

MINUTE ITEM NO. 30

APPROVED 2-26-76

MINUTE ITEM

2/26/76  
LCS

30. APPROVAL OF PROPOSED DRILLING OF NEW WELLS "STATE 392" UJ-265, AND "STATE 392" UJ-268, EXCHANGE OIL AND GAS LEASE E 392, HUNTINGTON BEACH OFFSHORE, ORANGE COUNTY - E 392.

During consideration of Calendar Item 30, Mr. William F. Northrop, Executive Officer, read into the record a letter from Mr. F. H. Kelly, Division Manager, Western Division, Burmah Oil and Gas Company, dated February 20, 1976, to the State Lands Division in Long Beach (on file in the office of the State Lands Commission and by reference made a part hereof). The letter requested that the Commission withdraw from its agenda well "State 392" UJ-266, due to recent federal oil price regulations which make the subject well uneconomical. Based on the foregoing, the Commission unanimously approved the following resolution, as amended:

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 WELLS "STATE 392" UJ-265, AND "STATE 392" UJ-268, 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 30 (3 pages)

CALENDAR ITEM

30.

2/76  
LCS  
E 392

APPROVAL OF PROPOSED DRILLING OF NEW WELLS  
"STATE 392" UJ-265, UJ-266 AND "STATE 392" UJ-268,  
EXCHANGE OIL AND GAS LEASE E 392,  
HUNTINGTON BEACH OFFSHORE, ORANGE COUNTY

LEASE: E 392.

LESSEE: Burmah Oil and Gas Company  
2828 Junipero Avenue  
Signal Hill, California 90806

COUNTY: Orange.

AREA: Huntington Beach Offshore Field.

PERTINENT INFORMATION:

Burmah is continuing active development of oil production from the Upper Jones Zone by primary and secondary recovery operations, in the West Flank and adjoining areas of lease "State 392". Accordingly, Burmah proposes the following work, to begin during March 1976:

Drill new producing Well "State 392" UJ-265 in Fault Block "15".

Drill new producing Well "State 392" UJ-266 in Fault Block "22".

Drill new producing Well "State 392" UJ-268 in Fault Block "16".

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).

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

Under the recently expired Federal oil price regulations, lease "State 392" production has been priced as "Old Oil". Under the proposed "F.E.A. Crude Oil Price Regulations" of February 1, 1976, the newly established "base level" is 573.351 barrels/month (average of the twelve months of 1975). Current production is slightly higher, approximately 580,000 barrels/month. Accordingly, additional oil production resulting from new drilling may qualify as "New Oil" under these new regulations and consequently attract a value over

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twice that given "Old Oil" for a portion of 1976.

Proposed new producing Well "State 392" UJ-265 will be drilled in Fault Block "15" of the West Flank area. It will recover an estimated 300,000 barrels of 17.0° API gravity oil, under primary and secondary waterflooding operations. The revenue to the State is estimated to be \$393,500 under the new F.E.A. price controls, using a calculated "upper tier ceiling price" of \$9.93 per barrel.

Proposed new producing Well "State 392" UJ-266 will be drilled in Fault Block "22" of the West Flank area. It will recover an estimated 161,000 barrels of 14.3° API gravity oil, under primary and cyclic steaming operations. The revenue to the State is estimated to be \$209,700, under the new F.E.A. price controls, using a calculated "upper tier ceiling price" of \$9.86 per barrel.

Proposed new producing Well "State 392" UJ-268 will be drilled in Fault Block "16", adjoining and east of Fault Block "15" in the West Flank area. It will recover an estimated 328,000 barrels of 17.0° API gravity oil, under primary and secondary recovery waterflooding operations. Revenue to the State is estimated to be \$430,300, under the new F.E.A. price controls, using a calculated "upper tier ceiling price" of \$9.93 per barrel.

The proposed drilling 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 development exempt 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.

CALENDAR ITEM NO. 30.(CONTD)

2. AUTHORIZE THE APPROVAL OF DRILL WELLS "STATE 392" UJ-265, "STATE 392" UJ-266 AND "STATE 392" UJ-268, 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.