

MINUTE ITEM

15. REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, P.R.C. 1551.1, SIGNAL OIL AND GAS COMPANY, HUNTINGTON BEACH, ORANGE COUNTY - W.O. 4208.

After consideration of Calendar Item 20 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO SIGNAL OIL AND GAS COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE THROUGH JUNE 30, 1962. THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD OF DEFERMENT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE;
2. QUITCLAIM THE UNDEVELOPED LEASE AREA;
3. PRESENT ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.

Attachment

Calendar Item 20 (1 page)

CALENDAR ITEM

20.

REQUEST FOR DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS, P.R.C. 1551.1, SIGNAL OIL AND GAS COMPANY, HUNTINGTON BEACH, ORANGE COUNTY - W.O. 4208.

Oil and Gas Lease P.R.C. 1551.1, covering approximately 647 acres of tide and submerged lands, was issued to Richfield Oil Corporation, Hancock Oil Company, and Signal Oil and Gas Company on August 16, 1955, pursuant to competitive public bidding.

On December 22, 1960 (Minute Item 17, page 6535), the Commission authorized a deferment of drilling and operating requirements under State Oil and Gas Lease P.R.C. 1551.1 to January 1, 1962. The lessees have drilled two wells into the leased area, neither of which has been productive of oil or gas. The second well was abandoned in April of 1956. In the course of drilling operations, electric logs, dipmeter surveys, sidewall samples and cores were taken, and core analyses were made. Operations were conducted at a cost of approximately \$208,000.

An application has been received from Signal Oil and Gas Company, operator, requesting an extension of the deferment of drilling and operating requirements. The lessees are conducting additional studies of available geologic data in order to determine whether further exploration operations are justified. The lessee during the last year conducted seismic operations using a new type of seismic instrument recently developed for offshore operations; however, the results obtained in this area were not satisfactory for use in developing subsurface information. It is anticipated that further drilling in the areas upcoast might develop some related facts significant to the subject property.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO SIGNAL OIL AND GAS COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 1551.1, A DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE THROUGH JUNE 30, 1962. THE GRANT OF DEFERMENT IS TO BE SUBJECT TO THE EXPRESS CONDITION THAT DURING THE PERIOD OF DEFERMENT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS:

1. INITIATE DEVELOPMENT ON THE LEASE,
2. QUITCLAIM THE UNDEVELOPED LEASE AREA;
3. PRESENT ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.