

MINUTE ITEM

18. REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, P.R.C. 1551.1, HUNTINGTON BEACH, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY - W.O. 4423.

After consideration of Calendar Item 13 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO SIGNAL OIL AND GAS COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE THROUGH DECEMBER 31, 1962. THE GRANT OF DEFERMENT IS TO BE 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; OR
2. QUITCLAIM THE UNDEVELOPED LEASE AREA; OR
3. PRESENT ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF DRILLING AND OPERATION REQUIREMENTS UNDER THE LEASE.

Attachment

Calendar Item 13 (1 page)

CALENDAR ITEM

13.

REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, P.R.C. 1551.1, HUNTINGTON BEACH, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY - W.O. 4423.

Oil and Gas Lease P.R.C. 1551.1, covering approximately 647 acres of tide and submerged lands, was issued to Richfield Oil Corporation, Hancock Oil Company, and Signal Oil and Gas Company on August 16, 1955, pursuant to competitive public bidding.

On December 21, 1961 (Minute Item 15, page 7538), the Commission authorized deferment of drilling and operating requirements under State Oil and Gas Lease P.R.C. 1551.1. The present deferment expires on June 30, 1962. The lessees have drilled two wells into the leased area, neither of which has been productive of oil or gas. The second well was abandoned in April of 1956. In the course of drilling operations, electric logs, dipmeter surveys, sidewall samples, and cores were taken, and core analyses were made. Operations were conducted at a cost of approximately \$208,000. In addition, the lessees have conducted seismic operations using a new type of seismic instrument recently developed for offshore operations.

An application has been received from Signal Oil and Gas Company, operator, for an extension of the deferment of drilling and operating requirements. The lessees have the leased lands, as well as the surrounding areas, under continuous study, but they do not feel that further explorations are justified at this time. No other operator has indicated interest in joining in exploration on the leased lands.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO SIGNAL OIL AND GAS COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE THROUGH DECEMBER 31, 1962. THE GRANT OF DEFERMENT IS TO BE 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; OR
2. QUITCLAIM THE UNDEVELOPED LEASE AREA; OR
3. PRESENT ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF DRILLING AND OPERATION REQUIREMENTS UNDER THE LEASE.