

MINUTE ITEM

7/6/72
JWY

12. APPROVAL OF PROPOSED REDRILL OF WELL "STATE 425" 583, OIL AND GAS LEASE PRC 425.1, HUNTINGTON BEACH FIELD, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY - PRC 425.1.

After consideration of Calendar Item 10 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES THE APPROVAL OF REDRILLING AND COMPLETING WELL "STATE 425" 583 IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF STATE OIL AND GAS LEASE PRC 425.1, SIGNAL OIL AND GAS COMPANY, LESSEE, AND THE RULES AND REGULATIONS OF THE COMMISSION.

Attachment:

Calendar Item 10 (2 pages)

CALENDAR ITEM

6/72

JWY

10.

PRC 425.1

PROPOSED REDRILL OF WELL "STATE 425" 583

LEASE: PRC 425.1.
LESSEE: Signal Oil and Gas Company.
COUNTY: Orange.
AREA: Huntington Beach Field.

PERTINENT INFORMATION:

Signal has initiated a full-scale waterflood operation. Production performance clearly indicates that the program has been successful, resulting in an economic advantage to the State.

On December 17, 1970 (Minute Item 8, page 976), the Commission authorized the redrilling of two wells in the initial phase of extending the Main Zone waterflood. Since that time the Commission has authorized the redrilling of forty-five additional wells for the same purpose.

Signal has submitted an application to redrill and complete as a water-injection well "State 425" 583. The proposed bottom-hole location has been positioned in the downdip portion of Lower Main Fault Block 11. The major portion of Fault Block 11 lies within the E 392.1 lease, with a minor portion on the PRC 425.1 lease. The well will be converted to water injection for the purpose of repressuring the south flank aquifer of the Lower Main Zone. Repressuring of the aquifer is considered essential for prevention of downdip migration of oil and its consequent loss as flood-recoverable oil.

New wells, injectors, or producers, from onshore into the PRC 425.1 lease, cost + \$300,000. This high cost, plus the minimal amount of flood-recoverable reserves on Fault Block 11, PRC 425.1 lease, precludes a separate injector and producer development for this fault block in the Lower Main Zone.

Well "State 425" 583 currently produces 31 BPD gross, 69 percent cut, and 8 BOPD from the Upper Main Zone, and has been on a severe decline over the past two years. The well is close to the economic limit, and was due for shut-in within the near future. The well location can be utilized better for injection service in the Lower Main Zone where downdip water injection will provide increased oil recovery. The increased oil recovery will more than offset the current marginal Upper Main production.

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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 AUTHORIZE THE APPROVAL OF REDRILLING AND COMPLETING WELL "STATE 425" 583 IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF STATE OIL AND GAS LEASE PRC 425.1, AND THE RULES AND REGULATIONS OF THE COMMISSION.