

MINUTE ITEM

10/21/65

23. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 1824.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA - W.O. 5861.

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 STANDARD OIL COMPANY OF CALIFORNIA, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 1824.1 THROUGH JUNE 9, 1966. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 27 (1 page)

27.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 1824.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA - W.O. 5861.

Oil and Gas Lease P.R.C. 1824.1, containing 5,500 acres more or less of tide and submerged lands in Santa Barbara County, was issued January 10, 1957, to Standard Oil Company of California and Humble Oil & Refining Company, pursuant to competitive public bidding.

The lessees were not required to commence operations for the drilling of a well until January 10, 1962; however, they drilled three core holes during the first year of the lease and commenced drilling operations from Platform Hazel on September 20, 1958, and thereafter diligently conducted drilling operations on the leased lands until April 10, 1964. During this period, the lessees drilled a total of 70 wells including redrills, of which 40 are currently producing. The Commission since April 29, 1964, has granted deferments of drilling requirements through December 9, 1965. Development of the lease has resulted in expenditures by Standard and Humble of more than \$34,000,000, which does not include the initial cash bonus paid to the State for the issuance of the lease, the evaluation expenses, the geological and geophysical costs, and the lease rentals.

An application has been received from Standard Oil Company of California, Western Operations, Inc., operator, requesting a deferment of drilling requirements from December 9, 1965, to June 9, 1966.

According to Standard Oil Company, operator, a review team composed of geological and engineering personnel has been assigned to review the various horizons to determine if there are additional development and exploratory prospects on the lease. It now appears that the preliminary results of this review will be presented early in 1966. In the meantime, Standard has employed a workover rig on the lease for approximately four months in an attempt to decrease water production.

In order to permit further review and evaluation of the geological and engineering data and in order to continue remedial well work, Standard has requested a six-month deferral.

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. 1824.1 THROUGH JUNE 9, 1966. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.