

MINUTE ITEM

21. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 1466.1, RINCON OIL FIELD, VENTURA COUNTY; RICHFIELD OIL CORPORATION - W.O. 4762.

After consideration of Calendar Item 25 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 A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 1466.1 FOR THE PERIOD JULY 1, 1963, THROUGH DECEMBER 31, 1963.

THE DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD THEREOF THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE A RENEWED DEVELOPMENT PROGRAM FOR THE LEASE; OR
2. QUITCLAIM THE UNDEVELOPED LEASE AREA; OR
3. PRESENT ADEQUATE BASES FOR CONSIDERATION AS TO FURTHER DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.

ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment
Calendar Item 25 (2 pages)

CALENDAR ITEM

25.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 1466.1, RINCON OIL FIELD, VENTURA COUNTY; RICHFIELD OIL CORPORATION - W.O. 4762.

State Oil and Gas Lease P.R.C. 1466.1, covering approximately 1,175 acres of tide and submerged lands in the Rincon Field, Ventura County, was issued on August 29, 1955, to the Richfield Oil Corporation, pursuant to competitive public bidding. The lease was amended in accordance with the provisions of Section 6873 of the Public Resources Code by Commission action on May 13, 1958 (Minute Item 6, page 4014), in order to permit the lessee to take advantage of the more flexible development and operating conditions authorized.

Preliminary exploration on the leased land disclosed that the oil-bearing sands found on this property were too shallow to be developed properly from upland drillsites. In order to provide an offshore drillsite, Richfield constructed an earth-fill island at a cost in excess of \$4,000,000. To date, 46 producing oil wells have been drilled from this island, and one producing well has been completed on the ocean floor. It appears that the 47 wells drilled heretofore can drain adequately all of that portion of the producing structure that can be developed economically from the island drillsite. The lessee has fulfilled the drilling requirements through May 6, 1961.

From commencement in December 1958 through May 6, 1961, lessee has conducted drilling operations with diligence, and has completed wells at a rate in excess of the lease requirements. In accordance with the provisions of the lease, this development program could have been extended over a period of approximately eight years without resulting in a default in the drilling requirements.

The average royalty received by the State from operations under this lease during the last three months was slightly more than \$46,000 per month. Considerable remedial work is being performed on a number of wells in an attempt to increase production from the leased lands. The submerged land of the subject lease and of the surrounding areas are under constant study for information leading to further development on the leased lands.

On December 6, 1962 (Minute Item 18, page 8452), the Commission granted a deferment of the drilling requirements through June 30, 1963.

The Richfield Oil Corporation has submitted an application requesting a further deferment of drilling requirements for the period July 1, 1963, through December 31, 1963.

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

CALENDAR ITEM 25. (CONTD.)

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO RICHFIELD OIL CORPORATION A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 1466.1 FOR THE PERIOD JULY 1, 1963, THROUGH DECEMBER 31, 1963.

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