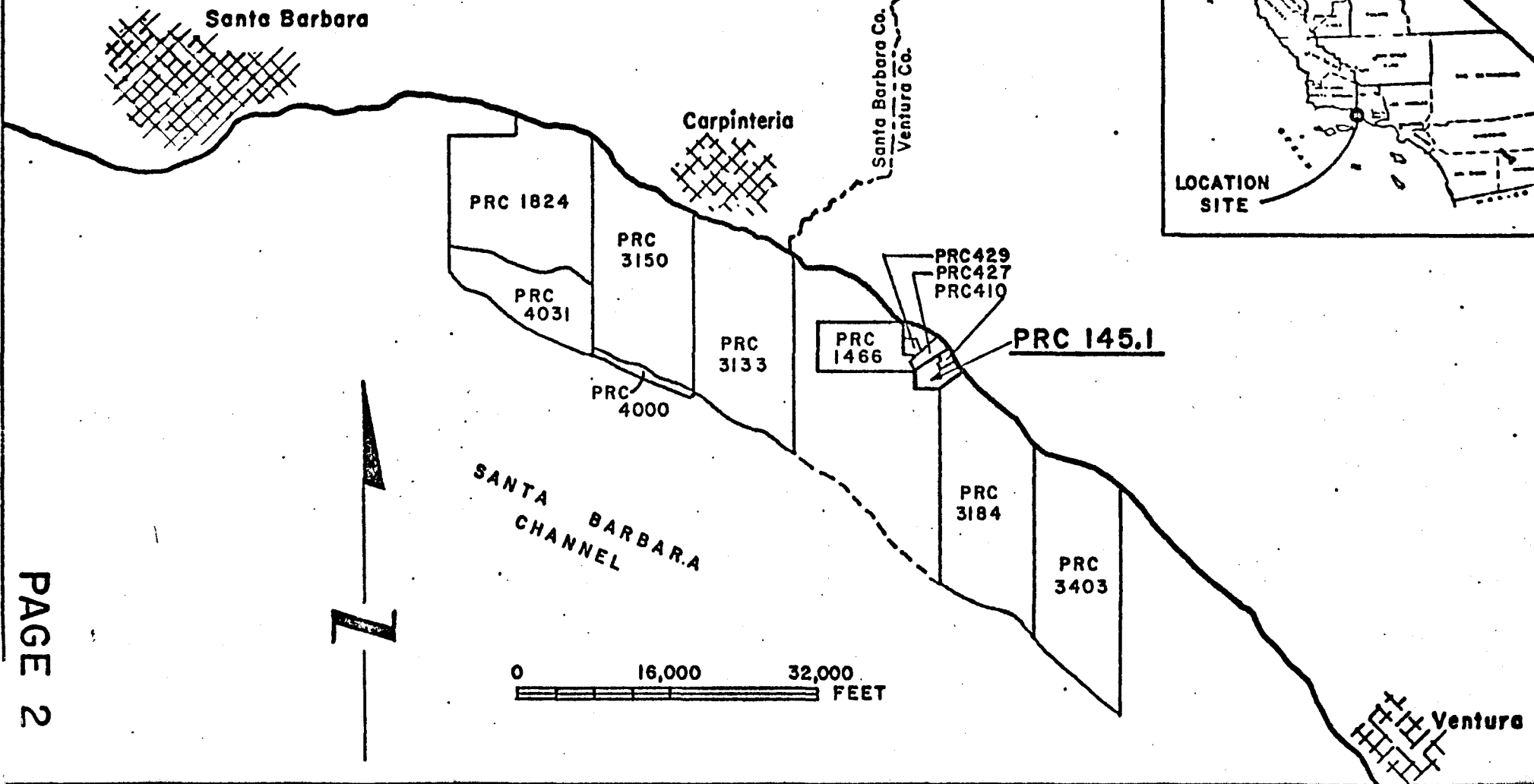
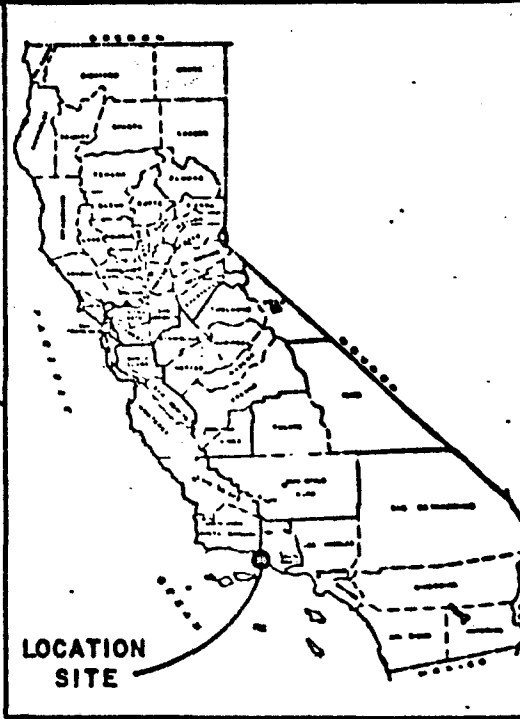
Energy Development of California, Inc., lessee of State Oil and Gas Lease PRC 145.1, is planning to redrill one well (Well #5) from a depth of 2450' to a depth of 2950' and place the well on production. The lease currently has twelve wells; eight producers, one waste water disposal and three idle. Well #5 has not been producing since 1967 due to junk in the hole. The redrilling of this well would allow it to be placed back on production.

