

MINUTE ITEM

12. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2199.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA - W.O. 5042.

After consideration of Calendar Item 20 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 A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2199.1 THROUGH OCTOBER 4, 1964. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 20 (1 page)

Calendar Item

20.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2199.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA - W.O. 5042.

State Oil and Gas Lease P.R.C. 2199.1, containing approximately 3,840 acres of tide and submerged lands in Santa Barbara County, was issued on July 25, 1958, to Humble Oil & Refining Company and Standard Oil Company of California, pursuant to competitive public bidding. The lease is currently held by Standard Oil Company of California and Shell Oil Company.

Under the terms of the lease, the lessees were not required to commence operations for the drilling of a well until July 25, 1961. However, the lessees commenced drilling operations on September 5, 1958, and thereafter diligently conducted drilling operations on the leased lands until June 4, 1962; this fulfilled the drilling requirements to October 2, 1962. During this period ten wells were drilled, seven from a floating drilling barge and three from upland drillsites, which required an investment of approximately \$7,420,393. In addition to this amount, an initial cash bonus of \$12,423,598.05 was paid to the State for the issuance of the lease, and there have been expenditures for evaluation, geological and geophysical costs, and lease rentals. Currently, four wells are producing. The Commission, on September 27, 1962 (Minute Item 19, page 8335), on March 28, 1963 (Minute Item 10, page 8734), and on August 29, 1963 (Minute Item 16, page 9178), granted deferments of drilling requirements under the lease through April 4, 1964.

An application has been received from Standard Oil Company of California, Western Operations, Inc., on behalf of the operator, requesting a deferment of drilling requirements until October 4, 1964.

The lessees have been conscientiously conducting an intensive reservoir evaluation program, which involves the testing of wells on the south half of the subject lease. It is the lessees' opinion that this evaluation will provide sound engineering bases for estimating the potentials and requirements for future development.

The lessees are currently drilling well "State 2894" 2 on the south flank of the structure on State Lease P.R.C. 2894.1, which adjoins P.R.C. 2199.1 to the west. They have stated that the results to be obtained from the drilling of this well may lead to further development possibilities on the portion of the structure located in the south half of this lease.

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 STANDARD OIL COMPANY OF CALIFORNIA A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2199.1 THROUGH OCTOBER 4, 1964. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.