

MINUTE ITEM

This Calendar Item No. 33  
was approved as Minute Item  
No. 33 by the State Lands  
Commission by a vote of 2  
to 0 at its 4/28/83  
meeting.

CALENDAR ITEM

33

4/28/83  
PRC 2206  
PRC 2725  
Livenick

DEFERMENT OF DRILLING OPERATIONS  
STATE OIL AND GAS LEASES  
PRC 2725 AND 2206

LESSEE: Texaco, Inc.  
3350 Wilshire Blvd.  
Los Angeles, California 90010  
Attention: G. F. Clarke

AREA, TYPE LAND AND LOCATION:  
State Oil and Gas Lease PRC 2206.1 was  
issued to Texaco on July 25, 1958 and contains  
approximately 3,840 acres of tide and sub-  
merged lands west of Gaviota. State Oil  
and Gas Lease PRC 2725.1 was issued to  
Texaco on May 4, 1961 and contains approxi-  
mately 4,250 acres of tide and submerged  
lands halfway between Gaviota and Point  
Conception (Exhibit "A").

SUMMARY: On April 29, 1971, the Commission authorized  
the extension of time a lessee has in which  
to resume drilling operations on State  
leases that were affected by the Commission's  
drilling moratorium. For State Leases  
PRC 2725 and 2206, Texaco had six months  
after the drilling moratorium terminated  
in which to commence drilling operations.

A 18  
S 35

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On April 27, 1982, the Commission authorized the resumption of drilling operations on State Leases PRC 2725 and 2206, thereby terminating the drilling moratorium. On October 28, 1982 the Commission authorized a deferment of drilling requirements to May 1, 1983. The California Coastal Commission approved the issuance of Texaco's coastal development permit for a four-well exploratory drilling program on the subject leases on February 25, 1983. Texaco was allowed to commence drilling operations on April 1, 1983 subject to the following critical path conditions:

- a) The coastal development permit contains a condition that requires Texaco to obtain an amendment if a drilling rig is selected which was not drilling offshore California on February 25, 1983. Texaco has applied to the Coastal Commission for an amendment to use the Rowan Alaska, a jack-up rig. Texaco is also next in line to use the Diamond "M" General, a semi-submersible rig, which is currently drilling and expected to be available in late May 1983; and
- b) In order to obtain the necessary Santa Barbara County Air Pollution Control District (SBCAPCD) Permit for the four-well exploratory program, Texaco was required to enter into emission offset agreements with the SBCAPCD and Southern California Gas Company. These emission offset agreements allow Texaco to drill during two (2) six (6) month windows in 1983 and 1984. The first window starts on April 1, 1983 and ends approximately September 30, 1983. The second window will begin in mid-April 1984, and will end in October 1984, which coincides with the dates that Southern California Gas Company operates its gas compression engines at its Goleta, California Gas Plant.

The California Coastal Commission and the SBCAPCD requirements are such that PRC 2725 will be in jeopardy if a permitted

drilling vessel is not available for the commencement of actual drilling by May 1, 1983, and PRC 2206 will be in jeopardy if a drilling vessel is not available or, if available, because simultaneous drilling could result in the revocation of the SBCAPCD Permit if concurrent drilling results in total emissions greater than the emission offset negotiated with SBCAPCD.

Texaco has been diligent in obtaining all permits needed in order to fulfill the lease drilling obligations but is facing non-compliance with the drilling obligation dates set forth by the State Lands Commission in order to comply with the conditions of the California Coastal Commission and SBCAPCD Permits.

Therefore, Texaco requests that the State Lands Commission grant the approvals needed to assure Texaco that its interests in these two leases will be protected by extending the May 1, 1983 drilling obligation on PRC 2725 to July 1, 1983 (which provides for drilling within the first window established by the SBCAPCD) and on PRC 2206 to May 31, 1984 (within second drilling window).

AB 884: N/A.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT CEQA IS NOT APPLICABLE TO THIS ACTION AS IT IS NOT A "PROJECT WHICH MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT", AS DEFINED IN THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND ITS IMPLEMENTING GUIDELINES.
2. APPROVE A DEFERMENT OF THE DRILLING REQUIREMENTS ON STATE OIL AND GAS LEASE PRC 2725 FOR THE PERIOD FROM MAY 1, 1983 TO JULY 1, 1983, AND FOR LEASE PRC 2206 FOR THE PERIOD FROM MAY 1, 1983 TO MAY 31, 1984; ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

