

MINUTE ITEM

3/23/67

22. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C.s 308.1 AND 309.1, SANTA BARBARA COUNTY; ATLANTIC RICHFIELD COMPANY - W.O. 6522.

After consideration of Calendar Item 20 attached, and upon motion duly made and carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO ATLANTIC RICHFIELD COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASES P.R.C. 308.1 AND P.R.C. 309.1 THROUGH NOVEMBER 17, 1967, ALL OTHER TERMS AND CONDITIONS OF THE LEASES TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 20 (1 page)

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C.s 308.1 AND 309.1, SANTA BARBARA COUNTY; ATLANTIC RICHFIELD COMPANY - W.O. 6522.

An application has been received from Atlantic Richfield Company requesting a deferment of drilling requirements from May 17, 1967, through November 17, 1967, under State Oil and Gas Leases P.R.C. 308.1 and P.R.C. 309.1, which total 3,840 acres more or less of tide and submerged lands in Santa Barbara County.

These leases were issued March 4, 1947, to Honolulu Oil Corporation, Signal Oil and Gas Company, and Macco Corporation, pursuant to competitive public bidding. The leases are now held by Atlantic Richfield Company and Signal Oil and Gas Company. Atlantic Richfield is presently acting as operator.

On July 28, 1964, the State Lands Commission approved a unit agreement for the two leases. Under the terms of the agreement the drilling requirements within the known productive area of the unit have been fulfilled.

The lessees have drilled a total of 26 wells on the two leases to date. Three of the wells obtained production and were completed on the ocean floor with flow lines to shore. The three completed wells are producing at the present time. Drilling operations were last conducted on August 17, 1964. Since December 20, 1963, the Commission has granted deferments of drilling requirements through May 17, 1967.

The lessees to date have drilled and completed two wells on drilling and producing Platform "Holly" on State Oil and Gas Lease P.R.C. 3242.1, the lease west of and adjacent to the subject leases. Atlantic Richfield is currently drilling the third well from "Holly" and, according to the operator, it is anticipated that these and other wells to be drilled from the platform will provide information relative to the possibility of the development of a structure believed to exist south of the present productive Devereaux offshore structure.

In order to have sufficient time to evaluate the information that will be obtained from the wells drilled from "Holly", with the possibility that such information may lead to further development of the subject leases, Atlantic Richfield requests a six-month deferment of lease-drilling requirements.

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 ATLANTIC RICHFIELD COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASES P.R.C. 308.1 AND P.R.C. 309.1 THROUGH NOVEMBER 17, 1967, ALL OTHER TERMS AND CONDITIONS OF THE LEASES TO REMAIN IN FULL FORCE AND EFFECT.