

MINUTE ITEM

5/25/67

45. DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 1824.1, SANTA BARBARA COUNTY;
STANDARD OIL COMPANY OF CALIFORNIA - W.O. 6594.

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 CALI-
FORNIA, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE
P.R.C. 1824.1 THROUGH DECEMBER 9, 1967, WITH ALL OTHER TERMS AND CONDITIONS OF
THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 15 (1 page)

15.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 1824.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA - W.O. 6594.

An application has been received from Standard Oil Company of California, Western Operations, Inc., operator, requesting a deferment of drilling requirements from June 9, 1967, to December 9, 1967, under Oil and Gas Lease P.R.C. 1824.1, containing 5500 acres more or less of tide and submerged lands in Santa Barbara County. This lease was issued January 10, 1957, to Standard Oil Company of California and Humble Oil & Refining Company, pursuant to competitive public bidding.

In developing the lease Standard, as operator for the lessees, constructed two drilling platforms and drilled 51 wells, of which 29 have been redrilled to date. The last new well to be drilled was completed on March 11, 1967. Forty-five wells are currently producing.

Development of the lease has resulted in expenditures by Standard and Humble of more than \$36,000,000, which does not include the initial cash bonus paid to the State for the issuance of the lease, the evaluation expenses, the geological and geophysical costs, and the lease rentals. Since April 20, 1964, the Commission has granted deferments of drilling requirements through June 9, 1967.

Standard reports that a review team has been making a comprehensive study of the field and that, as a result of this study, four wells have been drilled on the lease since the granting of the last deferment. Two of these wells have been completed on the ocean floor and placed on production, one well completed on the ocean floor has been suspended. The fourth well, a dry hole drilled from platform Hilda, has been abandoned. At present, two drilling rigs on the platforms are being employed in an effort to decrease water production by redrilling certain wells and re-perforating other wells.

The applicant requests an additional six-month deferment in order to evaluate new data derived from the latest development drilling that may lead to additional drilling to other prospective zones, and also to allow sufficient time to obtain suitable drilling equipment.

In conformance with current Commission practice of granting deferments of 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, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 1824.1 THROUGH DECEMBER 9, 1967, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.