

MINUTE ITEM

8. (REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, DOUGLAS OIL COMPANY OF CALIFORNIA, HUNTINGTON BEACH, ORANGE COUNTY - P.R.C. 1524.1.)

After presentation of Calendar Item 6 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT DOUGLAS OIL COMPANY OF CALIFORNIA A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER STATE OIL AND GAS LEASE P.R.C. 1524.1 TO JANUARY 1, 1958, SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD OF DEFERMENT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE.
2. QUITCLAIM THE UNDEVELOPED LEASE AREA.

Attachment

Calendar Item 6 (1 page)

CALENDAR ITEM

OIL & GAS

6.

(REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, DOUGLAS OIL COMPANY OF CALIFORNIA, HUNTINGTON BEACH, ORANGE COUNTY - P.R.C. 1524.1.)

On July 2, 1956 (Minute Item 4, pages 2714-15) the Commission authorized the deferment of drilling and operating requirements under State Oil and Gas Lease P.R.C. 1524.1, Huntington Beach, to December 31, 1956, subject to the express condition that during the period of deferment the lessee would perform one of the following actions:

1. Initiate development on the lease.
2. Quitclaim the undeveloped lease area.
3. Present new adequate bases not considered heretofore for consideration as to any further deferment of drilling requirements under the lease.

Lease P.R.C. 1524.1 was issued June 13, 1955 to the Douglas Oil Company of California pursuant to competitive public bidding. Two wells have been drilled and are on production under the lease.

On January 10, 1957 (Minute Item 5, page 2969) a further deferment of drilling and operating requirements under Oil and Gas Lease P.R.C. 1524.1 to June 30, 1957 was authorized by the Commission to permit analysis of geological and mechanical information, which it was anticipated would become available from current conduct of core drilling operations on adjoining properties. In addition, the lessee was working on a program of possible joint action with other lessees in continuing further tests in the vicinity for the purpose of obtaining additional information concerning the productive possibilities.

On June 18, 1957 an application was received from the lessee requesting a further extension of the deferment of drilling and operating requirements as deemed reasonable by the Commission. This request is predicated on the necessity for additional time to continue the effort being made to enter into a joint exploration project with the lessees on adjoining leases.

IT IS RECOMMENDED THAT THE EXECUTIVE OFFICER BE AUTHORIZED TO GRANT DOUGLAS OIL COMPANY OF CALIFORNIA A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER STATE OIL AND GAS LEASE P.R.C. 1524.1 TO JANUARY 1, 1958, SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD OF DEFERMENT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE.
2. QUITCLAIM THE UNDEVELOPED LEASE AREA.