Proposed drilling would be from an upland location, as has been all drilling done on the lease in the past. It is expected that the redrilling operation would be completed within three weeks.

State Lease PRC 145.1 is located on the coastal tidelands near Seacliff, Ventura County, approximately twelve miles west of the City of Ventura (See Project Location Map and Facilities Location Plan, P. 2 & 3). The lease, originally issued in July, 1944, contains approximately 326 acres.

Total oil production from PRC 145.1 is approximately 2,864,000 bbls. through 1976. The maximum production rate was reached in 1957 at over 21,000 bbls. per month from eleven producing wells. At the present time with eight producing wells, oil production is about 3,000 bbls. per month, along with approximately 2200 bbls. of water per month and 1500 Mcf of gas per month. This current rate of about twelve barrels of oil per day for each of the eight producing wells qualifies as stripper well oil.

PRC 145.1
PROJECT LOCATION MAP



SPRR

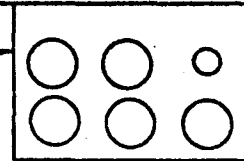
OLD STATE HIGHWAY 101

Ventura County →
Fire Station (500')

≈ 1000'



E. D.
WELL No. 5



ENERGY &
TANK DEV. FARM



OTHER E. D.
WELLS

101 FREEWAY

ENERGY DEVELOPMENT CORP.
PRC 145.1
FACILITIES LOCATION PLAN

2. Purpose of the Project

The purpose of the project is to produce as much of the recoverable oil as economically possible. The subsurface geology and estimates of in-place reserves indicate that economically recoverable primary oil could be produced by the redrilling of well #5.

3. Description of the Proposed Work

Well #5 has not been producing for a number of years due to junk in the hole, top of which is located at 2650'. The total depth of the well is 2943'. The proposed project would be to squeeze and plug off the lower zone to an approximate depth of 2500', mill a window in the casing at approximately 2,450' and side-track the old hole and redrill to a total depth of 2950', run a liner to that depth, and place the well in production.

The estimated production rate increase following redrilling of Well #5 is approximately 45 barrels/day of oil, 45 barrels/day of water, and 15 Mcf/day of gas. The expected increase in oil production would be transported to a refining center in the same manner as the present oil production - by pipeline. A twenty-two inch diameter pipeline, operated by Mobil Oil Corporation, running along old Highway #101 immediately adjoining Energy Development's oil handling facility, transports the oil to Ventura; from there it proceeds through pipelines operated by Texaco, Union, or Shell, under exchange agreements, to the Los Angeles Basin.

4. Present Environment

The existing environment in the area of the lease is one of the Pacific Ocean and the steep slopes of the coastal mountains separated by a narrow beach and lowlands of about 300 to 1,000 feet in width. Along a stretch of about two miles in this area, there are numerous oil production facilities and offices of various oil companies. To the north of PRC 145.1 is Cabot Oil and Gas Corporation's State Lease PRC 410.1, and north of that is Mobil Oil Company's State Lease PRC 427.1 with two piers - one of which extends offshore approximately 2,000 feet onto PRC 429.1, the other State Lease operated by Cabot Oil and Gas Corporation.

On the upland adjacent to PRC 145.1, and now located landward of the Coast Highway since the Highway's relocation in 1972, Energy Development Corporation has their production facility, containing an oil/water separation system, pipeline pumping equipment, and storage tanks with a capacity of about 1,800 barrels, in addition to the twelve well-heads. All the wells are slant drilled from the upland location, bottoming beneath off-shore state lands.

