

MINUTE ITEM

29. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2206.1, TEXACO INC., SANTA BARBARA COUNTY - W.O. 4145.

After consideration of Calendar Item 17 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO TEXACO INC. A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2206.1 TO OCTOBER 2, 1962, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment
Calendar Item 17 (1 page)

CALENDAR ITEM

17.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2206.1, TEXACO INC., SANTA BARBARA COUNTY - W.O. 4145.

State Oil and Gas Lease P.R.C. 2206.1, covering approximately 3,840 acres of tide and submerged lands in Santa Barbara County, was issued on July 25, 1958, to The Texas Company, Monterey Oil Company and Newmont Oil Company, joint bidders, pursuant to competitive public bidding, in accordance with Division 6 of the Public Resources Code. With the approval of the Commission, Monterey Oil Company on December 22, 1960 (Minute Item 14, page 6530), and Newmont Oil Company on October 26, 1961, assigned their interest in State Oil and Gas Lease P.R.C. 2206.1 to Texaco Inc.

Under the terms of the lease, the lessee was not required to commence operations for the drilling of a well prior to July 25, 1961. However, the lessees commenced drilling operations on November 26, 1958, and since September 1960 have diligently conducted drilling operations on the lands at a rate in excess of the specified lease requirements. Two exploratory wells, three deep core holes, and nine development wells, two of which were redrilled, have been drilled into the leased lands. Currently there are nine wells producing. Redrilling operations were completed on December 4, 1961.

An application has been received from Texaco Inc. requesting a deferment of drilling requirements under the lease until April 3, 1964. The requested suspension period of two years is considered by Texaco to be necessary and essential in order (1) to study and observe reservoir performance before conducting further development drilling, and (2) to program for the maximum economic recovery of hydrocarbons from the leased lands.

Current Commission practice has been to grant deferments of drilling requirements for periods not in excess of six months.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO TEXACO INC. A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2206.1 TO OCTOBER 2, 1962, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.