

MINUTE ITEM

19. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2199.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W.O. 4539.

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 STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC., A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2199.1 TO APRIL 4, 1963. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 20 (1 page)

CALENDAR ITEM

20.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2199.1, SANTA BARBARA COUNTY; STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W.O. 4539.

State Oil and Gas Lease P.R.C. 2199.1 was issued on July 25, 1958, to Humble Oil and Refining Company and Standard Oil Company of California, pursuant to competitive public bidding in accordance with Division 6 of the Public Resources Code, covering approximately 3,840 acres of tide and submerged lands in the Gaviota field, Santa Barbara County.

Under the terms of the lease, the lessees were not required to commence operations for the drilling of a well until July 25, 1961. However, the lessees commenced drilling operations on September 5, 1958, and thereafter diligently conducted drilling operations on the leased lands until June 4, 1962. During this period ten wells were drilled, seven from a floating drilling barge and three from upland drillsites, which has resulted in an investment of approximately \$7,020,393.00, according to the operator's estimate. Currently two wells are producing. The lessee has fulfilled the drilling requirement to October 4, 1962.

An application has been received from Standard Oil Company of California, Western Operations, Inc., requesting a deferment of drilling requirements until October 4, 1963. The lessee plans to conduct an intensive reservoir evaluation program using flow test data from the wells already drilled, inasmuch as adequate pipeline capacity will first be available by November 1962. In addition to the problem of reservoir evaluation, there is an acute problem in obtaining a suitable drilling barge. Barges on the West Coast are currently contracted for, and barge operators have advised Standard Oil that there is little likelihood of additional barges being brought into this area in the near future. In consonance with current Commission policy to grant deferments of this nature for a six-months' period,

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC., A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2199.1 TO APRIL 4, 1963. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.