MINUTE ITEM

4. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2205.1, PHILLIPS PETROLEUM COMPANY, NAPLES FIELD, SANTA BARBARA COUNTY - W.O. 3977.

Upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES THE EXECUTIVE OFFICER TO GRANT TO THE PHILLIPS PETROLEUM COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 2205.1, A DEFERMENT OF FURTHER DRILLING REQUIREMENTS UNDER THE LEASE TO FEBRUARY 10, 1962, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Comments:

The Executive Officer pointed out that the request for a deferment of drilling operations for a period of a year had been limited to six months in accordance with recent direction by the Commission.

Commissioner Anderson inquired as to whether the deferment might delay fulfillment of the lease terms. The Executive Officer reported that the deferment represents a justifiable study period designed to permit optimum selection of the next well location.

Attachment
Calendar Item 22 (1 page)

A 36
S 31

CALENDAR ITEM

22.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2205.1, PHILLIPS PETROLEUM COMPANY, NAPLES FIELD, SANTA BARBARA COUNTY - W.O. 3977.

State Oil and Gas Lease P.R.C. 2205.1, covering approximately 3,840 acres of tide and submerged lands in the Naples Field, Santa Barbara County, was issued on July 25, 1958, to the Phillips Petroleum Company and Pauley Petroleum, Inc., et al., pursuant to competitive public bidding in accordance with Division 6 of the Public Resources Code.

Under the terms of the lease, the lessees are not required to commence operations for the drilling of a well until July 25, 1961. However, the lessees commenced drilling operations on November 16, 1958, and thereafter diligently conducted drilling operations on the leased lands until April 10, 1961. During the period, the lessees drilled seven exploratory test wells from a floating drilling barge and four development wells from an upland drillsite. In conducting the above operations a total of 83,716 feet of hole was drilled. The operations were conducted at a cost of approximately $3,300,000.

An application has been received from the Phillips Petroleum Company, operator, requesting a deferment of further drilling requirements until August 10, 1962.

During the course of drilling operations, electric logs, dip meter surveys, sidewall samples and cores were taken and core analyses were made. The geological staffs of the Lessees are interpreting and evaluating the data and correlating the well results with data from other wells in the area and with geophysical information in analyses of the complex geological structural conditions that exist in this area. A deferment of the drilling requirements under the lease will be required to allow the completion of such analyses in order to determine the feasibility of further exploratory and development work on the lease.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO THE PHILLIPS PETROLEUM COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 2205.1, A DEFERMENT OF FURTHER DRILLING REQUIREMENTS UNDER THE LEASE TO FEBRUARY 10, 1962, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

A 36
S 31

7000