

MINUTE ITEM

16. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2199.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W.O. 4852.

After consideration of Calendar Item 30 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 APRIL 4, 1964. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 30 (1 page)

CALENDAR ITEM

30.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2199.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W.O. 4852.

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; this fulfilled the drilling requirements to October 4, 1962. During this period ten wells were drilled, seven from a floating drilling barge and three from upland drillsites, which required an investment of approximately \$7,420,393 according to the operator's estimate. In addition, an initial cash bonus of \$12,423,598.05 was paid to the State for the issuance of the lease, and there have been expenditures for evaluation expenses, geological and geophysical costs, and lease rentals. Currently, four wells are producing. The Commission on September 27, 1962 (Minute Item 19, page 8335), and on March 28, 1963 (Minute Item 10, page 8734), granted deferments of drilling requirements under the lease through October 4, 1963.

An application has been received from Standard Oil Company of California, Western Operations, Inc., operator, requesting a deferment of drilling requirements until April 4, 1964.

The lessees have been conscientiously conducting an intensive reservoir evaluation program, which involves the testing of wells on the south half of the subject lease. It is the lessees' opinion that this evaluation is good engineering practice in order to estimate the requirements for future development. They plan to commence drilling another well on the lease adjacent to P.R.C. 2199.1 on the west in October or November 1963, depending upon the availability of a drilling vessel. The results to be obtained in drilling this well may lead to further development on P.R.C. 2199.1. The lessees will shortly invite bids for a suitable drilling barge, and have placed orders for wellhead equipment and necessary auxiliary drilling tools which, in the lessees' opinion, cannot be delivered and adequately tested prior to November 1, 1963.

In consonance with 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 STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC., A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2199.1 THROUGH APRIL 4, 1964. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.