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June 1, 1995

Mr. Lee Bafalon  
Senior Land Representative  
Chevron U.S.A. Production Company  
Ventura Profit Center  
P.O. Box 6917  
Ventura, CA 93006

Re: Platform Grace Pipeline Re-route -  
Santa Clara Unit

Dear Mr. Bafalon:

By letters to this office dated June 9, 1993, July 22, 1993 and subsequent revised proposal dated May 2, 1995, Chevron U.S.A. Production Company (Chevron) submitted a proposed revision to the approved Development and Production Plan (DPP) for the Santa Clara Unit which was approved by the Minerals Management Service (MMS) on July 14, 1977. The proposed revision involves re-routing oil and gas pipelines around Platform Hope in State waters, associated minor pig trap and piping changes on Platform Grace which is located in Federal OCS waters, and a switch in pipeline service for the Grace-to-Hope pipelines. The MMS and California State Lands Commission (SLC) have been jointly reviewing this project.

Chevron requested approval of this revision pursuant to 30 CFR 250.34(q)(2) and states that it will not result in a significant change in the impacts previously identified and evaluated and that it also fully meets the standards for approval set forth in 30 CFR 250.34(q)(3).

The purpose of the pipeline re-route is to eliminate the transport of Platform Gail and Grace production thorough Platform Hope as that platform will be abandoned and

removed beginning in the 3rd quarter of 1995. The pipelines re-route will be achieved by the installation of two 650-foot sections of pipeline in State waters between existing flanges on the Grace to Hope pipelines located 300-350 feet south of Platform Hope and a midline cut point on the Platform Hope to shore pipelines located near Hope's east face. After shutdown and pigging, the specified Hope to shore pipelines will be cut about 320 feet from Platform Hope, connectors with flanges will be installed, and the bypass sections will be connected. The result will be a re-route of the Platform Grace pipelines, clearing Platform Hope to the east by 150 feet from the center of the platform.

Currently, the combined Platform Gail/Grace crude oil production goes from Platform Grace to Platform Hope in a 12-inch pipeline and from Platform Hope to shore in a 10-inch pipeline. The combined Gail/Grace natural gas goes from Platform Grace to State Platform Hope in a 10-inch pipeline and from Platform Hope to shore in a 10-inch pipeline. Chevron proposes to switch the service of the 12-inch crude and 10-inch natural gas pipelines from Platform Grace to Platform Hope. The switch in pipeline service is being proposed to best facilitate maintenance and intelligent pigging operations, especially of the crude oil pipeline.

In Federal waters, the proposed work involves minor pig trap and other minor piping changes on Platform Grace. One meter run will be relocated to accommodate the pipeline changes. Platform Grace will be shut down while the work is conducted. To minimize down time, Chevron proposes to perform the work on Grace in conjunction with the work in State waters. The total offshore work is projected to take up to 10 days and is anticipated to begin about June 12, 1995. Platforms Gail and Grace are planned to be shut down on June 15, 1995. Chevron indicates that in the Federal OCS there will be no increase in existing marine vessel traffic and all equipment and personnel will utilize existing crew boat runs. No barges, barge cranes, or tugs will be needed, and no additional anchoring will be required for the work at Platform Grace. There will be one anchor set in Federal waters for the spool piece work that is conducted in State waters near Platform Hope.

The MMS and SLC have been jointly reviewing the proposed project due to the fact that it involves activities in both Federal and State waters. The MMS review consisted of a technical, safety and environmental review of the subject proposal. Our review indicates that the project in Federal waters is a minor modification to the approved Santa Clara Unit DPP for Platform Grace which was approved by MMS on July 14, 1977 and does not result in a significant change in the environmental impacts previously identified and evaluated for this DPP. The California Coastal Commission has completed the environmental review of this project and a Coastal Development Permit was granted on February 8, 1995. The MMS has determined that the proposal is based upon sound engineering principles and complies with MMS regulations and other applicable requirements. Therefore, based on our review, the MMS hereby approved Chevron's project subject to the conditions listed below.

1. Chevron shall assume sole responsibility for complying with applicable Federal, State and local laws and requirements and for obtaining all required permits before commencing operations or activities on the OCS.
2. Chevron shall notify the Regional Supervisor, Office of Development, Operations and Safety (RS/ODOS) of any change or proposed change to Chevron's proposal (including the schedule) as soon as it is known.
3. Chevron shall immediately notify the District Supervisor, Camarillo (DS/C) if any object is lost in Federal waters during the pipeline re-route operations and related work on Platform Grace and shall provide the DS/C for review and approval a proposed plan of action to promptly locate and recover the lost object. Chevron shall record the locations of all lost objects and maintain a log of these lost objects on site.
4. Within 60 days after completing the platform modifications at Platform Grace and pipeline re-route work around Platform Hope, Chevron shall submit to the RS/ODOS a detailed report (2 copies) describing the work performed and shall note any deviations from the project as proposed. The report shall include the following information.
  - As - built drawings for the project as constructed at Platform Grace including P&ID's and SAFE charts.
  - A video tape record, or if not feasible, other verification record of the completed pipeline re-route work performed around Platform Hope.
  - As-built drawings of the re-routed pipelines around Platform Hope which shows the locations of all ball joints, flanges, pipeline crossover supports and other pipeline appurtenances (specify datum used).
  - A description of the anchoring activities that were conducted during the pipeline re-route work and work at Platform Grace. This should include a map showing the anchor placement locations (including clump weights) in Lambert and Latitude/Longitude coordinates (specify datum used). The report shall also discuss any anchoring problems that may have occurred and provide verification of all anchors including clump weights being retrieved.
  - Hydrostatic test results for the re-routed pipelines, including procedure used, hold time and results.

5. Chevron should provide the DS/C a 48-hour advance notice of commencement of activities at Platform Grace and installation activities around Platform Hope to allow for an MMS representative to witness the operation should that be desired.

This approval does not authorize Chevron to commence operations on the OCS. Before initiating any activities, Chevron must consult with the MMS Camarillo District Supervisor to fulfill any conditions or obtain any additional approvals that he may require.

Sincerely,

 (Orig.Sgd.) Steven A. Wolfson  
Thomas W. Dunaway  
Regional Supervisor  
Development, Operations and Safety

cc: Ms. Susan Hansch, California Coastal Commission  
Mr. Pete Johnson, California State Lands Commission  
Ms. Nancy Minick, Santa Barbara County

bcc: FILE: 1703-02(a) Santa Clara Unit DPP Corres., Platform Grace (w/ltr.)  
1502-01(a) Santa Clara Unit Pipeline Corres. (w/o ltr.)  
RD (w/o ltr.)  
Chron (w/o ltr.)  
DS/C (w/o ltr.)  
RS/OEE (attn: EAS) (w/o ltr.)  
C/PDS (w/o ltr.)  
C/PPPS (w/o ltr.)  
GCShackell (w/o ltr.)  
Ralph Snyder (w/o ltr.)  
C/OSE (w/o ltr.)  
T.Bell (w/o ltr.)  
C.Stanek (w/o ltr.)

ODOS:GCShackell/pfr:wp51:doc.:ltr.ppp:REROUTE.GCS