

MINUTE ITEM

22. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2198.1, OFFSHORE SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA AND SHELL OIL COMPANY - W.O. 4312.

After consideration of Calendar Item 21 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 APRIL 14, 1962, THROUGH OCTOBER 13, 1962, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 21 (1 page)

CALENDAR ITEM

21.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2198.1, OFFSHORE SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA AND SHELL OIL COMPANY - W.O. 4312.

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. \$770,837.70 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 made application on July 27, 1961, for a drilling deferment from October 14, 1961, to October 14, 1962, to complete an intensive evaluation of exploration information and data; such appraisal was to be based particularly on the results from the four wells on the lease which were drilled and abandoned. A drilling deferment was granted from October 14, 1961, through April 13, 1962. 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 terminated on October 13, 1961.

An application now has been received from Standard Oil Company of California and Shell Oil Company for an extension of time until October 14, 1962, for the spudding of the next well to permit further review and evaluation of the geological and geophysical data. Shell and Standard state that they will require at least an additional six months deferment to complete an intensive evaluation of exploratory prospects on said lease, such appraisal to be based particularly on the results of the above-mentioned four exploratory wells.

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 APRIL 14, 1962, THROUGH OCTOBER 13, 1962, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.