



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

JAN 16 1979

P-0204
0205
0208
0209
0210
0215
0216
0217

Mr. R. W. Armstrong
Manager, West Coast Division
Chevron U.S.A. Inc.
575 Market Street
San Francisco, California 94105

Dear Mr. Armstrong:

In my November 22, 1978, letter to you, I conditionally approved a proposed timetable for the drilling of wells in the Santa Clara Unit. According to that schedule, drilling in the Sockeye Field was to commence on January 15, 1979.

On January 5, 1979, you asked me to approve a delay in the commencement of drilling activities on the next well in the Sockeye Field until operations on Well P-0306 NBR 1, located on a non-unit well in San Pedro Bay, were completed. You asserted that the delay would be in the best interest of both the United States and Chevron.

I am convinced that a further delay in the commencement of operations on the Sockeye Field is not in the national interest. As you know, my policy is that exploration and development activities must proceed in a prompt and efficient manner. Your plan of operation which I conditionally approved on November 22, 1978, established a schedule which is both reasonable and timely. I consider deviations from that schedule to be a serious breach of your obligations under the Plan of Operation and the Unit Agreement.

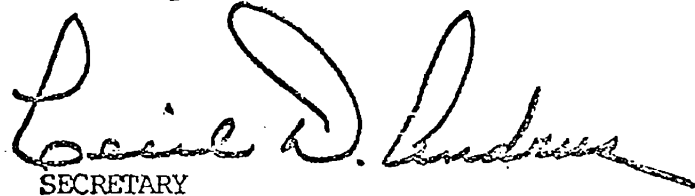
Article X, Section 10.5 of the Unit Agreement for the Development and Operation of the Santa Clara Unit Area, provides:

10.5 Until there is actual production of Unitized Substances, the failure of Unit Operator to timely drill any of the wells provided for in a Plan of Operation approved under this Article X or to timely submit a Plan of Operation for approval by the Supervisor or in any other way to timely comply

with the requirements of this Agreement, shall, after notice of default or notice of prospective default to Unit Operator by the Supervisor and after failure of Unit Operator to remedy any actual default within a reasonable time (as determined by the Supervisor), result in automatic termination of this Agreement effective as of the first day of the default.

Because drilling activities did not commence on either P-0204 NBR 1 or P-0209 NBR 1 on January 15, 1979, the terms of the approved plan of operation have been violated. This letter constitutes a notice of default pursuant to Section 10.5 of the Unit Agreement. Failure to commence activities on either P-0204 or P-0209 within a reasonable time will result in termination of the Unit Agreement effective January 16, 1979. Given your prior drilling commitment, it is my judgment that two weeks would allow a reasonable time to commence drilling operations in the Sockeye Field.

Sincerely,


SECRETARY

to 1/30/79



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

NOV 1 1978

P 0204
0205
0208
0209
0210
0215
0216
0217

Mr. R. W. Armstrong
Manager, West Coast Division
Chevron U.S.A. Inc.
575 Market Street
San Francisco, California 94105

Dear Mr. Armstrong:

My letter to you of August 15, 1978, cited two deficiencies of your plan of operation for the Santa Clara unit and requested that Chevron submit a revised plan. The two deficiencies concerned (a) a timetable of events with specific dates and (b) the elapsed time between the drilling of wells on each potential hydrocarbon accumulation.

Your amended plan of operation submitted on September 8, 1978, substantially corrected the deficiencies cited in my earlier letter. However our analysis of your latest submittal indicates that the time between the drilling of wells on some of the potential accumulations exceeds 90 days. In the interest of proceeding with exploration and development at the earliest possible date I hereby conditionally approve your proposed timetable. My approval is conditioned upon Chevron's agreement that the time between the drilling of wells on each of the potential hydrocarbon accumulations shall not exceed 90 days.

I take this opportunity to remind you that the conditional approval granted above is only for the timetable of events. You must, of course, submit to the USGS all information required by 30 CFR 250.34 and receive their final approval of your plans. I expect the plans to specify drilling schedules which meet the 90-day requirement.

Sincerely,

SECRETARY

EM:DPAGE:lw:x4881:11-6-78

cc:

Secy's files

" RF (2)

AS-IM (2)

Page file

Solicitor

OPA

Oil & Gas Supervisor, USGS, Los Angeles, CA

BLM Office, Los Angeles, CA

Chief, Cons. Division, USGS, Reston, VA

ES

AS-PB&A

CL



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
7744 FEDERAL BUILDING
300 NO. LOS ANGELES STREET
LOS ANGELES, CALIFORNIA 90012

March 26, 1979

Memorandum

To: Manager, Pacific OCS Office, Bureau of Land Management

From: Acting Oil and Gas Supervisor, Pacific Area

Subject: Designation of Agent, Lease OCS-P 0216, Well No. 4
Santa Clara Unit

Enclosed is a "Designation of Agent" agreement wherein Chevron U.S.A. Inc., designates Union Oil Company of California as its agent for all unit operations with and related to the redrilling of Well No. 3 on Lease OCS-P 0216. Said redrill has been designated as Well No. 4. Chevron accepts full responsibility for the actions of the assigned agent.

H. T. Cypher
H. T. Cypher

Enclosure