

MINUTE ITEM

4. (REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, MONTEREY OIL COMPANY, HUNTINGTON BEACH, ORANGE COUNTY - P.R.C. 1549.1.)

After presentation of Calendar Item 18 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO MONTEREY OIL COMPANY, AS OPERATOR UNDER OIL AND GAS LEASE P.R.C. 1549.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER LEASE P.R.C. 1549.1, FOR THE PERIOD UNTIL SEPTEMBER 1, 1958. THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITIONS THAT DURING THE PERIOD OF DEFERMENT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE;
2. QUITCLAIM THE ENTIRE LEASE AREA;
3. PRESENT NEW ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.

Attachment
Calendar Item 18 (1 page)

CALENDAR ITEM

SUPPLEMENTAL

18.

(REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, MONTEREY OIL COMPANY, HUNTINGTON BEACH, ORANGE COUNTY - P.R.C. 1549.1.)

Oil and Gas Lease P.R.C. 1549.1 was issued to Monterey Oil Company, Humble Oil & Refining Company and Seaboard Oil Company on August 16, 1955. On August 15, 1956 (Minute Item 14, page 2773) the Commission authorized a deferment of drilling and operating requirements under Lease P.R.C. 1549.1 for a period of one year from August 15, 1956. The grant of deferment was subject to the express conditions that during the period of deferment the lessee would perform one of the following actions:

1. Initiate development on the lease;
2. Quitclaim the entire lease area;
3. Present new adequate bases for consideration as to any further deferment of the drilling and operating requirements under the lease.

During this period the lessee has drilled four core holes on the adjoining State Lease P.R.C. 1550.1 and conducted seismic operations on both leases in order to acquire further subsurface data having a direct bearing upon the evaluation of production possibilities within the area. The current progress of the work of interpretation and the correlation of the seismic information with the data obtained from core drilling indicates that additional coring may be necessary to evaluate the productive possibilities of Lease P.R.C. 1549.1. The equipment necessary for further coring is presently being used by another State lessee and will not be available until after January, 1958. In consideration of the foregoing, Monterey Oil Company as operator, on behalf of the lessees, has requested a deferment until September 1, 1958 within which to commence further drilling operations on State Oil and Gas Lease P.R.C. 1549.1.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO MONTEREY OIL COMPANY, AS OPERATOR UNDER OIL AND GAS LEASE P.R.C. 1549.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER LEASE P.R.C. 1549.1, FOR THE PERIOD UNTIL SEPTEMBER 1, 1958. THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITIONS THAT DURING THE PERIOD OF DEFERMENT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE;
2. QUITCLAIM THE ENTIRE LEASE AREA;
3. PRESENT NEW ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.