

MINUTE ITEM

7/2/65

20. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2920.1, SANTA BARBARA COUNTY; SHELL OIL COMPANY AND STANDARD OIL COMPANY OF CALIFORNIA - W.O. 5688.

After consideration 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 SHELL OIL COMPANY AND STANDARD OIL COMPANY OF CALIFORNIA A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2920.1 THROUGH FEBRUARY 28, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 15 (1 page)

15.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2920.1, SANTA BARBARA COUNTY; SHELL OIL COMPANY AND STANDARD OIL COMPANY OF CALIFORNIA - W.O. 5688.

An application has been received from Shell Oil Company, operator, requesting a deferment of drilling requirements until February 28, 1966.

State Oil and Gas Lease P.R.C. 2920.1, containing 4,250.14 acres of tide and submerged lands in Santa Barbara County, was issued on August 28, 1962, to Shell Oil Company and Standard Oil Company of California, pursuant to competitive public bidding.

Under the terms of the lease, the lessees were not required to commence operations for the drilling of a well until August 28, 1965. However, they were drilling a core hole on the parcel at the time of issuance of the lease. This core hole was then converted to an exploratory well, and drilling operations were continued. The operator continued drilling operations on the leased lands until March 31, 1963. During this period four wells were drilled from a floating drilling barge. Completion of these four wells with pipelines to shore required an investment of approximately \$3,900,000, according to the operator's estimate. In addition, an initial cash bonus of \$14,080,713.82 was paid to the State for the issuance of the lease, and there have been expenditures for evaluation expenses, geological and geophysical costs, and lease rentals. Currently, four wells are producing.

Shell, as operator, is currently conducting reservoir performance studies to see if additional wells are required for the adequate development of the lease. However, these studies are not completed at the present time.

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 SHELL OIL COMPANY AND STANDARD OIL COMPANY OF CALIFORNIA A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2920.1 THROUGH FEBRUARY 28, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.