

MINUTE ITEM

12. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 1466.1, RINCON OIL FIELD, VENTURA COUNTY; RICHFIELD OIL CORPORATION - W.O. 5176.

After consideration of Calendar Item 27 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO RICHFIELD OIL CORPORATION A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 1466.1 FOR THE PERIOD JUNE 30, 1964, THROUGH DECEMBER 31, 1964, SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD THEREOF THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE A RENEWED DEVELOPMENT PROGRAM FOR THE LEASE; OR
2. QUITCLAIM THE UNDEVELOPED LEASE AREA; OR
3. PRESENT ADEQUATE BASES FOR CONSIDERATION AS TO FURTHER DEFERMENT OF DRILLING REQUIREMENTS UNDER THE LEASE.

ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 27 (2 pages)

CALENDAR ITEM

27.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 1466.1, RINCON OIL FIELD, VENTURA COUNTY; RICHFIELD OIL CORPORATION - W.O. 5176.

State Oil and Gas Lease P.R.C. 1466.1, covering approximately 1,175 acres of tide and submerged lands in the Rincon Field, Ventura County, was issued on August 29, 1955, to the Richfield Oil Corporation, pursuant to competitive bidding.

Preliminary exploration on the leased land disclosed that the oil-bearing sands were too shallow to be developed effectively from upland drillsites. In order to provide offshore drillsites, Richfield constructed an earth-fill island at a cost in excess of \$4,600,000. To date, 46 producing oil wells have been drilled from this island, and one producing well has been completed on the ocean floor. It appears that the 47 wells drilled heretofore can drain adequately all of that portion of the producing structure that can be developed economically from the island drillsite. In addition to the 47 wells, Richfield has drilled 6 core holes in an attempt to further delineate the structure. The submerged lands of the subject lease and of the surrounding areas are under constant study for information that would justify further development on the leased lands.

On December 22, 1960 (Minute Item 15, page 6532); May 25, 1961 (Minute Item 8, page 6950); December 21, 1961 (Minute Item 13, page 7534); June 28, 1962 (Minute Item 16, page 8067); December 6, 1962 (Minute Item 18, page 8452); June 27, 1963 (Minute Item 21, page 8972); and on December 20, 1963 (Minute Item 7, page 9483), the Commission granted deferments of the drilling requirements through June 30, 1964.

Richfield Oil Corporation has submitted an application requesting a further deferment of drilling requirements through December 31, 1964.

The lease requires that one well per 15 acres be completed from each commercially productive zone above 6,000 feet vertical depth. Based on this, Richfield has proven 320 acres of the leased area. Production in the field has been less than expected, and has declined rapidly. Bottom-hole pressures on some of the present wells in the easterly portion of the lease indicate that down-structure drainage has occurred. The volume of primary recoverable oil appears to be below normal; therefore, both Richfield and the State are faced with losing considerable reserves if some secondary method of recovery is not initiated. Richfield states that it has now completed a detailed structural and volumetric study of the producing horizons and that it is taking further pressure surveys that, combined with structural data and production performance, will complete the studies to determine the feasibility of proposing a water-flood program in order to increase ultimate recovery. Richfield has requested a drilling deferment in order to provide time to complete these studies and to present them to the Commission.

In conformance with current Commission practice to grant deferments for periods not in excess of six months,

CALENDAR ITEM 27. (CONTD.)

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO RICHFIELD OIL CORPORATION A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 1466.1 FOR THE PERIOD JUNE 30, 1964, THROUGH DECEMBER 31, 1964, SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD THEREOF THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

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