

MINUTE ITEM

10. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2199.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W.O. 4701.

After consideration of Calendar Item 10 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC., A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2199.1 THROUGH OCTOBER 4, 1963. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 10 (1 page)

CALENDAR ITEM

10.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2199.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W.O. W.O. 4701.

State Oil and Gas Lease P.R.C. 2199.1, containing approximately 3,840 acres of tide and submerged lands in Santa Barbara County, was issued on July 25, 1958, to Humble Oil & Refining Company and Standard Oil Company of California, pursuant to competitive public bidding.

Under the terms of the lease, the lessees were not required to commence operations for the drilling of a well until July 25, 1961. However, the lessees commenced drilling operations on September 5, 1958, and thereafter diligently conducted drilling operations on the leased lands until June 4, 1962. During this period ten wells were drilled, seven from a floating drilling barge and three from upland drill sites, which has required an investment of approximately \$7,420,393, according to the operator's estimate. Currently four wells are producing. The lessees have fulfilled the drilling requirement to October 4, 1962. The Commission on September 27, 1962 (Minute Item 19, page 8335) granted a deferment of drilling requirements under the lease to April 4, 1963.

An application has been received from Standard Oil Company of California, Western Operations, Inc., requesting a deferment of drilling requirements until October 4, 1963. The lessees have been conscientiously conducting an intensive reservoir evaluation program. This involves the testing of wells on the south half of the subject lease. In addition to the problem of reservoir evaluation, there is an acute problem in obtaining a suitable drilling barge. Barges on the West Coast are currently under contract with other companies, and barge operators have advised Standard Oil that there is little likelihood of additional barges being brought into this area in the near future.

In consonance with current Commission practice to grant deferments for periods not in excess of six months,

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC., A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2199.1 THROUGH OCTOBER 4, 1963. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.