

The bill is now satisfactory to the City but not to Mr. Ruff, as it does not contain specific language to the effect that the Lake and the leases of the chemical companies could not be flooded by the City. The bill as it now stands gives the City the right to raise and lower water tables and flood certain lands and if this is done they feel that it will result in flooding of the Lake. Colonel Hunter stated that he believes the most economical plan for the city (without having made detailed study) would be by flooding of Owens Lake. Mr. Bowers stated that he would like to have the bill to check and study. All agreed that this would be done and Colonel Hunter said that Mr. Bowers should go over any letter to the Committee.

Upon motion duly made and unanimously carried, a resolution was adopted to the effect that upon receipt of the formal request from the Committee, and after conference with the Attorney General, the staff would prepare a letter for the signature of the Chairman of the State Lands Commission similar to the letter sent to the Committee on February 6, 1948.

17. (Application for Redrill Well H. B. 19 - Wilshire Oil Company - Agreement for Easement No. 275 - Huntington Beach) The Commission was informed that an application for permission to redrill has been received from the Wilshire Oil Company, Inc., Operators of Well H. B. 19 under Agreement for Easement No. 275, Huntington Beach for the reason that the well has been mechanically inoperative, and all effort to repair and restore the well to production in the original location have been unsuccessful.

Well H. B. 19 operated by the Wilshire Oil Company under Easement 275, Huntington Beach, was completed September 30, 1933. Production after thirty days was 3,858 barrels per day of which 0.4% was water. This well produced regularly until rendered inoperative by the drilling of Well 337-1A of The Termo Oil Company in 1938. After restoration to production upon completion of the Termo well, Well H. B. 19 never recovered the original productivity as shown by the production of only 53,971 barrels of oil during the year following the completion of the Termo well, in comparison with the production of 98,471 barrels of oil during the year preceding the redrilling of the Termo well. The last production from Well H. B. 19 was obtained during March, 1944, at which time the well became mechanically inoperative. The redrilling of Well H. B. 19 would result in the conduct of such operations within less than 200 feet in the oil zone of the following wells: Wilshire Oil Company H. B. 6-B, Easement 275; Mar Rico Oil Company O'Brien No. 7, Easement 291; The Termo Company McIntyre 1-A Easement 337. However, the closest approach to any well in the oil zone by such proposed redrill operations would be to the Termo Oil Company Well McIntyre 1-A.

Section 2300, Regulation C of the Rules and Regulations of the State Lands Division provides that "(a) No point in the redrilled portion of the well, including the bottom thereof, shall be more than 100 feet from the original hole;" Drilling within 100 feet of the original course of Wilshire H. B. 19 in the oil sand would result in such operations being carried out within 200 feet of other wells as listed above. For this condition Section 2300 (d) of the Rules and Regulations provides that, "In case any point in

the redrilled hole may come within 200 feet of the portion open to production of any well, other than the well to be redrilled, the applicant shall file with the Commission -- 1. Written consents from the operator of each well, within said 200 feet, waiving any objection to the proposed redrilling operation; 2. For each well, within said 200 feet, a corporate surety bond, in an amount to be fixed by the Commission but in no instance less than \$25,000.00, indemnifying the State against any loss, damage, claim, demand or action caused by or connected with the redrilling operations."

The Termo Oil Company - Well 337 - 1 was completed on August 3, 1933 for an initial production of 260 barrels per day with a cut of one per cent. By October 10, 1936, this production had declined to 60 barrels per day with a flow line cut of 20 per cent subsequent to which an application for permission to redrill was filed with the Division of State Lands. After extended negotiations, the redrill application was finally approved by the Division of Oil and Gas on January 19, 1938. Well 337-1-A, which was the redrill well, was completed May 2, 1938 with an initial production of 350 barrels per day cutting 2/10 per cent, the bottom hole location of this redrill well having been moved a distance in the oil sand of 1978.31' southwesterly. This relocation resulted in the drilling of the well within 80' of the then existing Well H. B. 19 operated by Wilshire Oil Company under Agreement for Easement No. 275, Huntington Beach.

In view of the fact that the Termo Oil Company will not give a written consent for the redrilling of H. B. 19 within 200 feet of the Well 337-1A of the Termo Oil Company, an alternative location has been developed for the redrilling of Well H. B. 19 of the Wilshire Oil Company which would permit the completion of said well at distances in excess of 200 feet from any other well existing in the productive horizons. Such location, however, would require drilling to be conducted more than 100 feet from the original hole which 100 feet is the normal maximum limitation specified by Section 2300 (a) of Regulation C.

After considering the protection of the interests of the State by assuring adequate drainage of the already developed area in the Huntington Beach Tideland Oil Field, and the accomplishment of the equities due the State's lessee, to permit the restoration of a mechanically inoperative well to production under the lease, the following action was taken:

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the redrilling of Well Wilshire H. B. 19, Agreement for Easement No. 275, in such manner that all drilling operations within the productive horizons will be conducted at distances of in excess of 200 feet from any other well existing in the productive horizons according to the well surveys as filed. In permitting such redrilling the Commission suspends for the reasons aforesaid, the provisions of Section 2300 (a) of the Rules and Regulations of the State Lands Division for this one specific project only. Such redrilling permission to be given subject to the filing by Wilshire Oil Company of a \$25,000.00 surety bond to protect the State against any claim or loss arising out of this operation.