

MINUTE ITEM

3/1/66

21. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, OIL AND GAS LEASE
P.R.C. 2933.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY AND PAULEY
PETROLEUM INC. - W.O. 6031.

After consideration of Calendar Item 22 attached, and upon motion duly made
and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO PHILLIPS PETROLEUM COMPANY,
OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE
P.R.C. 2933.1 THROUGH OCTOBER 24, 1966, WITH ALL OTHER TERMS AND CONDITIONS
OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 22 (1 page)

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, OIL AND GAS LEASE P.R.C. 2933.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY AND PAULEY PETROLEUM INC. - W.O. 6031.

State Oil and Gas Lease P.R.C. 2933.1, covering 4250.14 acres of tide and submerged lands in Santa Barbara County, was issued on October 25, 1962, 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 October 25, 1965. However, they commenced drilling operations on December 1, 1962, and thereafter conducted drilling operations on the leased lands until five wells had been drilled from a floating drilling barge, one of which was redrilled. The last well, which was completed on September 3, 1964, has completely developed the known geological structure of the field. In conducting the operations, a total of 37,740 feet of hole was drilled. Four wells were completed as producers, and one was abandoned as a nonproducer. All four of the producing wells are ocean-floor completions with individual flow lines to an onshore site. According to Phillips Petroleum Company, operator, the development of the lease has resulted in the expenditure of in excess of \$7,184,000, which does not include the initial cash bonus of \$6,100,000, nor the geological and geophysical costs.

An application has been received from Phillips Petroleum Company, operator, requesting a deferment of drilling requirements from April 25, 1966, through October 24, 1966.

The lessees are continuing to study the geological information obtained from the wells drilled on this lease, data from other wells in the area, and geophysical data relative to the lease. Lessees are also carefully studying and analyzing reservoir performance data being secured from the four producing wells. These geologic and reservoir engineering studies are being conducted and coordinated in order to determine what further development and exploration work is justified. Phillips Petroleum Company requests more time in order to permit further review and evaluation of the geological and geophysical data, and in order to obtain the needed additional reservoir performance data.

In conformance with the 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 PHILLIPS PETROLEUM COMPANY, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2933.1 THROUGH OCTOBER 24, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.