

MINUTE ITEM

11. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2199.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W.O. 5493.

After consideration of Calendar Item 3 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, WESTERN OPERATIONS, INC., A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2199.1 THROUGH OCTOBER 4, 1965. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment
Calendar Item 3 (1 page)

CALENDAR ITEM

3.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2199.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W.O. 5493.

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 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, with Standard designated as operator.

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 that period ten wells were drilled, seven from a floating drilling barge and three from upland drillsites, which required an investment of approximately \$7,400,000. 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 for 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), on August 29, 1963 (Minute Item 16, page 9178), on February 26, 1964 (Minute Item 12, page 9664), and on August 18, 1964 (Minute Item 15, page 10,381), granted deferments of drilling requirements under the lease through April 4, 1965.

An application has been received from Standard Oil Company of California, Western Operations, Inc., operator, requesting a deferment of drilling requirements until October 4, 1965.

A well on Standard's adjoining lease was completed on September 1, 1964, and was placed on production on November 6, 1964. Standard, as operator, is currently evaluating the results of the well as it pertains to the productive structure, a portion of which is located on the south half of the subject lease. Further time is required by the operator to evaluate the data obtained from the well and to conduct reservoir studies. This evaluation and study may lead to additional development of the portion of the structure located in the south half of State Lease P.R.C. 2199.1.

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, WESTERN OPERATIONS, INC., A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2199.1 THROUGH OCTOBER 4, 1965. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.