

MINUTE ITEM

4/28/66

17. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2920.1, SANTA BARBARA COUNTY; SHELL OIL COMPANY AND STANDARD OIL COMPANY OF CALIFORNIA - W.O. 6109.

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 SHELL OIL COMPANY AND STANDARD OIL COMPANY OF CALIFORNIA A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2920.1 THROUGH NOVEMBER 28, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 13 (1 page)

13.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2920.1, SANTA BARBARA COUNTY; SHELL OIL COMPANY AND STANDARD OIL COMPANY OF CALIFORNIA - W.O. 6109.

An application has been received from Shell Oil Company, operator, requesting a deferment of drilling requirements through November 28, 1966.

Oil and Gas Lease P.R.C. 2920.1, containing 4,250.14 acres of tide and submerged lands in Santa Barbara County, was issued on August 28, 1962, to Shell Oil Company and Standard Oil Company of California, pursuant to competitive public bidding.

The lessees were not required to commence operations for the drilling of a well until August 28, 1965. However, they were drilling a core hole on the parcel at the time of issuance of the lease. This core hole was then converted to an exploratory well, and drilling operations were continued. The operator continued drilling operations on the leased lands until March 31, 1963. During this period four wells were drilled and completed from a floating drilling barge. A fifth well was drilled from a floating barge and completed on January 28, 1966. Completion of these five wells with pipelines to shore required an investment of approximately \$4,800,000, according to the operator's estimate. In addition, an initial cash bonus of \$14,080,713.82 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.

The Commission, since August 29, 1965, has granted deferments of drilling requirements under the lease through February 28, 1966.

Shell, as operator, is currently conducting reservoir performance studies to determine if there are practical prospects for further development drilling. These studies are not completed, and in the opinion of the operator will require at least an additional six months.

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 SHELL OIL COMPANY AND STANDARD OIL COMPANY OF CALIFORNIA A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2920.1 THROUGH NOVEMBER 28, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE SO HEREIN IN FULL FORCE AND EFFECT.