

MINUTE ITEM

9/23/65

18. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2725.1, SANTA BARBARA COUNTY; TEXACO INC. - W.O. 5815.

After consideration of Calendar Item 17 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO TEXACO INC. A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2725.1 THROUGH APRIL 11, 1966. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 17 (1 page)

17.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2725.1, SANTA BARBARA COUNTY; TEXACO INC. - W.O. 5815.

An application has been received from the lessee requesting a deferment of drilling requirements for six months from October 12, 1965.

State Oil and Gas Lease P.R.C. 2725.1, containing 4,250.14 acres of tide and submerged lands in Santa Barbara County, was issued on May 4, 1961, to Texaco Inc., pursuant to competitive public bidding. Under the terms of the lease, the lessee was not required to commence operations for the drilling of a well until May 4, 1964. However, the lessee commenced drilling operations on July 18, 1961, and thereafter conducted drilling operations on the leased lands until June 13, 1965. During this period twenty-two wells were drilled, all from a floating drilling barge. Three were dry holes, and 19 were completed as producers. In addition to money spent on the wells and facilities, Texaco has erected an offshore production platform and paid a cash bonus of \$9,550,000. The Commission, since July 24, 1964, has granted deferments of drilling requirements under the lease through July 24, 1965; however, as the last well was completed on June 13, 1965, and a 120-day waiting period is allowed between wells, drilling must start on the next well on October 11, 1965.

According to the operator, a deferment is essential in order to conduct a high resolution seismic survey using the most advanced techniques prior to additional exploratory drilling. After lease acquisition, several geophysical surveys were made to attempt to resolve the complex geological problems, including a preliminary digital seismic survey. All of the latter indicated the need for high resolution data which is expected from the programmed work.

The operator has obtained geophysical permits from the State Lands Commission and the State Department of Fish and Game for the performance of this work, which will be done in conjunction with a larger program. A permit restriction requires a commencement date after October 1, 1965. The operator anticipates that seismic field operations will be completed in late October and that computer processing of records will require an additional eight weeks. Data will then be immediately incorporated into a geological interpretation to allow the formulation of plans for exploratory drilling operations. The operator considers that no development drilling can be supported 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 TEXACO INC. A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2725.1 THROUGH APRIL 11, 1966. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.