

MINUTE ITEM

9/29/75
LCS
E 392

23. APPROVAL OF PROPOSED DRILLING OF NEW WELL "STATE 392" UJ-259 AND REDRILLING OF WELL "STATE 392" S-76 (TO BE REDESIGNATED AS "STATE 392" UJ-260), EXCHANGE OIL AND GAS LEASE E 392; HUNTINGTON BEACH OFFSHORE, ORANGE COUNTY; BURMAH OIL AND GAS COMPANY - E 392.

After consideration of Calendar Item 21 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. DETERMINES 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. AUTHORIZES THE APPROVAL OF DRILLING WELL "STATE 392" UJ-259 AND REDRILLING WELL "STATE 392" S-76 (TO BE REDESIGNATED AS "STATE 392" UJ-260), IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF EASEMENT OIL AND GAS LEASE E 392; BURMAH OIL AND GAS COMPANY, LESSEE, AND THE RULES AND REGULATIONS OF THE COMMISSION.

Attachment:
Calendar Item 21 (2 pages)

A 73
S 36

CALENDAR ITEM

21.

9/75
LCS
E 392

APPROVAL OF PROPOSED DRILLING OF NEW WELL "STATE 392"
UJ-259 AND REDRILLING OF WELL "STATE 392" S-76
(TO BE REDESIGNATED AS "STATE 392" UJ-260),
EXCHANGE OIL AND GAS LEASE E 392;
HUNTINGTON BEACH OFFSHORE, ORANGE COUNTY

LEASE: E 392.

LESSEE: Burmah Oil and Gas Company
P.O. Box 191
Huntington Beach, California

COUNTY: Orange.

AREA: Huntington Beach Offshore Field.

PERTINENT INFORMATION:

Burmah has been actively developing the upper and lower Jones zone on the State 392 lease. These zones are being subjected to secondary recovery operations in most fault blocks of the Huntington Beach Field. However, in the West Flank area, no secondary recovery operations have been started in the upper Jones where primary development is still incomplete. In order to maintain a coordinated and uninterrupted secondary recovery development program in this area, Burmah proposes to drill two producing well locations into the upper Jones zone: "State 392" UJ-259 in Fault Block "21A", and "State 392" UJ-260 in Fault Block "13-20-24". These two proposals represent the fourth and fifth of fourteen potential locations for the development and water flooding of the West Flank area, which has an estimated future recovery of 2.5 million barrels of primary and secondary oil. Only a very small portion of these reserves would be recovered without secondary operations.

The proposed wells are part of the plan for secondary recovery operations approved by the Commission on November 6, 1963 (Minute Item 21, Page 9362). Peak production from this lease occurred in 1972 (base year for oil price control). Current production is less than base year rates, and has therefore, been subject to price control.

An Environmental Impact Report is not required as this is an ongoing project. The surface locations of these wells are on the uplands.

A 73
S 36

CALENDAR ITEM NO. 21. (CONTD)

Proposed well "State 392" UJ-259 will follow up the recent completion of well "State 392" UJ-256 (producing 220 B.O.P.D.) to complete the primary development of Fault Block "21A" and allow for early initiation of secondary recovery operations to maximize oil recovery. Incremental recovery from water flooding operations is estimated at 295,000 barrels of oil, yielding \$432,700 in additional revenue to the State should price controls be eliminated and current exempt prices prevail.

Proposed well "State 392" UJ-260 will initiate primary development and provide information for secondary recovery operations in Fault Block "13-20-24". Future primary and secondary oil recovery from the fault block is estimated to be 360,000 barrels of oil, yielding \$528,000 in ultimate revenue to the State based on prevailing exempt-oil prices.

The proposed drilling and completion programs have 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 drilling of these wells. The proposed wells are part of the plan of development exempted from permit requirements by the South Coast Regional Commission.

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 DRILLING WELL "STATE 392" UJ-259 AND REDRILLING WELL "STATE 392" S-76 (TO BE REDESIGNATED AS "STATE 392" UJ-260), IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF EASEMENT OIL AND GAS LEASE E 392; BURMAH OIL AND GAS COMPANY, LESSEE, AND THE RULES AND REGULATIONS OF THE COMMISSION.