

MINUTE ITEM

12. (REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, P.R.C. 1551.1, SIGNAL OIL AND GAS COMPANY, HUNTINGTON BEACH, ORANGE COUNTY - W. O. 2977.)

After presentation of Calendar Item 15 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO SIGNAL OIL AND GAS COMPANY, OPERATOR, UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE SUBJECT LEASE TO JUNE 1, 1959, THE GRANT OF DEFERMENT TO BE SUBJECT TO THE EXPRESS CONDITION 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 FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.

Attachment
Calendar Item 15 (1 page)

CALENDAR ITEM

OIL & GAS

15.

(REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, SIGNAL OIL AND GAS COMPANY, HUNTINGTON BEACH, ORANGE COUNTY - W. O. 2977.)

On December 12, 1957 (Minute Item 5, page 3660), the Commission authorized a deferment of drilling and operating requirements under State Oil and Gas Lease P.R.C. 1551.1, Huntington Beach, to September 1, 1958, subject to the express conditions that during the period of deferment the lessee would perform one of the following actions:

1. Initiate development on the lease;
2. Quitclaim the undeveloped lease area;
3. Present new adequate bases for consideration as to any further deferment of drilling and operating requirements under the lease.

Lease P.R.C. 1551.1 was issued to Richfield Oil Corporation, Hancock Oil Company, and Signal Oil and Gas Company on August 16, 1955, pursuant to competitive public bidding. The lessees have drilled two wells, neither of which has been productive of oil or gas. The second well was abandoned in April, 1956. During the course of drilling operations electric logs, dip meter surveys, sidewall samples and cores were taken, and core analyses were made. These operations were conducted at a cost of approximately \$208,000.

On July 10, 1958 an application was received from the lessee requesting a further extension of the deferment of drilling and operating requirements to June 1, 1959. The deferment is requested in order that the staffs of the co-lessees may continue their studies and evaluation of data and correlation of well results with data from other wells in the area and with seismic information in order to permit further analysis of all available data in the area, with the purpose of establishing the justification for any further exploratory drilling.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO SIGNAL OIL AND GAS COMPANY, OPERATOR, UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE SUBJECT LEASE TO JUNE 1, 1959, THE GRANT OF DEFERMENT TO BE SUBJECT TO THE EXPRESS CONDITION 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 FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.