

MINUTE ITEM

9/23/65

19. 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. 5838.

After consideration of Calendar Item 15 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 APRIL 13, 1966, 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 15 (1 page)

15.

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. 5838.

State Oil and Gas Lease P.R.C. 2198.1, containing 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.

Under the terms of the lease, the lessees were not required to commence operations for the drilling of a well until October 14, 1961. However, prior to this date the lessees, at a cost of approximately \$1,500,000, drilled and abandoned four wells on the lease. In addition, the lessees paid \$770,837.70 as a cash bonus when the lease was issued, and have incurred evaluation expenses, geological and geophysical costs, and lease rentals.

The last test well drilled on the lease was suspended January 4, 1961. The Commission has granted deferments of the drilling requirements since August 28, 1961.

An application has been received from Standard Oil Company of California requesting an additional deferment of drilling requirements for a six-month period extending from October 14, 1965, through April 13, 1966.

Standard, as operator of the lease, is continuing to review, analyze and correlate well, geological and geophysical data relative to the subject lease. It is believed that at least an additional six months deferment will be necessary to conclude the aforementioned review and analysis.

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 APRIL 13, 1966, SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD THEREOF THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

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