

19. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2206.1, SANTA BARBARA COUNTY; TEXACO INC. - W.O. 5909.

After consideration of Calendar Item 4 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. 2206.1 THROUGH JUNE 13, 1966. ALL OTHER TERMS AND CONDITIONS OF THIS LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 4 (2 pages)

4.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2206.1, SANTA BARBARA COUNTY; TEXACO INC. - W.O. 5909.

State Oil and Gas Lease P.R.C. 2206.1, covering approximately 3,840 acres of tide and submerged lands in Santa Barbara County, was issued July 25, 1958, pursuant to competitive public bidding, to Texas Company, Monterey Oil Company, and Newmont Oil Company. On October 26, 1961, all interests were assigned to Texaco Inc.

Since acquiring the lease for a bonus of \$23,711,538, Texaco has drilled three deep core holes and twelve wells in addition to erecting drilling and production platform "Helen" and laying pipelines to onshore facilities.

The lessee fulfilled the drilling requirements to April 5, 1962. The Commission, since February 27, 1962, has granted deferments of drilling requirements under the lease through December 13, 1965. During that period an additional well was drilled and abandoned on February 15, 1964.

An application has been received from Texaco Inc. requesting a further deferment of drilling requirements for a period of six months from December 13, 1965.

According to Texaco, the first phase of a new detailed digital seismic survey was completed on October 17, 1965. Additional seismic work is programmed to provide ties to regional trends and to subsurface data on adjacent leases. Considering the time necessary for the initial processing and interpretation of the large quantity of computer-type data recorded by these surveys, an additional five to six weeks are essential before a coordinated geological-geophysical analysis of results can be started. It may then be necessary to conduct an additional small-scale survey of critical areas before a satisfactory interpretation can be made.

Development of known reservoirs on Lease P.R.C. 2206.1 has been completed, and the positioning of the next well, which will be an exploratory well, may be determined from results of the seismic survey. In view of the high cost of offshore exploratory drilling on this lease, estimated to be in excess of \$220,000 per well, it is essential that all of the geological and geophysical data be carefully analyzed and coordinated in order to assure that the best possible well location is selected.

In order to permit further review and evaluation of the new seismic data prior to beginning exploratory well operations, Texaco feels more time is needed.

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

CALENDAR ITEM 4. (CONTD.)

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. 2206.1 THROUGH JUNE 13, 1966. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.