

MINUTE ITEM

10/21/65

22. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2894.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W.O. 5879.

After consideration of Calendar Item 26 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO STANDARD OIL COMPANY OF CALIFORNIA, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2894.1 THROUGH JUNE 27, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 26 (1 page)

26.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2894.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W.O. 5879.

State Oil and Gas Lease P.R.C. 2894.1, containing 4,250.14 acres of tide and submerged lands in Santa Barbara County, was issued June 28, 1962, to Standard Oil Company of California and Shell Oil Company, 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 June 28, 1965. However, the lessees commenced drilling operations on September 8, 1962, and drilled and completed two wells by September 1, 1964. According to Standard Oil Company of California, operator, the development of the lease has resulted in the expenditure of in excess of \$2,808,682, which does not include the initial cash bonus of \$1,502,020, evaluation expenses, geological and geophysical costs, and lease rentals. Currently, the two wells are producing. Production equipment on the lease consists of submarine well heads, with no facilities constructed above the surface of the ocean. The Commission, since May 27, 1965, has granted deferments of drilling requirements under the lease through December 27, 1965.

An application has been received from Standard Oil Company, Western Operations, Inc., requesting an extension of time for the commencing of the next well for a period of six months, from December 28, 1965, through June 27, 1966.

Standard Oil Company, as operator, is currently conducting a combined geological and engineering study of the field which may lead to additional drilling of exploratory wells to other prospective zones on the lease. The lessees have requested an additional six months to conduct the necessary geological and engineering studies.

In conformance with current Commission practice of granting deferments of periods not in excess of six months,

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO STANDARD OIL COMPANY OF CALIFORNIA, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2894.1 THROUGH JUNE 27, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.