

MINUTE ITEM

20. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2207.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 5134.

After consideration of Calendar Item 2 attached, and upon motion duly made and 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. 2207.1 THROUGH DECEMBER 21, 1964. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 2 (2 pages)

CALENDAR ITEM

2.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2207.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 5134.

State Oil and Gas Lease P.R.C. 2207.1, covering approximately 3,840 acres of tide and submerged lands in Santa Barbara County, was issued on July 25, 1958, to Phillips Petroleum Company, Edwin W. Pauley, et al., pursuant to competitive public bidding. By subsequent assignment approved by the Commission, current interest owners are Humble Oil & Refining Company, Phillips Petroleum Company, and several minor-interest holders.

The lessee has fulfilled the drilling requirements through December 21, 1962. The Commission, on October 25, 1962 (Minute Item 9, page 8378), on April 25, 1963 (Minute Item 9, page 8789), and on November 6, 1963 (Minute Item 17, page 9351), granted deferments of drilling requirements under this lease through June 21, 1964.

Although, under the terms of the lease, the drilling of a well was not required prior to July 26, 1961, lessee commenced drilling operations on January 24, 1959, and thereafter diligently conducted drilling operations at a rate in excess of specified requirements. Eleven exploratory wells, two of which were redrilled, and twenty-four development wells, one of which was redrilled, have been completed from a fixed platform. Currently, twenty-four wells are producing. Lessee reports that it has drilled 142,574 feet of hole, and has expended more than \$12,800,000 in operations conducted on this lease.

On April 28, 1962, lessee commenced producing oil and gas from one of the sands underlying the lease. In order to conserve valuable natural resources and to permit the production of oil from this sand prior to completion of the gas purchaser's pipeline, lessee, at considerable expense, during the period from April 28, 1962, to July 23, 1963, compressed and injected 1.451 billion cubic feet of gas produced with the oil into a deeper sand through two dually completed wells on this lease. The gas purchaser completed its pipeline to the subject lease on July 23, 1963. Approximately 761 million cubic feet of this injected gas had been recovered as of April 1, 1964. After full recovery of the injected gas, a reasonable amount of the original formation gas will be produced from the deeper sand to provide sufficient data for reservoir performance studies needed to determine if the drilling of additional wells into this reservoir would be economically feasible.

Lessee has obtained geological information on an area adjacent to this lease. The geological and engineering staffs of the lessee are continuing their studies and are integrating this additional information with geophysical data, and with data from the wells on this lease, from wells on an adjacent State offshore lease, and from other wells in the area.

CALENDAR ITEM 2. (CONTD.)

As a result of these continuing studies, lessee plans to commence the drilling of an exploratory well on this lease as soon as a drilling barge becomes available. Approval to drill this new well, "State 2207" 36, was obtained from the State Lands Commission on March 17, 1964. All other necessary permits for the drilling of the well have been obtained; however, due to the shortage of drilling barges on the West Coast, it is uncertain at this time whether or not a barge will be available in time for Well No. 36 to be commenced by June 21, 1964.

Since an uncertainty as to securance of a barge does exist, and in order for the lessee to integrate the information to be obtained from the No. 36 well into current engineering and geological studies, Phillips Petroleum Company, operator under State Oil and Gas Lease P.R.C. 2207.1, has requested a further deferment of drilling requirements to December 21, 1964.

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 / DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 2207.1 THROUGH DECEMBER 21, 1964. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

EXHIBIT "A"
W.O.5134

STATE LANDS COMMISSION

Deferment of Drilling Requirements on
Lease P.R.C. 2207.1 Phillips-Humble, et al

Santa Barbara County, California

May 1964

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SANTA BARBARA COUNTY

T.5N. R. 34W

T.5N. R. 33W

Pt Conception

Government

P.R.C.
2879

UNION

P.R.C.
2207
PHILLIPS-
HUMBLE,
ET AL

P.R.C.
2725
TEXACO

P.R.C.
2726
RICHFIELD
ET AL

P.R.C.
2206
TEXACO

SANTA BARBARA CHANNEL

120° 30'

10,000

0

10,000

20,000 feet