Except for a few beach houses at Sea Cliff, about 2,200' to the south and a few other scattered beach houses approximately 7,000' north of the lease, the nearest residents live in Carpinteria, about nine miles to the north. The houses are separated from the project by the elevated Coast Highway. Few beach seekers are found in the vicinity; however, some surfing is done near the piers on the nearby lease PRC 427.1. A somewhat popular area for surf-riding is just south of Pitas Point about four to five miles south of the lease. Most surf-fishing activity in the area is found in and around the Pitas Point vicinity.

5. Environmental Impact of the Proposed Project:

- (a) The present environment will be only temporarily altered by the proposed drilling of the subject well. Increased noise pollution will occur, but only for the three week or less time span during which drilling will take place. The well will be drilled with portable drilling equipment which will be removed from the area as soon as the well is completed.
- (b) Waste materials and liquids would be trucked away from the drill site and disposed of at an approved Class I disposal site. Existing laws and regulations (e.g., Porter-Cologne Water Quality Control Act, Los Angeles Regional Water Pollution Control Board resolutions, etc.) pertaining to the prevention of degradation of the water quality on, around, and beneath the subject area will be adhered to and complied with. Ground water is protected by setting and cementing casing through all fresh water zones.
- (c) The only additional source of stationary emissions during the drilling will be from the single diesel-powered drilling rig. Therefore pollutants emitted to the atmosphere from the drilling phase of the project will be of insignificant volumes. The drilling is to be conducted with a single drilling rig equipped with two to four diesel engines of approximately fifty to six hundred horsepower each. At any one time no more than a total of about seven hundred fifty horsepower will be required to operate the rig including all electrical generating requirements. Exhibit "A" attached shows the emission rates for stationary 750 HP diesel output.

The production storage tanks on Energy Development of California's oil handling facility are not equipped with a vapor recovery system. Present oil production from eight producing wells is approximately 98 barrels/day. If the estimated increase of 45 barrels/day is obtained from the proposed redrilling, it would represent a 46% increase in oil handled.

Based on the EPA's "Air Pollution Engineering Manual", 2nd Edition, we calculate the hydrocarbon emissions from present oil production at approximately 24.5 tons/year. With the estimated production increase, the hydrocarbon emissions would rise to approximately 32.7 tons/year.

- (d) No additional permanent structures will be installed.
- (e) Required pipelines from the well to existing storage and gathering facilities are already in place.
- (f) Noise levels created by the drilling activity will not have any adverse effect on the surrounding environment. Recreational and residential areas are either too distant or are shielded from noise levels by natural and man-made structures in the area.
- (g) Covering the seventy-five year history of Southern California oil drilling and producing operations, and more locally the nearly fifty year history of the Rincon area, there has never been a significant incidence of surface spillage (onshore or offshore) as a result of seismic occurrences.

6. Any Adverse Effects That Cannot be Avoided if the Proposal is Implemented:

- (a) Because the proposed drilling work will be conducted entirely within the subject area which has never been used for any other purpose in the past fifty years, no lasting, or substantial, adverse impact on the environment from the implementation of this project will occur.
- (b) Outside activity levels except in the immediate locality of the drill sites will not be affected by the proposed operations. The movement of equipment, men, and materials necessary to carry out the proposed operation during the estimated three week period can be accomplished without any significant interference with the normal tourist or residential traffic.

7. Mitigation Measures Proposed to Minimize the Impact:

Connected with the proposed operations, the applicant has submitted a "Critical Operations and Curtailment Plan", and "Oil Spill Contingency Plan" conforming with State Lands Commission procedures, and "Production Procedures".

All existing operations in the subject area are sufficiently guarded to contain and recover any conceivable spillage before any significant environmental damage could occur.

8. Alternatives to the Proposed Action:

In order to continue economic development of the remaining oil reserves beneath the PRC 145.1 lease, it would be possible to drill new wells from new onshore or offshore locations. However, inasmuch as the proposed drilling area contains the wellhead of the well that needs to be redrilled as well as all required environmental protection equipment, there is no practical alternative to using the existing onshore drilling area as proposed in the project.

