

MINUTE ITEM

20. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2205.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 4772.

After consideration of Calendar Item 23 attached, and upon motion duly made and unanilously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO PHILLIPS PETROLEUM COMPANY A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2205.1 THROUGH FEBRUARY 10, 1964. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 23 (2 pages)

CALENDAR ITEM

23.

REQUEST FOR DEFEERMENT OF DRILLING REQUIREMENTS, P.R.C. 2205.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 4772.

State Oil and Gas Lease P.R.C. 2205.1, containing approximately 3,840 acres of tide and submerged land in Santa Barbara County, was issued on July 25, 1958, to Phillips Petroleum Company and Pauley Petroleum Inc. pursuant to competitive public bidding.

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, they commenced drilling on November 16, 1958, and thereafter diligently conducted drilling operations on the leased lands. Lessees have drilled five exploratory test wells from a floating drilling barge, two of which were redrilled. Lessees have also drilled four development wells from up land drillsites, of which three were completed as producing wells and one was abandoned.

Pursuant to a partial assignment (Minute Item 11, page 7607, January 22, 1962), Shell Oil Company also drilled an exploratory well from a floating drilling barge on this lease which was subsequently abandoned on February 4, 1962. In conducting the above operations, a total of 90,517 feet of hole were drilled.

Prior to October 3, 1962, the Gas Purchaser took limited daily quantities of gas from this lease into its low-pressure distribution gas line. On October 3, 1962, the Gas Purchaser commenced taking increased daily volumes of gas into its new high-pressure gas line in accordance with the terms and provisions of the Gas Sales Agreements, copies of which have been furnished the State Lands Division.

The lessees, with the exception of one six-month deferment period authorized by the Commission, fulfilled the drilling requirements to June 4, 1962. The Commission on December 6, 1962 (Minute Item 16, page 8447), granted a deferment of drilling requirements under the lease through August 10, 1963.

An application has been received from Phillips Petroleum Company requesting a deferment of drilling requirements until February 10, 1964. The lessees are studying the geological information obtained from the wells drilled on this lease, data from other wells in the area, and geophysical data relative to the subject lease. They are also carefully studying and analyzing reservoir performance data being secured from the three producing wells. These geologic and reservoir engineering studies are being conducted and coordinated in order to determine if further development and exploration work on this lease is justified. The three completed wells are presently producing gas at the maximum contract rate, but production at this new rate for the short period from October 3, 1962, to August 10, 1963, will not provide sufficient data for a proper analysis of reservoir performance.

CALENDAR ITEM 23. (CONTD.)

In consonance with current Commission practice to grant deferments 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. 2205.1 THROUGH FEBRUARY 10, 1964. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.