

MINUTE ITEM

17. REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, P.R.C. 1551.1, SIGNAL OIL AND GAS COMPANY, HUNTINGTON BEACH, ORANGE COUNTY - W.O. 3798.

Following presentation of Calendar Item 26 attached, the Executive Officer explained, upon questioning by Commissioner Anderson, that it had been the policy to grant deferments as requested as long as there can be no detriment to the State's position in terms of having a lease undeveloped.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO SIGNAL OIL AND GAS COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE TO JANUARY 1, 1962.

THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD OF DEFERMENT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE;
2. QUITCLAIM THE UNDEVELOPED LEASE AREA;
3. PRESENT ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.

Attachment

Calendar Item 26 (1 page)

CALENDAR ITEM

26.

REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, P.R.C. 1551.1, SIGNAL OIL AND GAS COMPANY, HUNTINGTON BEACH, ORANGE COUNTY - W.O. 3798.

Oil and Gas Lease P.R.C. 1551.1 was issued to Richfield Oil Corporation, Hancock Oil Company, and Signal Oil and Gas Company on August 16, 1955, pursuant to competitive public bidding.

On December 17, 1959 (Minute Item 15, page 5480), the Commission authorized a deferment of drilling and operating requirements under State Oil and Gas Lease P.R.C. 1551.1 to January 1, 1961. The lessees have drilled two wells into the leased areas, neither of which has been productive of oil or gas. The second well was abandoned in April 1956. In the course of drilling operations, electric logs, dipmeter surveys, sidewall samples, and cores were taken, and core analyses were made. The operations were conducted at a cost of approximately \$208,000.

An application has been received from the Signal Oil and Gas Company, operator, requesting an extension of the deferment of drilling and operating requirements to January 1, 1962. The lessees are conducting additional studies of available geologic data in order to determine whether further exploration operations are justified. The lessee wishes to apply a new type of seismic instrument, recently developed for offshore explorations, which has given satisfactory results in developing subsurface information. This particular instrument, currently being used by another operator, is not available for use by the lessee at this time, but will become available in the near future.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO SIGNAL OIL AND GAS COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE TO JANUARY 1, 1962.

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