

MINUTE ITEM

10/75
JWB

21. APPROVAL OF PROPOSED REDRILLING OF WELL "STATE 392" J-73A, EXCHANGE OIL AND GAS LEASE E 392; HUNTINGTON BEACH OFFSHORE, ORANGE COUNTY; BURMAH OIL AND GAS COMPANY.

After consideration of Calendar Item 19 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. DETERMINES THAT AN ENVIRONMENTAL IMPACT REPORT HAS NOT BEEN PREPARED FOR THIS ACTIVITY BECAUSE IT IS AN ONGOING PROJECT UNDER 14 CAL. ADM. CODE 15070.
2. AUTHORIZES THE APPROVAL OF REDRILLING WELL "STATE 392" J-73A (TO BE REDESIGNATED AS "STATE 392" UJ-73B), IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF EASEMENT OIL AND GAS LEASE E 392; BURMAH OIL AND GAS COMPANY, LESSEE, AND THE RULES AND REGULATIONS OF THE COMMISSION.

Attachment:

Calendar Item 19 (2 pages)

CALENDAR ITEM

10/75
JWB
E 392

19.

APPROVAL OF PROPOSED REDRILLING
OF WELL "STATE 392" J-73A
(TO BE REDESIGNATED AS "STATE 392" UJ-73B),
EXCHANGE OIL AND GAS LEASE E 392;
HUNTINGTON BEACH OFFSHORE, ORANGE COUNTY

LEASE: E 392.

LESSEE: Burmah Oil and Gas Company
P.O. Box 191
Huntington Beach, California

COUNTY: Orange.

AREA: Huntington Beach Offshore Field.

PERTINENT INFORMATION:

Burmah has been actively developing the Upper Jones Zones in the "State 392" Lease. Secondary recovery operations are being conducted in these zones in most fault blocks in the Huntington Beach Field in accordance with the overall plan for secondary recovery operations approved by the Commission on November 6, 1963 (Minute Item 21, page 9362).

The West Flank area, containing eleven fault blocks, is under primary development and secondary recovery operations are contemplated concurrently with primary development to maximize oil recovery from this area of the Huntington Beach Field.

To continue this coordinated program, Burmah proposes to redrill well "PRC 392" J-73A, to become water injection well "PRC 392" UJ-73B, and to initiate waterflood operations in Fault Block "13-20-24". The well is scheduled for starting of work in late November. Response to injection would normally not occur for 8 months to a year. This proposal represents the sixth of seventeen potential well locations for the development of the Upper Jones Zone in this West Flank area. A revised estimate of future recovery, based on results of the first two well completions, shows 3.6 million barrels of primary and secondary oil reserves. Only a small portion of these reserves would be recovered without secondary recovery operations.

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CALENDAR ITEM NO. 19. (CONTD)

Incremental oil recover from Fault Block "13-20-24" is estimated at 200,000 barrels of secondary oil yielding \$109,000 additional revenue to the State under controlled prices. Peak production from this lease occurred in 1972 (base year for oil price control). Current production is less than base year rates, and has therefore been subject to price control.

An Environmental Impact Report is not required as this is an ongoing project. The surface location of this well is on the uplands.

The proposed drilling and completion program has been reviewed by the Division and determined to be in accordance with good engineering practices and the rules and regulations of the Commission. The Division of Oil and Gas has approved the drilling of this well. The proposed well is part of the plan of development exempted from permit requirements by the South Coast Regional Commission.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL IMPACT REPORT HAS NOT BEEN PREPARED FOR THIS ACTIVITY BECAUSE IT IS AN ONGOING PROJECT UNDER 14 CAL. ADM. CODE 15070.
2. AUTHORIZE THE APPROVAL OF REDRILLING WELL "STATE 392" J-73A (TO BE REDESIGNATED AS "STATE 392" UJ-73B), IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF EASEMENT OIL AND GAS LEASE E 392; BURMAH OIL AND GAS COMPANY, LESSEE, AND THE RULES AND REGULATIONS OF THE COMMISSION.