

2. Quitclaim the entire lease areas.
3. Present new adequate bases not considered heretofore, for consideration as to any further extension of the deferment of the drilling and operating requirements under the respective leases.

"On September 29, 1955 the Richfield Oil Corporation resumed exploration activities on Lease P.R.C. 309.1 with the drilling of a well. This well was redrilled four times in seeking a producing horizon and finally had to be abandoned February 26, 1956 at an estimated cost of \$345,000. On February 3, 1956 a geological survey permit was issued to Richfield Oil Corporation for the conduct of geological explorations from mobile marine equipment on the areas held by the permittee under Oil and Gas Leases P.R.C. 308.1 and P.R.C. 309.1.

"An application has been received from Richfield Oil Corporation, Honolulu Oil Corporation, and Signal Oil and Gas Company requesting deferment of drilling and operating requirements under Oil and Gas Leases P.R.C. 308.1 and P.R.C. 309.1 until January 1, 1957 within which time to analyze the geologic and engineering information obtained from the latest well drilling operations and to permit the conduct and analysis of core drilling operations before undertaking further well drilling on either of the subject leases."

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT RICHFIELD OIL CORPORATION, SIGNAL OIL AND GAS COMPANY, AND HONOLULU OIL CORPORATION, LESSEES UNDER STATE OIL AND GAS LEASES P.R.C. 308.1 AND P.R.C. 309.1, A DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE SUBJECT LEASES TO JANUARY 1, 1957. THIS GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD OF DEFERMENT THE LESSEES WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON A LEASE.
2. QUITCLAIM THE ENTIRE LEASE AREAS.
3. PRESENT NEW ADEQUATE BASES NOT CONSIDERED HERETOFORE, FOR CONSIDERATION AS TO ANY FURTHER EXTENSION OF THE DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE RESPECTIVE LEASES.

12. (REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, DOUGLAS OIL CO. OF CALIFORNIA, HUNTINGTON BEACH - P.R.C. 1524.1.) The following report was presented to the Commission:

"Oil and Gas Lease P.R.C. 1524.1, issued to the Douglas Oil Co. of California June 13, 1955, pursuant to competitive public bidding, requires, in part, that operations for the drilling of a well shall

be started within 60 days of the time of completion or suspension of operations in a preceding well. In conformance with this requirement the lessee has drilled, completed and placed on production two wells, the last of which was completed January 24, 1956. The lessee has reported many difficulties and expenses incurred in connection with the development of the lease and uncertainties existing as to the productivity of the remainder of the lease area after consideration of the results developed from the first two wells. Therefore, the lessee has requested consideration of authorization of the deferment of the drilling and operating requirements under Lease P.R.C. 1524.1 for a period of ninety days from and after March 24, 1956 within which time to analyze the results of wells drilled heretofore and geological and geophysical studies prior to the commencement of operations for the drilling of another well under the lease."

Mr. Kirkwood asked if the Commission would be setting any precedent on future requests for deferment if deferment was allowed in this instance, and asked what the justifications were for deferment. The Executive Officer pointed out that if deferment were not granted, the lessee would have a right to quitclaim, and that it was not felt desirable to force such action.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT DOUGLAS OIL CO. OF CALIFORNIA A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 1524.1 FOR A PERIOD OF NINETY DAYS FROM MARCH 24, 1956. THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITIONS THAT DURING THE PERIOD OF DEFERMENT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE.
2. QUITCLAIM THE UNDEVELOPED LEASE AREA.
3. PRESENT NEW ADEQUATE BASES NOT CONSIDERED HERETOFORE, FOR CONSIDERATION AS TO ANY FURTHER CONSIDERATION OF THE DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.

13. (APPLICATION FOR ASSIGNMENT OF OIL AND GAS LEASE P.R.C. 425.1, SOUTHWEST EXPLORATION COMPANY - W. O. 2309.) The following report was presented to the Commission:

"Oil and Gas Lease P.R.C. 425.1, issued February 10, 1950 to the Southwest Exploration Company for a term of twenty years, provides that the lease may not be assigned, transferred or sublet except with the written consent of the State and then only to a person, association of persons or corporation which, at the time of the proposed assignment, transfer or subletting possesses the qualifications provided in Division 6 of the Public Resources Code. Should the State consent in writing to the assignment,