9. The Relation Between Local Short-Term Uses of Man's Environment and the Maintenance and Enhancement of Long-Term Productivity:

The redrilling of one well will have no significant short-term effect on the local environment, as the portable drilling equipment will be moved out after completion of the work. The existing land surface will be cleaned up and restored to its condition prior to the drilling activity. The long-term effect of the purpose of the project will be significant reduction of the time required to drain the oil reservoir beneath the PRC 145.1 lease. The net long-term effect is a reduction of time the oil producing facilities now occupying the onshore area of said lease will be in existence.

10. Any Irreversible Environmental Changes that Would be Involved if the Proposed Action Should be Implemented:

No conceivable irreversible environmental changes on the subject area will be created by the implementation of the proposed action. At the end of the economic productive life of the project, the subject area will be restored to its natural state as though no oil operations had ever been in evidence. Should the proposed action not be taken, certain recoverable and valuable mineral reserves, which will contribute to the national wealth will be irretrievably lost if not recovered by existing economical means while there is still a chance to use the existing subject area in its present state of condition.

11. The Growth-Inducing Impact of the Proposed Action:

Geologic investigations and reservoir studies by the State Lands Commission staff indicate that the continuation of the proposed development on PRC 145.1 lease will not lead to growth-inducing impact on the subject area. Therefore, there will be no apparent growth-inducing impact due to the implementation of the proposed project, since implementation will, in the long term, reduce the length of time for the proposed and existing facilities to remain at their present location in the subject area.

12. Water-Quality Aspects:

(a) Concerning Uses of Water in the Redrilling Operation and Confining Liquids to the Subject Area:

All proposed work connected with the project will be conducted in accordance with all rules and regulations for the prevention of degradation of water quality. It is expected that no fluids or materials of any sort would reach the surf zone or be lost to the ground in the area. Drilling fluids and other wastes would be contained in steel tanks designed for that purpose during drilling operations. These will be hauled off to certified disposal facilities unless reused elsewhere. Human wastes would be handled in chemical toilets and services and disposed of by licensed service companies. Liquids accumulated under and around the drilling equipment will be contained by a berm around the drillsite. These liquids will be drained to a central point within the containment area for pick-up and disposal.

(b) Concerning Disposal of Produced Water from the Redrilled Well:

The anticipated formation water to be recovered through normal oil producing operations from the project will be separated and accumulated at the central storage tank facilities. The accumulated formation water will then be re-injected in wells presently in use.

13. Economic and Social Factors:

There would be no apparent, present or future, social effect caused by implementation of the proposed project. As stated in Item 6 and Item 11, there would be no growth-inducing or adverse impact on the subject area.

No apparent economic effect will be caused since the proposed implementation will be a continuation only of the activity for which the subject area has been designed and used for the past fifty years. In fact, adverse economic effects would result if in any way the removal of the remaining recoverable oil reserves were impeded or prevented.

14. Organizations and Persons Consulted:

California Department of Fish and Game
California Department of Water Resources
California Department of Conservation - Division of Mines and Geology
California Department of Transportation - District VII
South Central Coast Regional Coastal Commission
Los Angeles Regional Water Quality Control Board
Ventura County Environmental Resources Agency
Ventura County Air Pollution Control District

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EXHIBIT "A"

DIESEL POWERED INDUSTRIAL ENGINE

EMISSION FACTORS AND RATES

750 H.P.¹

	<u>g/hp.hr.</u> ²	<u>at 75%</u> ³ <u>load factor</u>	<u>g/sec.</u>	<u>tons/mo.</u>
Carbon Monoxide (CO)	3.030	2.27	0.47	1.37
Exhaust Hydrocarbons (HC)	1.120	0.84	0.17	.51
Evaporative Hydrocarbons	None	--	--	--
Crankcase Hydrocarbons	None	--	--	--
Nitrogen Oxides (NO _X)	14.000	10.50	2.18	6.32
Aldehydes	0.210	0.16	0.03	.12
Sulfur Oxides (SO _X)	0.931	0.70	0.15	.42
Articulate (Part)	1.000	0.75	0.16	.45

1. Total H.P. - Two engines of approximately 350 hp. and 400 hp. will be used.
2. Data obtained from EPA, AP-42 Supplement 5; December 1975, P. 3.3.3-1.
3. Hoisting operations will require 675 hp. for approximately 6 hours/day and drilling operation will require 525 hp. 18 hours/day.

load factor 1 = $675/750 = 90\%$

load factor 2 = $525/750 = 70\%$

Average load factor = $\frac{(0.90) (6) + (0.70) (18)}{24} = 75\%$