

MINUTE ITEM

15. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2206.1, SANTA BARBARA COUNTY; TEXACO INC. - W.O. 4843.

After consideration of Calendar Item 28 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 THROUGH APRIL 2, 1964.

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 ALIQUATE BASES FOR CONSIDERATION AS TO FURTHER DEFERMENT OF DRILLING REQUIREMENTS UNDER THE LEASE.

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

Attachment

Calendar Item 28 (2 pages)

CALENDAR ITEM

28.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2206.1, SANTA BARBARA COUNTY; TEXACO INC. - W.O. 4843.

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 July 25, 1958, pursuant to competitive public bidding, to the Texas Company, Monterey Oil Company, and Newmont Oil Company. On October 26, 1961, all interests were assigned to Texaco Inc.

The lessee has fulfilled the drilling requirements to April 5, 1962. The Commission on February 27, 1963 (Minute Item 29, page 7725), on August 28, 1962 (Minute Item 12, page 8256), and on March 28, 1963 (Minute Item 11, page 8736), granted deferments of drilling under this lease through October 2, 1963. An application has been received from Texaco Inc. requesting a further deferment of drilling requirements through April 2, 1964. The requested deferment is, in the opinion of Texaco, essential for the following reasons:

1. At this time, lessee is conducting a geophysical survey of the immediate area which they hope will develop significant data regarding subsurface geological structures on the lease. Also, these results will be correlated with other recently acquired geological data to define with greater assurance prospective areas for further drilling. According to lessee, the complexity and volume of these data will require review and analysis for an estimated period extending beyond the current termination date.
2. Since the choice of future drilling methods, i.e., from a drilling barge or from "platform Helen", is dependent upon the results of lessee's analysis, time is necessary to secure the proper drilling equipment. Lessee anticipates drilling operations will be resumed within a period of six months after October 2, 1963.
3. Lessee has performed in good faith during the life of State Lease P.R.C. 2206.1. The cash bonus payment of \$23,711,538.24 and the expense involved of over \$8,000,000 for the prompt erection of an expensive platform and associated facilities, and the drilling of three deep core holes and 13 wells earlier than required by the lease terms are effective indications of intent to carry on further development operations.

In consonance with the current Commission practice of granting deferments 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 THROUGH APRIL 2, 1964.

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

CALENDAR ITEM 28. (CONTD.)

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 REQUIREMENTS UNDER THE LEASE.

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