

MINUTE ITEM

12/16/65

13. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2205.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 5910.

After consideration of Calendar Item 34 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. 2205.1 THROUGH JULY 21, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 34 (1 page)

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 2205.1, SANTA BARBARA COUNTY; PHILLIPS PETROLEUM COMPANY - W.O. 5910.

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

State Oil and Gas Lease P.R.C. 2205.1, containing 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.

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, the lessees commenced drilling operations on November 16, 1958, and thereafter conducted drilling operations on the leased lands until they had drilled 11 wells. The last well was completed on March 27, 1964. Four of the wells were completed as gas wells, of which one has been abandoned and one is idle. In conducting the above operations, a total of 99,498 feet of hole was drilled. An initial cash bonus of \$13,550,000 was paid to the State for issuance of the lease. In addition, the operator reports that an estimated \$4,831,000 has been expended in subsequent development and operations. Known reserves appear to be developed, and an effort has been made to explore the remainder of the leased lands. Had the operator chosen to delay drilling until required under the terms of the lease, and then delayed each subsequent new start 120 days as permitted, the program to date would have been sufficient to satisfy drilling requirements through July 1966.

The Commission, since June 22, 1961, granted deferments of drilling requirements under the lease through January 21, 1966.

In conformance with 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. 2205.1 THROUGH JULY 21, 1966, WITH ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.