

MINUTE ITEM

This Calendar Item No. 18
was approved as Minute Item
No. 18 by the State Lands
Commission by a vote of 3
to 0 at its 3/22/84
meeting.

CALENDAR ITEM

18

3/22/84
PRC 3095
Livenick

EXEMPTION FROM CEO
FOR REPLACEMENT OF ISLAND ESTHER, PRC 3095

LESSEE: Chevron USA, Inc.
575 Market Street
San Francisco, California 94120

AREA, TYPE LAND AND LOCATION:

State Oil and Gas Lease PRC 3095, issued
on January 30, 1964 for a primary term
of 20 years and so long thereafter as oil
and gas are produced in paying quantities
or the Lessee is conducting lease or well
work, contains approximately 3 360 acres
of tide and submerged lands lying in the
County of Orange. State Lease PRC 3095
is currently held by Chevron USA, Inc.

BACKGROUND INFORMATION:

"Esther", a rock-filled artificial island,
was completed July 1965 with spaces for
128 wells. By the time of the moratorium
on drilling in tide and submerged lands
in January 1969, 72 wells had been drilled
on "Esther" and producing 7,000 barrels
of oil per day.

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(Added 3/16/84)

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Resumption of drilling operations from existing facilities on Oil and Gas Lease PRC 3095.1 was authorized by the Commission on January 14, 1975. Under the terms of the lease, Chevron is required to maintain a continuing drilling program until the underlying oil and gas reservoirs are fully developed. That program requires that each well drilled or redrilled must be commenced within 120 days after the cessation of drilling operations on the preceding well. As of January 1, 1983, 90 wells had been drilled from Island "Esther", but production had declined to approximately 1,900 barrels of oil per day.

Island "Esther" was shut in for repairs, principally to the electrical and control systems, as a result of extensive storm damage on January 27, 1983. "Esther" was expected to be put back on production in the early part of March, 1983. However, on the first and second of March, the island was subject to a second and more severe storm. On the afternoon of March 1, 1983, in anticipation of the storm, all equipment on the island was secured and all personnel were evacuated. The wells were still shut in as a result of the January storm. During the night of March 1-2, approximately 75 percent of the drilling island was destroyed. During the day of March 2, the last auxiliary structures were destroyed and swept off the island by wave action. As a result of that storm, as well as earlier storms during the 1982-83 winter, the area in which Island Esther is located was declared a state and a federal disaster area.

As soon as the storm abated enough for emergency crews to begin work, remedial actions were put in effect. All wells, many of whose well-heads had been damaged, have been loaded with either weighted salt water or cement in order to secure them from the possibility of leakage. All visible major equipment debris was removed from the island and surrounding water. This work was completed April 1, 1983. Divers have located and salvaged significant hazardous debris around the island.

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On April 28, 1983, the Commission acknowledged the existence of a "force majeure". Since that time, Chevron has commenced the removal of the rock island remains and other debris down to a depth of 20 feet below 'LLS'. The work is being conducted from a temporary platform located on the east side of the island. Completion of the work is expected by the end of March, 1984.

PERTINENT INFORMATION:

A preliminary development and production plan was submitted to Commission staff on January 31 for technical review and approval. Chevron proposes a \$46 million project to restore the facility, not as an island, but rather as a conventional two-deck drilling and production platform. Current plans provide for resumption of production in mid-1986. Chevron estimates that approximately 50 percent of the wells can be returned to production.

Esther was an existing island which had prior Commission approval for location and design, and considerable drilling had occurred prior to the island's destruction. The replacement of Island Esther with a platform is exempt from CEQA for the following reasons:

1. The replacement of Island Esther is statutorily exempt from CEQA pursuant to PRC 21080(b)(3), based on the Governor's state of emergency proclamation.
2. The categorical exemption provided by 14 Cal. Adm. Code 15302 for repair and replacement of existing facilities.

STATUTORY AND OTHER REFERENCES:

1. PRC Section 21080(b)(3).
2. Cal. Adm. Code 15102.

AB 884:

N/A.

