

ARMSTRONG PETROLEUM CORPORATION

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February 26, 1990

Pam Emerson
Enforcement Supervisor
California Coastal Commission
245 West Broadway, Suite 380
Long Beach, California 90802

Re: Exemption No. E-7-27-73-144

Dear Ms. Emerson:

This letter is in reply to your letter dated February 5, 1990 regarding the referenced Coastal Vested Rights Decision and its application to West Newport Oil Company's oilfield production operations on the Newport-Banning Ranch, Orange County, California.

In your letter you state: "We have reviewed the above mentioned Coastal Vested Rights Decision and it is our opinion that the decision permits only surface and sub-surface drilling and the placement and maintainance (sic) of associated facilities for the extraction of oil." (emphasis added).

The facilities associated with the oil producing and injection wells include:

- * Tank Farm
 - Oil - Gas Separator
 - Dehydration Vessels
 - Heater Treater Vessels
 - Holding Tanks
 - Shipping Tanks
 - Water Purification and Disposal Tanks
- * Air Compressor Facility
- * Gas Incinerator Facility
- * Steam Generators
- * Electrical Distribution System
- * Well Access Roadway System

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- * Surface Water Channel System
- * Office and Storage Facilities
- * Maintenance Facility
- * Pipeline System
 - Oil and gas gathering and testing
 - Water distribution
 - Gas distribution
 - Steam distribution
 - Air distribution
 - Waste water disposal
 - Oil shipping
- * Truck Loading Facility
- * Perimeter Fence

For your reference I have attached an exhibit which shows most, but not all, of the above described facilities.

West Newport Oil Company conducts a continuous oilfield facilities maintenance program as a part of the ongoing oil producing operations. The maintenance program includes weed abatement and vegetation clearing around the oil and injection wells and associated facilities (as required by the County of Orange).

The specific inquiry is the result of West Newport Oil Company's clearing vegetation along the perimeter fence at the northerly boundary of the property and along a surface water diversion channel just south of the perimeter fence.

Pursuant to California Division of Oil and Gas regulations, West Newport Oil Company maintains a perimeter fence which encloses all the oilfield facilities and equipment to prohibit access and to protect life and property. To the north of the oilfield is the County of Orange Talbert property which is presently vacant and unfenced. Over the years the Talbert property has been used by off-road vehicles, transients, and more recently as a gathering place for youth gangs. The Talbert property was also the site of a ground fire recently. West Newport Oil Company clears the

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vegetation adjacent to the fence to allow for maintenance and access by fire equipment.

West Newport Oil Company also maintains a surface water diversion channel which runs east - west parallel to the perimeter fence. The City of Costa Mesa diverts surface runoff on to the oilfield at 18th street. To protect the oil and injection wells, associated production facilities, and in conjunction with its Spill Prevention Control and Countermeasure Program, West Newport Oil Company maintains a channel to accept the surface runoff and transmit it to the Greenville Banning Channel. The channel was installed and has been continuously maintained since the 1950's.

I hope the above explains how the exemption specifically fit this situation. If you have any questions on the matters discussed above, or require any further information, please let me know.

Yours truly,

ARMSTRONG PETROLEUM CORPORATION



Leonard W. Anderson
Legal Department

enclosure