

MINUTE ITEM

4/30/75
LCS

9. APPROVAL OF PROPOSED REDRILLING OF WELL "STATE 392" J-163; EXCHANGE OIL AND GAS LEASE E 392; HUNTINGTON BEACH OFFSHORE, ORANGE COUNTY; BURMAH OIL AND GAS COMPANY - E 392.

After consideration of Calendar Item 7 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 REDRILLING WELL "STATE 392" J-163, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF EASEMENTS OIL AND GAS LEASE E 392, BURMAH OIL AND GAS COMPANY, LESSEE, AND THE RULES AND REGULATIONS OF THE COMMISSION.

Attachment:

Calendar Item 7 (2 pages)

CALENDAR ITEM

7.

4/75
LCS
E 392

APPROVAL OF PROPOSED REDRILLING OF
WELL "STATE 392" J-163;
EXCHANGE OIL AND GAS LEASE E 392;
HUNTINGTON BEACH OFFSHORE, ORANGE COUNTY

LEASE: E 392.

LESSEE: Burmah Oil and Gas Company.

COUNTY: Orange.

AREA: Huntington Beach Offshore Field.

PERTINENT INFORMATION:

Burmah has been conducting a cyclic steam injection operation in wells producing from the "TM" zone of this lease. In order to maintain a coordinated and uninterrupted secondary recovery program, Burmah has submitted an application to redrill well "State 392" J-163, as a producer. This well has been idle since November 1974, awaiting repair, due to a sand-damaged slotted steel liner. Proposed repairs consist of plugging the presently exposed "TM" zone interval, sidetracking the damaged liner, redrilling the hole, and recompleting the well in the equivalent "TM" zone interval a short distance away.

Burmah requests the Commission consider immediate approval of this redrill proposal on the basis of the time value of money, rather than defer drilling until oil price controls are relaxed. Deferral represents a loss of potential income to Burmah as well as to the State. Experience indicates that the maximum oil production rate will not be realized until approximately eight to ten months after well "State 392" J-163 is redrilled, or until 1976. Further deferral of this redrilling will affect Burmah's operational schedules and result in additional expenses.

The proposed well is part of the plan for secondary recovery operations approved by the Commission on November 6, 1963 (Minute Item 21, page 9362). An environmental impact report is not required as this is an ongoing project. The proposed completion interval in this well will provide the best development spacing for optimum secondary response. The surface location of this well is on the uplands.

The proposed redrilling and completion program has been reviewed by the Division and determined to be

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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. The proposed well is 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 REDRILLING WELL "STATE 392" J-163, 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.