

MINUTE ITEM

16. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, LEASE P.R.C. 2205.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 4593.

After consideration of Calendar Item 29 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 A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2205.1 THROUGH AUGUST 10, 1963, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment
Calendar Item 29 (2 pages)

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, LEASE P.R.C. 2205.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 4593.

State Oil and Gas Lease P.R.C. 2205.1, covering 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., 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 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 until April 10, 1961. During this period the lessees drilled five exploratory test wells from a floating drilling barge, two of which were redrilled; also, four development wells were drilled from an upland drillsite, three of which were completed as producers and one was abandoned. In conducting the above operations, a total of 83,716 feet of hole was drilled. Pursuant to a partial assignment (Minute Item 11, page 7607, January 22, 1962), Shell Oil Company drilled an exploratory well on this lease, which was subsequently abandoned on February 4, 1962.

During the course of drilling operations, electric logs, dipmeter surveys, sidewall samples and cores were taken and core analyses were made. The geological staffs of the lessees are interpreting and evaluating this data with geophysical information in an analysis of the complex geological structural conditions that exist in the area. The operator reports that in excess of \$4,000,000 has been expended in operations conducted on this lease.

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 began taking daily volumes of gas into the newly completed 16" high-pressure pipeline at the maximum contract rate.

Additional reservoir performance data is needed for study, together with Phillips' current study of the geological information, in order to determine if further development work on this lease would be economically feasible. This reservoir performance data can now be obtained as a result of the increased production rates into the newly completed pipeline.

On June 28, 1962 (Minute Item 15, page 8064), deferment of the drilling requirements was authorized by the State Lands Commission for the period ending February 10, 1963.

Phillips Petroleum Company has submitted an application requesting a further deferment of drilling requirements through August 10, 1963, in order to accumulate the necessary reservoir performance data, and to continue the current geologic studies.

CALENDAR ITEM 29. (CONTD.)

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 AUGUST 10, 1963, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.