

MINUTE ITEM

This Calendar Item No. 34
was approved as Minute Item
No. 34 by the State Lands
Commission by a vote of 3
to 0 at its 3-25-76 CALENDAR ITEM
meeting.

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APPROVAL OF PROPOSED REDRILLING OF
WELL "STATE 91" 25-A (TO BE REDESIGNATED AS
"STATE 91" 25-B), STATE OIL AND GAS LEASE PRC 91;
HUNTINGTON BEACH OFFSHORE, ORANGE COUNTY

LEASE: PRC 91.
LESSEE: Burmah Oil and Gas Company
2828 Junipero Avenue
Signal Hill, California 90806.
COUNTY: Orange.
AREA: Huntington Beach Offshore Field.

PERTINENT INFORMATION:

Burmah is actively producing oil and gas from the Upper and Lower Jones Zone in Lease "State 91" of the Huntington Beach Offshore Field. A mechanical failure of Well "State 91" 25-A has caused loss of over 200 BOPD production. Accordingly, Burmah proposes to redrill the well and return it to production.

The proposed work is part of the usual well maintenance repairs required in the course of oil field operations. The failure of the slotted liner necessitates abandoning the existing bottom hole, sidetracking that portion and redrilling the hole, to recomplete with a new slotted liner opposite the same Upper and Lower Jones Zone.

It is estimated that the redrilled Well "State 91" 25-A will recover an estimated 330,000 barrels of 18° API gravity oil from future primary production. Because of a strong natural water drive in this portion of the Jones Zone, no waterflood operation is being conducted in the immediate area.

Under the recently expired oil price regulations, Lease "State 91" has been producing "New Oil". Under the new "F.E.A. Crude Oil Price Regulations" of February 1, 1976, oil production from this proposed work will attract the "upper tier ceiling price" of \$10.02 per barrel (18° API gravity). It is estimated that the revenue to the State will be \$413,300.

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CALENDAR ITEM NO. 34 (CONTD)

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 redrilling 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 redrilling of this well.

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 91" 25-A (TO BE REDESIGNATED AS "STATE 91" 25-B), IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF STATE OIL AND GAS LEASE PRC 91; BURMAH OIL AND GAS COMPANY, LESSEE, AND THE RULES AND REGULATIONS OF THE COMMISSION.