

MINUTE ITEM

10. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 308.1 AND P.R.C. 309.1, COAL OIL POINT, SANTA BARBARA COUNTY; RICHFIELD OIL CORPORATION - W.O. 5098.

After consideration of Calendar Item 12 attached, and upon motion duly made and carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO RICHFIELD OIL CORPORATION, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASES P.R.C. 308.1 AND P.R.C. 309.1 THROUGH JULY 31, 1964, ALL OTHER TERMS AND CONDITIONS OF THE LEASES TO REMAIN IN FULL FORCE AND EFFECT.

Attachment
Calendar Item 12 (1 page)

CALENDAR ITEM

12.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 308.1 AND P.R.C. 309.1, COAL OIL POINT, SANTA BARBARA COUNTY; RICHFIELD OIL CORPORATION - W.O. 5098.

State Oil and Gas Leases P.R.C. 308.1 and P.R.C. 309.1, totaling approximately 3,840 acres of tide and submerged lands in Santa Barbara County, were issued to Honolulu Oil Corporation, Signal Oil and Gas Company, and Macco Corporation on March 4, 1947, pursuant to competitive public bidding. The leases are now held by Richfield Oil Corporation, Signal Oil and Gas Company, and Tidewater Oil Company, with Richfield Oil Corporation designated as operator.

The lessees have heretofore drilled eleven exploratory wells in the tide and submerged lands covered by the two leases. Seven of these wells were directionally drilled from upland drillsites, and five from mobile drilling equipment. In excess of \$5 million has been expended in attempts to develop commercial production. Two of the wells drilled from mobile drillsites have been completed and are currently producing oil and gas, with the well-head equipment located on the ocean floor. In the course of drilling operations, electric logs, dipmeter surveys, sidewall samples, and cores were taken. From an analysis of this data, supplemented by seismic information, the approximate productive limits of the producing structure have been defined. A portion of the productive area lies within each lease.

The lessee has requested authorization to pool the productive areas with a view to modifying development and producing requirements of both leases. Representatives of the lessee's operator, the staff, and the office of the Attorney General have held a number of conferences in an attempt to draft a Unit Agreement satisfactory to both the joint lessees and the State. It now appears that agreement has been reached on all major factors of the proposed Unit Agreement, which will permit completion of the final form of agreement when the staff and the Attorney General's office have completed priority assignments imposed by the current legislative session.

A deferment of drilling requirements through April 30, 1964, was granted by the Commission on December 20, 1963 (Minute Item 6, page 9481). The lessee has submitted an application requesting a further deferment through December 31, 1964, in order to complete the Unit Agreement.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO RICHFIELD OIL CORPORATION, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASES P.R.C. 308.1 AND P.R.C. 309.1 THROUGH JULY 31, 1964, ALL OTHER TERMS AND CONDITIONS OF THE LEASES TO REMAIN IN FULL FORCE AND EFFECT.