

MINUTE ITEM

20. 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. 5536.

After consideration of Calendar Item 6 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 THROUGH OCTOBER 13, 1965, SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD THEREOF THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE A RENEWED DEVELOPMENT PROGRAM FOR THE LEASE; OR
2. QUITCLAIM THE UNDEVELOPED LEASE AREA; OR
3. PRESENT ADEQUATE BASES FOR CONSIDERATION AS TO FURTHER DEFERMENT OF DRILLING REQUIREMENTS UNDER THE LEASE.

ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 6 (1 page)

CALENDAR ITEM

6.

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. 536.

State Oil and Gas Lease P.R.C. 2198.1, containing 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. The lease is now held by Standard Oil Company of California and Shell Oil Company, with Standard Oil Company designated as operator.

Under the terms of the lease, the lessees were not required to commence operations for the drilling of a well until October 14, 1961. However, prior to this date the lessees, at a cost of approximately \$1,500,000, drilled and abandoned four wells on the lease. In addition, the lessees paid \$770,837.70 as a cash bonus when the lease was issued, and have incurred evaluation expenses, geological and geophysical costs, and lease rentals.

The Commission, on August 28, 1961 (Minute Item 7, page 7162); on March 29, 1962 (Minute Item 22, page 7853); on September 27, 1962 (Minute Item 20, page 8337); on March 28, 1963 (Minute Item 9, page 8732); on September 16, 1963 (Minute Item 5, page 9244); March 26, 1964 (Minute Item 14, page 9746); and on September 24, 1964 (Minute Item 18, page 10,472) granted deferments of drilling requirements under the lease through April 13, 1965.

An application has been received from Standard Oil Company of California and Shell Oil Company for another deferment of drilling requirements until October 14, 1965, to permit further review and analysis of the geological and geophysical data. Standard has drilled a core hole located seaward of the boundaries of the subject lease. This core hole was abandoned in September 1964. Standard, as operator of the subject lease, is currently reviewing the results obtained from the core hole along with all of the other data previously obtained from the drilling of the four wells on the lease. It is believed that an additional six (6) months deferment will be necessary to conclude this review.

In conformance with the 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 AND SHELL OIL COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2198.1 THROUGH OCTOBER 13, 1965, SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD THEREOF THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

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