MINUTE ITEM
This Calendar Item No. 47
was approved as Minute Item
No. 47 by the State Lands
Commission by a vote of 2
to 0 at its 8-26-80
meeting.

CALENDAR ITEM
47.

8/80
PRC 3095
Priddy

DEFERMENT OF DRILLING REQUIREMENTS

PRC: 3095.1

LESSEE: Chevron USA, Inc.
575 Market Street
San Francisco, California

COUNTY: Orange.

AREA: Belmont Offshore (Surfside).

ISSUED: January 30, 1964.

WORK COMPLETED ON LEASE:
Constructed Island "Esther" drilled 110 wells, including redrills; 43 wells are currently producing. Initiated water-injection project in November, 1966; 9 injection wells presently shut in.

PROPOSED DEFERMENT:
From August 22, 1980, through September 22, 1980.

REASON FOR REQUEST:
Resumption of drilling operations from existing facilities on Oil and Gas Lease PRC 3095.1 was authorized by the Commission on January 14, 1975. Under the terms of the lease, Chevron is required to maintain a continuing drilling program until the underlying oil and gas reservoirs are fully developed. That program requires that each well drilled or redrilled must be commenced within 120 days after the cessation of drilling operations on the preceding well. Since resumption, Chevron has completed 5 new wells and 12 redrills.

Chevron intends to drill well "State 3095" 111 for completion in the A and B zone next, followed directly thereafter by up to three production wells in these same

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zones. They are further considering additional wells to be drilled to the deeper F and GH zones. Alternatively or subsequently, Chevron may proceed with drilling and re-drilling operations relating to the water flood realignment in the C, D and E zones.

Chevron has contracted for a Pool Offshore Company T-45 National Rig which is suitable for drilling to the deepest of the zones discussed above. Pool Offshore estimates it will take approximately 30 to 45 days to modify the rig, ship it from Texas and install it on Island Esther. If all goes well, there is a possibility that drilling could be commenced by August 22, (expiration of present deferment) but since there is some uncertainty, an extension is being requested to avoid being in default on the drilling obligation.

Commencing March 30th of this year, Chevron has had a remedial rig operating full time on the Island and has completed work on 12 wells. This remedial program is estimated to increase production in the field by 340 barrels of oil per day. The current production from this lease is 2300 B/D.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

AUTHORIZE THE GRANTING TO CHEVRON USA, INC., OF A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE PRC 3095.1 THROUGH SEPTEMBER 22, 1980.

EXHIBIT "A"

STATE LANDS COMMISSION

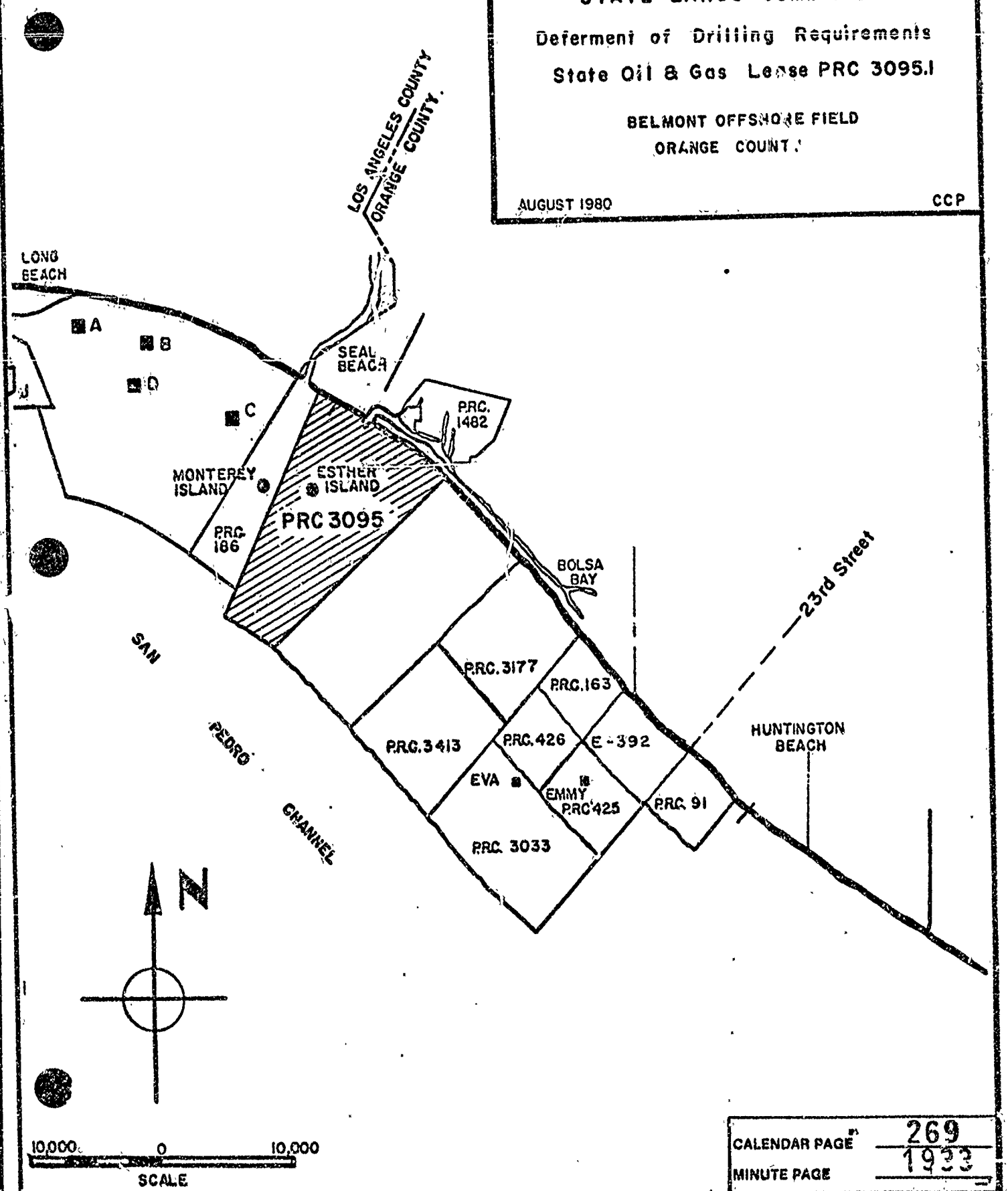
Deferment of Drilling Requirements

State Oil & Gas Lease PRC 3095.1

BELMONT OFFSHORE FIELD

ORANGE COUNTY

AUGUST 1980 CCP



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