

MINUTE ITEM

9. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2207.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 4548.

After consideration of Calendar Item 2 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES THE EXECUTIVE OFFICER TO GRANT TO PHILLIPS PETROLEUM COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2207.1 THROUGH JUNE 21, 1963, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 2 (1 page)

CALENDAR ITEM

2.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2207.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 4548.

State Oil and Gas Lease P.R.C. 2207.1, covering approximately 3,840 acres of tide and submerged lands in Santa Barbara County, was issued on July 25, 1958, to Phillips Petroleum Company, Edwin W. Pauley, et al., pursuant to competitive public bidding statutory requirements.

Under the terms of the lease, the lessee was not required to commence operations for the drilling of a well prior to July 25, 1961. However, the lessees commenced drilling operations on July 24, 1959, and thereafter diligently conducted drilling operations on the lands at a rate in excess of the specified lease requirements. Eleven exploratory wells, two redrilled exploratory wells, twenty-four development wells, and one redrilled development well from a fixed platform have been drilled into the leased lands. Currently there are twenty-four wells producing. The lessee has fulfilled the specified drilling requirements through December 21, 1962.

The lessee has stated that more than \$10,000,000 has been expended to date in operations conducted on the lease.

An application has been received from Phillips Petroleum Company requesting a deferment of drilling requirements through June 21, 1963. The requested suspension period of six months is considered to be necessary in order: (1) to interpret and evaluate geological and geophysical data in an analysis of the complex geological structural conditions that exist in this area, and (2) to study and observe reservoir performance before conducting further development drilling. Phillips states that a pipeline connection to permit the sale of gas will not be available for several months and that produced gas is presently being injected into the reservoir.

Commission practice has been to approve justified requests for deferments of drilling requirements for periods not in excess of six months.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO PHILLIPS PETROLEUM COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2207.1 THROUGH JUNE 21, 1963, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.