

MINUTE ITEM

11. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2205.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 5004.

Pursuant to a written request received from Phillips Petroleum Company, Calendar Item 16 attached was withdrawn from the agenda.

Attachment

Calendar Item 16 (2 pages)

CALENDAR ITEM

16.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2205.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 5004.

State Oil and Gas Lease P.R.C. 2205.1, containing approximately 3,840 acres of tide and submerged lands 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, and four development wells from upland drillsites, of which three were completed as producing wells and one was abandoned. One of the completed wells has recently been abandoned. The lease has primarily produced gas and condensate.

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.

The Commission on June 22, 1961 (Minute Item 4, page 6999); on December 21, 1961 (Minute Item 12, page 7532); on June 28, 1962 (Minute Item 15, page 8064); on December 6, 1962 (Minute Item 16, page 8447); and on June 27, 1963 (Minute Item 20, page 8969), granted deferments of drilling requirements under the lease through February 10, 1964.

Prior to October 3, 1962, the Gas Purchaser took only limited daily quantities of gas from this lease into its low-pressure gas line. On October 3, 1962, the Purchaser commenced taking increased daily volumes of gas into its new high-pressure line in accordance with the terms and provisions of the sales agreements, copies of which have been submitted to this Division. Commencing August 1, 1963, the lessee began a program of producing gas from the wells at varying rates to obtain information for a comprehensive engineering study of the reservoir.

The lessees have studied and are continuing to study the geological information obtained from wells drilled on this lease, data from other wells in the area, and geophysical data relative to the subject lease. Also, reservoir performance data secured from the producing wells. These geologic and reservoir engineering studies are being continued in order to determine if further development and exploration work is justified. As a result of these continuing studies, lessees propose to drill a new well on this lease. This well is to be directionally drilled from an upland drillsite. While lessees plan to commence the drilling of this well as soon as possible, it is uncertain at this date whether or not the well can be commenced before

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midnight February 10, 1964. Therefore, an application has been received from Phillips Petroleum Company requesting a deferment of drilling requirements to August 10, 1964.

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 TO AUGUST 10, 1964. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.