

MINUTE ITEM

14. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2198.1, OFFSHORE SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA AND SHELL OIL COMPANY - W.O. 5068.

After consideration of Calendar Item 3 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 AND SHELL OIL COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2198.1 THROUGH OCTOBER 13, 1964, 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 REQUIREMENTS UNDER THE LEASE.

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

Attachment
Calendar Item 3 (2 pages)

CALENDAR ITEM

3.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2198.1, OFFSHORE SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA AND SHELL OIL COMPANY - W.O. 5068.

State Oil and Gas Lease P.R.C. 2198.1, covering approximately 3,840 acres of tide and submerged lands offshore Santa Barbara County, was issued on October 14, 1958, to Standard Oil Company of California and Humble Oil & Refining Company, pursuant to competitive public bidding. The lease is now held by Standard Oil Company of California and Shell Oil Company, with Standard designated as operator.

The period in which drilling was to commence expired October 13, 1961. Prior to this date the lessees, at a cost of approximately \$1,500,000, drilled and abandoned four wells on the lease. Additional costs to the lessee included \$770,837.70 paid as a cash bonus when the lease was issued, and sums which have been spent on initial evaluations, on geological and geophysical investigations, and on lease rentals.

The Commission on August 28, 1961 (Minute Item 7, page 7162), on March 29, 1962 (Minute Item 22, page 7853), on September 27, 1962 (Minute Item 20, page 8337), on March 28, 1963 (Minute Item 9, page 8732), and on September 16, 1963 (Minute Item 5, page 9244), granted deferments of drilling requirements under the lease through April 13, 1964.

An application has been received from Standard Oil Company of California and Shell Oil Company for another deferment of drilling requirements through October 13, 1964, to permit further review and evaluation of the geological and geophysical data. Standard has been actively engaged in negotiations with other companies regarding the drilling of a well on this lease. If an agreement is reached, it should result in further exploratory drilling on the lease. Standard and Shell state that it is believed at least an additional six month deferment will be necessary to conclude the aforementioned discussions.

In conformance 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 STANDARD OIL COMPANY OF CALIFORNIA AND SHELL OIL COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2198.1 THROUGH OCTOBER 13, 1964, SUBJECT TO THE EXPRESS CONDITION THAT DURING THEIR 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

CALENDAR ITEM 3. (CONTD.)

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.