

MINUTE ITEM

25. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2206.1, SANTA BARBARA COUNTY; TEXACO INC. - W.O. 5349.

After consideration of Calendar Item 16 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 JUNE 13, 1965. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment
Calendar Item 16 (2 pages)

CALENDAR ITEM

16.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2206.1, SANTA BARBARA COUNTY; TEXACO INC. - W.O. 5349.

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 Texas Company, Monterey Oil Company, and Newmont Oil Company. On October 26, 1961, all interests were assigned to Texaco Inc.

The lessee fulfilled the drilling requirements to April 5, 1962. The Commission on February 27, 1962 (Minute Item 29, page 7725); on August 28, 1962 (Minute Item 12, page 8256); on March 28, 1963 (Minute Item 11, page 8736); on August 29, 1963 (Minute Item 15, page 9175), and on April 29, 1964 (Minute Item 18, page 9841), granted deferments of drilling requirements through December 13, 1964. During the period January 31, 1964, to February 15, 1964, Texaco Inc., as operator, drilled and abandoned an exploratory well, fulfilling the drilling requirements through June 13, 1964. An application has been received from Texaco Inc. requesting a further deferment of drilling requirements for a period of nine months from December 13, 1964.

The operator states "that wind and sea conditions during the winter season create hazards which may seriously jeopardize drilling operations, and endanger both the crews and equipment utilized. The requested postponement will permit spudding during the summer, when operational conditions are optimum."

According to Texaco, information developed during the drilling of the most recent well necessitated a complete review of all geological and geophysical data relating to the lease. This review was conducted. Its results demonstrated the need for additional advanced-technique seismic work, to extend coverage and to assist in resolving problems of interpretation of the older seismic data. Lessee has now completed shooting of 44 miles of seismic line, at a cost of approximately \$22,000, to provide data required to plan further activity on the lease. Because of the highly sophisticated methods required to interpret this type of seismic information, lessee anticipates that several months will be required to analyze the results and to integrate them with existing data. Development of the presently known producing zones is considered complete, and additional exploratory drilling will be necessary.

Texaco commenced drilling operations on the subject lease about 2½ years before the required drilling date, and diligently pursued the drilling operations thereafter.

Considering the three-year drilling term, a 120-day period allowed between drilling wells, and the 543 actual days required to drill the 12 wells, the drilling period might have been extended to September 1966. However, since early and continuous drilling and completion of the producing wells has been an economic advantage to both the State and Texaco, the lessee chose to advance the drilling-program schedule.

CALENDAR ITEM 16. (CONTD.)

In conformance 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 TEXACO INC. A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2206.1 THROUGH JUNE 13, 1965. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.