MINUTE ITEM 1/26/66

24. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2199.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC., AND SHELL OIL COMPANY - W.O. 5962.

After consideration of Calendar Item 31 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., OPERATOR, AND SHELL OIL COMPANY, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2199.1 THROUGH OCTOBER 4, 1966. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment
Calendar Item 31 (1 page)

31.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2199.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC., AND SHELL OIL COMPANY - W.O. 5962.

An application has been received from Standard Oil Company of California, Western Operations, Inc., operator, and Shell Oil Company, requesting a deferment of drilling requirements until October 4, 1966.

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, they commenced drilling operations on September 5, 1958, and thereafter diligently conducted drilling operations on the leased lands until June 4, 1962, which fulfilled the drilling requirements to October 2, 1962. During that period ten wells were drilled, seven from a mobile 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, for geological and geophysical costs, and for lease rentals. Currently, four wells are producing. The Commission, since September 27, 1962 (Minute Item 19, page 8335), has granted deferments of drilling requirements under the lease through April 4, 1966.

A well on the adjoining lease was completed by the lessee on September 1, 1964, and was placed on production on November 6, 1964. Seismic surveys were conducted during late summer and early fall of 1965. The lessee requests additional time to evaluate the well data and seismic data. 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., OPERATOR, AND SHELL OIL COMPANY, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2199.1 THROUGH OCTOBER 4, 1966. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.