

MINUTE ITEM

24. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS P.R.C. 308.1 AND P.R.C. 309.1, COAL OIL POINT, SANTA BARBARA COUNTY: RICHFIELD OIL CORPORATION - W.O. 5432.

After consideration of Calendar Item 33 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO RICHFIELD OIL CORPORATION, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASES P.R.C. 308.1 AND P.R.C. 309.1 THROUGH MAY 17, 1965, ALL OTHER TERMS AND CONDITIONS OF THE LEASES TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 33 (2 pages)

CALENDAR ITEM

33.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 308.1 AND P.R.C. 309.1, COAL OIL POINT, SANTA BARBARA COUNTY; RICHFIELD OIL CORPORATION - W.O. 5432.

State Oil and Gas Leases P.R.C. 308.1 and P.R.C. 309.1, totaling approximately 3,840 acres of tide and submerged lands in Santa Barbara County, were issued to Honolulu Oil Corporation, Signal Oil and Gas Company, and Macco Corporation on March 4, 1947, pursuant to competitive public bidding. The leases are now held by Richfield Oil Corporation and Signal Oil and Gas Company, with Richfield Oil Corporation designated as operator.

The Commission on December 20, 1963 (Minute Item 6, page 9481), and on April 29, 1964 (Minute Item 15, page 9835), granted deferments of drilling requirements under the leases through July 31, 1964.

An application has been received from Richfield Oil Corporation requesting a deferment of drilling obligations from November 17, 1964, through May 17, 1965.

On July 28, 1964 (Minute Item 32, page 10,278), the State Lands Commission approved a Unit Agreement which became effective October 1, 1964. Under this Unit Agreement, Richfield, as operator, agreed to drill an "obligation well" into the Coal Oil Point offshore oil and gas field, Devereaux Area.

Though the Unit Agreement was not in effect, Richfield commenced operations on June 27, 1964, for the drilling of said "obligation well". This well, designated "State 308" 4, was drilled and cored to total depth. After the well was evaluated through logging and coring, the casing was cemented, the drilling operations were suspended on August 17, 1964, and the drilling barge was released.

At this point, Richfield determined that there were sufficient indications of hydrocarbons to warrant completion of the well and the installation of underwater flow lines. Prudent engineering practice dictated that the formations encountered had to be evaluated prior to embarking on further expenditures for purchase and installation of underwater flow lines, which will amount to \$175,000. Operational difficulties in the production of "State 308" 3 through its underwater flow line created problems in the design to be resolved before the installation of the underwater flow line for "State 308" 4, resulting in some delay. On November 9, 1964, the lines for the well were made up and ready to be pulled to the wellhead, but as the result of weather problems and the unavailability of pulling vessels, there has been no further progress since that date.

Richfield plans to proceed with the installation of the underwater flow lines and the testing of the well under good engineering practice, but subject to the availability of ships and equipment, and contingent upon weather conditions.

CALENDAR ITEM 33. (CONTD.)

From August 17, 1964, to date, Richfield has been diligent in working toward the completion of the well; the time involved has been due to the complexity of completing underwater wells with underwater flow lines.

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

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO RICHFIELD OIL CORPORATION, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASES F.R.C. 308.1 AND P.R.C. 309.1 THROUGH FEBRUARY 17, 1965, ALL OTHER TERMS AND CONDITIONS OF THE LEASES TO REMAIN IN FULL FORCE AND EFFECT.