EXHIBITS:

A. Location Map.

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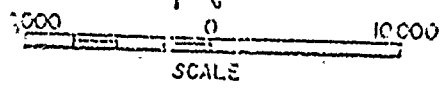
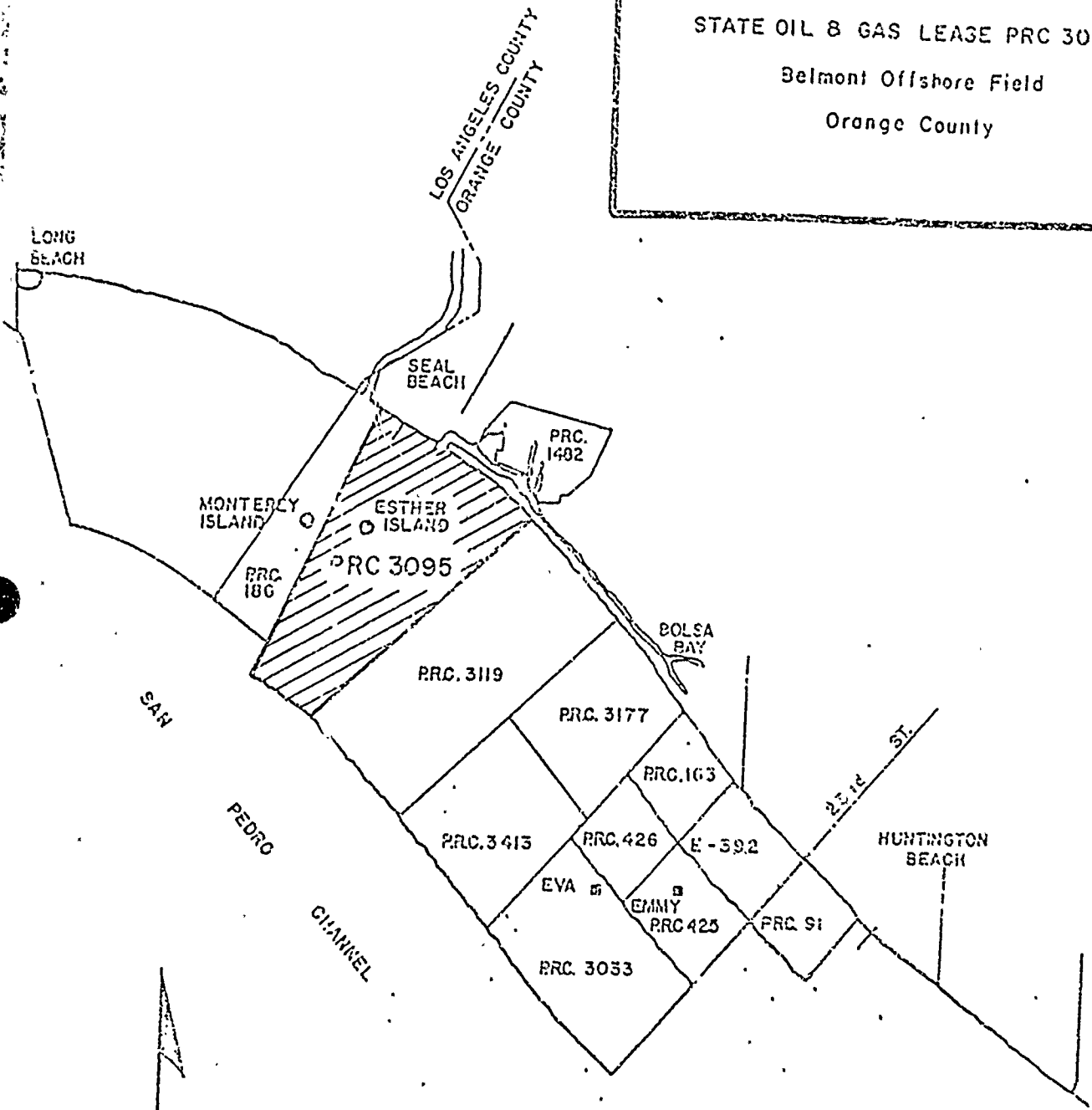
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IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THE REPLACEMENT OF ISLAND ESTHER TO BE EXEMPT FROM CEQA PURSUANT TO THE FOLLOWING STATUTES AND REGULATIONS:
 - A. PRC 21086(b)(3), BASED ON THE GOVERNOR'S STATE OF EMERGENCY PROCLAMATION.
 - B. 14 CAL. ADM. CODE 15302 BECAUSE AN EXISTING FACILITY IS BEING REPLACED WITH NO SIGNIFICANT CHANGE IN FUNCTION OR PURPOSE.
2. DELEGATE TO COMMISSION STAFF THE APPROVAL OF THE DESIGN OF THE REPLACEMENT STRUCTURE FOR ISLAND ESTHER.

EXHIBIT "A"
STATE LANDS COMMISSION

STATE OIL & GAS LEASE PRC 3095.1
Belmont Offshore Field
Orange County



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