

MINUTE ITEM

5. (REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, SIGNAL OIL AND GAS COMPANY, HONOLULU OIL CORPORATION, AND RICHFIELD OIL CORPORATION, COAL OIL POINT, SANTA BARBARA COUNTY, P.R.C. 308.1 AND P.R.C. 309.1 - W.O. 3090.)

After presentation of Calendar Item 19 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO THE SIGNAL OIL AND GAS COMPANY, HONOLULU OIL CORPORATION, AND RICHFIELD OIL CORPORATION, LESSEES UNDER STATE OIL AND GAS LEASES P.R.C. 308.1 AND P.R.C. 309.1, A DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE SUBJECT LEASES TO DECEMBER 31, 1959. THIS GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD OF DEFERMENT THE LESSEES WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE;
2. QUITCLAIM THE ENTIRE LEASE AREA;
3. PRESENT NEW ADEQUATE BASES, NOT CONSIDERED HERETOFORE, FOR CONSIDERATION AS TO ANY FURTHER EXTENSION OF THE DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE RESPECTIVE LEASES.

Attachment

Calendar Item 19 (2 pages)

CALENDAR ITEM

OIL & GAS

19.

(REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, SIGNAL OIL AND GAS COMPANY, HONOLULU OIL CORPORATION, AND RICHFIELD OIL CORPORATION, COAL OIL POINT, SANTA BARBARA COUNTY, P.R.C. 308.1 AND P.R.C. 309.1 - W.O. 3090.)

On November 12, 1957 (Minute Item 2, page 3585), the Commission authorized a further deferment of drilling and operating requirements under Oil and Gas Leases P.R.C. 308.1 and P.R.C. 309.1 to December 31, 1958. The joint lessees have requested a further deferment of drilling and operating requirements under these leases to December 31, 1959.

The subject leases were amended as approved by the Commission on January 13, 1958 (Minute Item 11, page 3747, and Minute Item 12, page 3749), in accordance with the provisions of Section 6873 of the Public Resources Code, in order to permit the lessees to take advantage of the more flexible development and operating conditions specified. As provided in the amended lease, the operator proposes to use mobile marine equipment for the drilling of additional test wells.

The initiation of this program was scheduled for September 1958; due to a shipyard strike, the mobile equipment has been tied up in dry dock. The program will be initiated as soon as possible.

The proposed drilling operations will be conducted in water exceeding 200 feet in depth, which will present many unusual and complex problems and will require additional time in which to develop new techniques as well as for the design and fabrication of new, special equipment.

The drilling requirements of the lease specify that "Within thirty (30) days from and after the date of completion of the first well, or the cessation of drilling operations or testing operations therein, the lessee shall commence operations for the drilling of the next well; and operations for the drilling of each succeeding well thereafter shall be commenced within thirty (30) days from and after the date of completion of, or cessation of drilling or testing operations in the preceding well,..."

The lessees have heretofore drilled ten exploratory wells into the tide and submerged lands covered by the two leases. Some of said wells were drilled from uplands and others from mobile marine drilling equipment under a geological exploration permit.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO THE SIGNAL OIL AND GAS COMPANY, HONOLULU OIL CORPORATION, AND RICHFIELD OIL CORPORATION, LESSEES UNDER STATE OIL AND GAS LEASES P.R.C. 308.1 AND P.R.C. 309.1, A DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE SUBJECT LEASES TO DECEMBER 31, 1959. THIS GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD OF DEFERMENT THE LESSEES WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

OIL & GAS 19. (CONTD.)

1. INITIATE DEVELOPMENT ON THE LEASE;
2. QUITCLAIM THE ENTIRE LEASE AREA;
3. PRESENT NEW ADEQUATE BASES, NOT CONSIDERED HERETOFORE, FOR CONSIDERATION AS TO ANY FURTHER EXTENSION OF THE DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE RESPECTIVE LEASES.