

MINUTE ITEM

5/26/66

19. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2207.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 6124.

After consideration of Calendar Item 9 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. 2207.1 THROUGH DECEMBER 21, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 9 (1 page)

9.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2207.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 6124.

An application has been received from Phillips Petroleum Company, operator, requesting a deferment of drilling requirements to December 21, 1966.

Oil and Gas Lease P.R.C. 2207.1, containing 3,840 acres more or less of tide and submerged lands in Santa Barbara County, was issued July 25, 1958, to Phillips Petroleum Company, Edwin W. Pauley, et al., pursuant to competitive public bidding. By subsequent assignments, current lessees are Phillips Petroleum Company, Humble Oil & Refining Company, et al. Phillips, as operator for the lessees, in developing the lease constructed a drilling platform and drilled 36 wells of which 3 have been redrilled to date. Twenty-four wells are currently producing.

Development of the lease has resulted in expenditures by the lessees of more than \$15,435,000, which does not include the initial cash bonus paid to the State for the issuance of the lease, the evaluation expenses, the geological and geophysical costs, and the lease rentals. The Commission since October 25, 1962, has granted deferments of drilling requirements through June 21, 1966.

Lessees commenced producing oil and gas from this lease on April 28, 1962.

Lessees are studying recently acquired geological information on two areas adjoining this lease. This information is being integrated into lessees' study of the geological information obtained from wells previously drilled on this lease, geophysical data relative to the subject lease, and lessees' continuing reservoir engineering studies in order to determine if the drilling or redrilling of additional exploratory wells and the drilling of additional development wells on this lease are warranted.

In order to permit completion of the review and evaluation of the geological, geophysical and engineering data, Phillips has requested an additional six-month deferment.

In conformance with current Commission practice of granting deferments of 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. 2207.1 THROUGH DECEMBER 21, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.