MINUTE ITEM 10/26/72
JWY

9. APPROVAL OF NEW WELL "STATE 91" MZU-905, STATE OIL AND GAS LEASE PRC 91.1, HUNTINGTON BEACH OFFSHORE, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY - PRC 91.1.

After consideration of Calendar Item 7 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES THE APPROVAL OF DRILLING AND COMPLETING NEW WELL "STATE 91" MZU-905 IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF STATE OIL AND GAS LEASE PRC 91.1, SIGNAL OIL AND GAS COMPANY, LESSEE, AND THE RULES AND REGULATIONS OF THE COMMISSION.

Attachment:
Calendar Item 7 (1 page)

A 70
S 34

CALENDAR ITEM

10/72
JWY
PRC 91.1

7.

APPROVAL OF NEW WELL "STATE 91" MZU-905
STATE OIL AND GAS LEASE PRC 91.1,
HUNTINGTON BEACH OFFSHORE, ORANGE COUNTY;
SIGNAL OIL AND GAS COMPANY

Signal Oil and Gas Company has submitted an application to drill a new producing well from an onshore location under State Oil and Gas Lease PRC 91.1, Orange County. The well will be completed within an area of producing wells, and will be drilled into an area that has been thoroughly explored and for which there exists considerable geologic control and knowledge.

The proposed well will be drilled from an onshore screened site designed for minimum visual impact upon the area. The drilling site will contain facilities for an ultimate total of 14 new wells. (Four wells in this program have currently been completed.) Such wells are part of the 91.1 Main Zone Unit plan for secondary development, and will replace 50 Townlot wells and associated production facilities. An eight-foot slump-stone wall encloses the site, and, upon completion of drilling activities, no equipment or production facilities will be visible.

The drilling and completion programs have been reviewed by the State Lands Division, and have been determined to be in accordance with good engineering practices and the rules and regulations of the Commission. The State Division of Oil and Gas has approved the drilling of this well. A use permit for the surface operations has been issued by the City of Huntington Beach.

Based upon an engineering and economic evaluation by Signal and concurred in by the Division, the proposed well would produce resources unrecoverable from currently producing wells, and, in addition, would provide the best development spacing for waterflood operations. Deferment of approval of this well would cause an ultimate loss of natural resources and of income to the State.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE APPROVAL OF DRILLING AND COMPLETING NEW WELL "STATE 91" MZU-905 IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF STATE OIL AND GAS LEASE PRC 91.1, SIGNAL OIL AND GAS COMPANY, LESSEE, AND THE RULES AND REGULATIONS OF THE COMMISSION.

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