

MINUTE ITEM

20. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, LEASE P.R.C. 186.1, BELMONT OFFSHORE FIELD, ORANGE COUNTY; HUMBLE OIL & REFINING COMPANY AND TEXACO INC. - W.O. 5351.

After consideration of Calendar Item 22 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO HUMBLE OIL & REFINING COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 186.1 THROUGH JUNE 30, 1965. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 22 (2 pages)

CALENDAR ITEM

22.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, LEASE P.R.C. 186.1, BELMONT OFFSHORE FIELD, ORANGE COUNTY; HUMBLE OIL & REFINING COMPANY AND TEXACO INC. - W.O. 5351.

Oil and Gas Lease P.R.C. 186.1, covering approximately 1,255 acres of tide and submerged lands, was issued on September 24, 1945, to Marine Exploration Company, pursuant to competitive public bidding, and is now held jointly by Humble Oil & Refining Company and Texaco Inc., with Humble Oil & Refining Company designated as operator.

A total of 55 wells have been drilled into the leased lands; i.e., 53 production wells, including two from onshore drillsites; 2 water-injection wells; and 1 suspended well drilled from an offshore 75-foot-diameter filled-island drillsite. The cost of island construction was in excess of \$1 million. Conductor pipe for an additional 17 well locations has been placed. The lease is currently producing from 49 wells, and the 2 pilot water-injection wells drilled from the island drillsite are being operated. The lessee has conducted drilling operations with diligence, and has completed wells at a rate in excess of the lease requirements. Based on estimates of the productive area, one well for the production of oil and gas has been drilled into each 10 acres of the lease productive area.

The Commission, on November 22, 1961 (Minute Item 3, page 7430); on April 26, 1962 (Minute Item 8, page 7913); on December 20, 1962 (Minute Item 2, page 8509); on May 23, 1963 (Minute Item 16, page 8856); on November 21, 1963 (Minute Item 6, page 9419); and on May 28, 1964 (Minute Item 19, page 9960), granted deferments of drilling requirements under the lease through December 31, 1964.

An application has been received from Humble Oil & Refining Company for a deferment of drilling requirements until June 30, 1965.

Humble has reported that further development of P.R.C. 186.1 is partially dependent upon the results of the exploration now being undertaken on the lands lying immediately to the east. Furthermore, the lands covered by P.R.C. 186.1 are not far removed from the large offshore area to the west in which the City of Long Beach plans to conduct oil and gas development operations in the immediate future and for which it proposes unitization with other nearby areas. Discussions and negotiations in connection with this are nearing completion but, as yet, bids have not been invited. Humble and Texaco believe that any new activities to be undertaken on P.R.C. 186.1 should be consistent and compatible with operations on the proposed Long Beach unit. Until the nature, extent, and general locale of these operations to the west of P.R.C. 186.1 can be predicted with considerable more certainty than at present, Humble is unable to determine what new activities should be undertaken on P.R.C. 186.1.

The latest draft of the Long Beach Unit Agreement whereby the above-mentioned unitization would be accomplished provides for expansion of the

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unit area to the east. Humble states it is conceivable that under certain conditions such expansion would include State Lease P.R.C. 186.1 in the proposed unit. Any further development of P.R.C. 186.1 at this time could very well be incompatible with proposed primary and secondary recovery operations and well patterns under the unit and could adversely affect the ultimate realization by the State and by Humble and Texaco Inc.

Until the foregoing matters are resolved, Humble will continue full operation of all existing wells in accordance with good oil field practices.

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 HUMBLE OIL & REFINING COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 186.1 THROUGH JUNE 30, 1965. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.