

MINUTE ITEM

2/26/70
ADW

34. REDRILL OF WATER INJECTION WELL "STATE 392" S-67A, EXCHANGE OIL AND GAS LEASE 392.1, HUNTINGTON BEACH FIELD, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY - W-9121.

After consideration of Calendar Item 33 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES THE APPROVAL OF REDRILLING WATER INJECTION WELL "STATE 392" S-67A 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 33 (1 page)

33.

PROPOSED REDRILL OF WATER INJECTION WELL "STATE 392" S-67A, EXCHANGE OIL AND GAS LEASE 392.1, HUNTINGTON BEACH FIELD, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY - W-9121.

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 water-flooding operations, and production performance clearly indicates that the program has been successful, resulting in economic advantage to the State.

The subject water-injection well was completed in September 1968 and is a key well in the pilot waterflood program. The timely redrilling of the injection well is required to maintain formation pressures, to increase the "sweep" efficiency of the flood in the pilot-flood area, and to maintain the secondary response in the surrounding production wells. Delayed authorization will reduce the over-all efficiency of the area being flooded and the ultimate recovery, thereby resulting in a loss of revenue to Signal and to the State.

The well 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 program and injection program has 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 also approved the redrilling of this well.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE APPROVAL OF REDRILLING WATER INJECTION WELL "STATE 392" S-67A 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.