

MINUTE ITEM

17. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 308.1 AND P.R.C. 309.1, COAL OIL POINT, SANTA BARBARA COUNTY; RICHFIELD OIL CORPORATION - W.O. 4747.

After consideration 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 TO RICHFIELD OIL CORPORATION, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASES P.R.C. 308.1 AND P.R.C. 309.1 THROUGH DECEMBER 31, 1963, ALL OTHER TERMS AND CONDITIONS OF THE LEASES TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 6 (1 page)

CALENDAR ITEM

6.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 308.1 AND P.R.C. 309.1, COAL OIL POINT, SANTA BARBARA COUNTY; RICHFIELD OIL CORPORATION - W.O. 4747.

State Oil and Gas Leases P.R.C. 308.1 and P.R.C. 309.1, covering approximately 3,840 acres of tide and submerged lands in Santa Barbara County, were issued on March 4, 1947, pursuant to competitive public bidding. The leases are now held by Richfield Oil Corporation, Signal Oil and Gas Company, and Tidewater Oil Company, with Richfield Oil Corporation designated as operator. Pursuant to Commission approval given on January 13, 1958 (Minute Item 11, page 3747, and Minute Item 12, page 3749), these leases were amended in accordance with the provisions of Section 6873 of the Public Resources Code in order to permit the lessee to take advantage of more flexible development and operating conditions.

The lessees have heretofore drilled eleven exploratory wells in the tide and submerged lands covered by the two leases. Seven of these wells were directionally drilled from upland drillsites, and five were drilled from mobile drilling equipment. Approximately \$5,000,000 has been expended in attempts to develop commercial production. Two of the wells drilled from mobile drillsites have penetrated oil and gas zones and have been completed for the production of oil and gas, with wellhead equipment located on the ocean floor. In the course of drilling operations, electric logs, dipmeter surveys, side-wall samples, and cores were taken. From an analysis of these data, supplemented by seismic information, the approximate productive limits of the producing structure have been defined. A portion of the productive area lies within each lease.

The lessee has requested authorization to pool the productive areas with a view to modifying development and producing requirements of both leases. A revised draft of a proposed unit agreement, inclusive of lease modifications to provide for pooling, for drilling, and for production purposes in compliance with basic lease terms, has been submitted. Neither the staff nor the office of the Attorney General has had an opportunity to completely review this latest proposal.

A deferment of drilling requirements through June 30, 1963, was granted the lessee by the Commission on December 6, 1962 (Minute Item 17, page 8450), to afford an opportunity to review the earlier proposed unit agreement. Since this matter is still under review, the lessee has requested a further deferment of drilling requirements under these leases through December 31, 1963.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO RICHFIELD OIL CORPORATION, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASES P.R.C. 308.1 AND P.R.C. 309.1 THROUGH DECEMBER 31, 1963, ALL OTHER TERMS AND CONDITIONS OF THE LEASES TO REMAIN IN FULL FORCE AND EFFECT.