

MINUTE ITEM

7. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2198.1, STANDARD OIL COMPANY OF CALIFORNIA AND SHELL OIL COMPANY, OFFSHORE SANTA BARBARA COUNTY - W.O. 4059.

After consideration of Calendar Item 19 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 CALIFORNIA AND SHELL OIL COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2198.1 FROM OCTOBER 14, 1961, TO APRIL 13, 1962, INCLUSIVE, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 19 (1 page)

CALENDAR ITEM

19.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2198.1, STANDARD OIL COMPANY OF CALIFORNIA AND SHELL OIL COMPANY, OFFSHORE SANTA BARBARA COUNTY - W.O. 4059.

State Oil and Gas Lease P.R.C. 2198.1, covering approximately 3,840 acres of tide and submerged lands offshore Santa Barbara County, was issued on October 14, 1958, to Standard Oil Company of California and Humble Oil & Refining Company, pursuant to competitive public bidding in accordance with the provisions of Division 6 of the Public Resources Code. Humble Oil & Refining Company assigned its interest in the subject lease to Standard Oil Company of California on November 18, 1958. On May 12, 1960, Standard Oil Company of California assigned a partial interest in the lease to Shell Oil Company.

Standard Oil Company of California and Shell Oil Company, at a cost of approximately \$1,500,000, have drilled and abandoned four wells on the lease. \$750,000 was paid as a cash bonus when the lease was issued, and additional funds have been spent on initial evaluations, on geological and geophysical investigations, and on lease rentals.

The lessees have estimated that they will require a period of approximately one year to complete an intensive evaluation of exploration information and data; such appraisal is to be based particularly on the results from the four wells on the lease which were drilled and abandoned.

Section 3 of Exhibit "A" of the lease provides ". . . During the initial drilling term of three years, or any extension thereof, and irrespective of the requirements of this Section 3, lessee may at its option suspend or resume drilling operations at any time and from time to time." The initial three-year drilling term will terminate on October 13, 1961.

An application has been received from Standard Oil Company of California and Shell Oil Company requesting an extension of time until October 14, 1962, for the spudding of the next well.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO STANDARD OIL COMPANY OF CALIFORNIA AND SHELL OIL COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2198.1 FROM OCTOBER 14, 1961, TO APRIL 13, 1962, INCLUSIVE, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.