

MINUTE ITEM

20. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 1824.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA AND HUMBLE OIL & REFINING COMPANY - W.O. 5596.

After consideration of Calendar Item 14 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 HUMBLE OIL & REFINING COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 1824.1 THROUGH DECEMBER 9, 1965. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 14 (1 page)

CALENDAR ITEM

14.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 1824.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA AND HUMBLE OIL & REFINING COMPANY - W.O. 5596.

Oil and Gas Lease P.R.C. 1824.1, containing 5,500 acres more or less of tide and submerged lands in Santa Barbara County, was issued January 10, 1957, to Standard Oil Company of California and Humble Oil & Refining Company pursuant to competitive public bidding.

The lessees were not required to commence operations for the drilling of a well until January 10, 1962; however, they drilled three core holes during the first year of the lease and commenced drilling operations from platform Hazel on September 20, 1958, and thereafter diligently conducted drilling operations on the leased lands until April 10, 1964. This fulfilled the drilling requirements to June 9, 1964. During this period the lessees drilled a total of 70 wells including redrills, of which 40 are currently producing. The Commission on April 29, 1964 (Minute Item 17, page 9839), and on October 22, 1964 (Minute Item 24, page 10,605), granted deferments of drilling requirements through June 9, 1965. Development of the lease has resulted in expenditures by Standard and Humble in excess of \$34,000,000, which does not include the initial cash bonus paid to the State for the issuance of the lease, the evaluation expenses, the geological and geophysical costs, and the lease rentals.

An application has been received from Standard Oil Company of California, Western Operations, Inc., as the operator, requesting a deferment of drilling requirements from June 9, 1965, to December 9, 1965.

Standard is actively reviewing geological and engineering data covering the Vaqueros, Rincon and Monterey horizons to determine if there are additional development and exploratory prospects. It is anticipated that the first results of this comprehensive review will be presented in approximately November of 1965. As a result, an additional deferment will be needed to complete this study.

In conformance with current Commission practice of granting deferments of 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 HUMBLE OIL & REFINING COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 1824.1 THROUGH DECEMBER 9, 1965. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.