

MINUTE ITEM

12/17/70
ADW

8. APPROVAL OF PROPOSED REDRILLING OF WELLS "STATE 392" S-70 AND J-31, EXCHANGE OIL AND GAS LEASE 392.1, HUNTINGTON BEACH FIELD, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY.

After consideration of Calendar Item 18 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES THE APPROVAL OF REDRILLING WELLS "STATE 392" S-70 AND J-31 IN ACCORDANCE WITH THE PROPOSALS SUBMITTED BY SIGNAL OIL AND GAS COMPANY, THE TERMS AND CONDITIONS OF EXCHANGE OIL AND GAS LEASE 392.1, AND THE RULES AND REGULATIONS OF THE COMMISSION.

Attachment:

Calendar Item 18 (1 page)

18.

PROPOSED REDRILL OF WELLS "STATE 392" S-70 AND J-31, EXCHANGE OIL AND GAS LEASE 392.1, HUNTINGTON BEACH FIELD, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY.

On November 6, 1963 (Minute Item 21, Page 9362), the Commission authorized the Executive Officer to execute and issue an "Amendment and Modification of Exchange Oil and Gas Lease 392.1 P.R.C. (Secondary Recovery)" to provide for full-scale secondary recovery operations on the subject lease.

Signal has initiated a full-scale waterflood operation in the shallower Jones Zone and a pilot program in the deeper Main Zone. Considerable capital investment and additional operating costs have been required for the waterflooding operations, and production performance clearly indicates that the program has been successful, resulting in economic advantage to the State.

Signal has submitted an application to redrill two wells, "State 392" S-70 and J-31, to be completed as S-70A and S-152, respectively, in an area of proposed waterflood expansion in the Main Zone. The proposed completion intervals in these wells will provide the best development spacing for optimum flood response. The surface locations of the wells are on the uplands.

The wells will be redrilled into an area that has been thoroughly explored and for which there exists considerable geologic control and knowledge. Signal has drilled over 4,000,000 feet of hole in over 800 wells (including redrills) into the Huntington Beach offshore field without incident. The proposed redrilling programs and completion programs have been reviewed by the staff 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 these wells.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE APPROVAL OF REDRILLING WELLS "STATE 392" S-70 AND J-31 IN ACCORDANCE WITH THE PROPOSALS SUBMITTED BY SIGNAL OIL AND GAS COMPANY, THE TERMS AND CONDITIONS OF EXCHANGE OIL AND GAS LEASE 392.1, AND THE RULES AND REGULATIONS OF THE COMMISSION.