

MINUTE ITEM

3/1/66

25. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2879.1, SANTA BARBARA COUNTY; UNION OIL COMPANY OF CALIFORNIA - W.O. 5975.

After consideration of Calendar Item 13 attached, and upon motion duly made and unanimously carried, the following resolution was adopted;

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO UNION OIL COMPANY OF CALIFORNIA A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2879.1 THROUGH OCTOBER 11, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 13 (1 page)

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2879.1, SANTA BARBARA COUNTY; UNION OIL COMPANY OF CALIFORNIA - W.O. 5975.

An application has been received from Union Oil Company of California requesting a deferment of drilling requirements to October 11, 1966.

State Oil and Gas Lease P.R.C. 2879.1, containing approximately 5,653 acres of tide and submerged lands in Santa Barbara County, was issued on April 26, 1962, to Union Oil Company of California, pursuant to competitive public bidding.

Under the terms of the lease, the lessee was not required to commence operations for the drilling of a well until April 26, 1965. However, the lessee commenced drilling operations on July 4, 1962, and thereafter conducted drilling operations on the leased lands until they had drilled 13 wells. The last well completed drilling on June 14, 1965. In conducting the above operations, over 85,000 feet of hole was drilled. An initial cash bonus of \$3,047,740 was paid to the State for issuance of the lease.

In requesting this deferment, Union asks that consideration be given to the fact that the company is experiencing difficulties in negotiating for necessary rights-of-way in order that oil discovered on the subject lease may be produced and transported to market. Furthermore, attempts are being continued to obtain a lease upon land under the jurisdiction of the United States Coast Guard, this property being particularly desirable for use as a drillsite and for production facilities.

The Commission, since October 12, 1965, has granted deferments of drilling requirements under the lease through April 11, 1966.

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 UNION OIL COMPANY OF CALIFORNIA A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2879.1 THROUGH OCTOBER 11, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.