

MINUTE ITEM

1. CO-OPERATIVE AGREEMENTS, WATER INJECTION, FAULT BLOCKS II AND III (TAR, RANGER, UPPER TERMINAL AND LOWER TERMINAL ZONES), WILMINGTON OIL FIELD - L.B.W.O. 10,100 AND L.B.W.O. 10,101.

After consideration of Calendar Item 1 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS THAT THE ENTERING INTO AND THE PERFORMANCE OF THE AGREEMENT UNDER THE WATER-FLOODING PROGRAM KNOWN AS CO-OPERATIVE AGREEMENT - FAULT BLOCK II (TAR, RANGER, UPPER TERMINAL AND LOWER TERMINAL ZONES), WILMINGTON OIL FIELD, BETWEEN LOS ANGELES AND SALT LAKE RAILROAD COMPANY AND ITS LESSEE, UNION PACIFIC RAILROAD COMPANY, GENERAL PETROLEUM CORPORATION, SOUTHERN CALIFORNIA EDISON COMPANY, AND THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH, MADE AND ENTERED INTO JUNE 15, 1959, IS IN THE PUBLIC INTEREST; AND THAT, AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE, SUCH CO-OPERATIVE AGREEMENT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED, AND SAID AGREEMENT PROVIDES FOR ITS SUBMISSION TO THE STATE LANDS COMMISSION FOR APPROVAL;
2. FINDS THAT THE ENTERING INTO AND THE PERFORMANCE OF THE AGREEMENT UNDER THE WATER-FLOODING PROGRAM KNOWN AS COOPERATIVE AGREEMENT - FAULT BLOCK III (TAR, RANGER, UPPER TERMINAL AND LOWER TERMINAL ZONES), WILMINGTON OIL FIELD, BETWEEN THE LOS ANGELES AND SALT LAKE RAILROAD COMPANY AND ITS LESSEE, UNION PACIFIC RAILROAD COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, AND THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH, MADE AND ENTERED INTO JUNE 15, 1959, IS IN THE PUBLIC INTEREST; AND THAT, AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE, SUCH CO-OPERATIVE AGREEMENT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED, AND SAID AGREEMENT PROVIDES FOR ITS SUBMISSION TO THE STATE LANDS COMMISSION FOR APPROVAL;
3. APPROVES THE AFORESAID CO-OPERATIVE AGREEMENTS, PURSUANT TO THE PROVISIONS OF SECTION 6879 OF THE PUBLIC RESOURCES CODE.

Attachment

Calendar Item 1 (2 pages)

CALENDAR ITEM

1.

CO-OPERATIVE AGREEMENTS, WATER INJECTION, FAULT BLOCKS II AND III (TAR, RANGER, UPPER TERMINAL AND LOWER TERMINAL ZONES), WILMINGTON OIL FIELD - L.B.W.O. 10,100 AND L.B.W.O. 10,101.

In accordance with the provisions of Section 6879 of the Public Resources Code, the City of Long Beach has submitted, for approval by the State Lands Commission, co-operative agreements providing for water injection into the Tar, Ranger, Upper Terminal and Lower Terminal Zones in Fault Blocks II and III of the Wilmington Oil Field.

The agreement providing for water injection into Fault Block II will be entered into by the General Petroleum Corporation, the Southern California Edison Company, the Los Angeles and Salt Lake Railroad Company and its lessee, Union Pacific Railroad Company, and the Board of Harbor Commissioners of the City of Long Beach. The agreement providing for water injection into Fault Block III will be entered into by the Southern California Edison Company, the Los Angeles and Salt Lake Railroad Company and its lessee, Union Pacific Railroad Company, and the Board of Harbor Commissioners of the City of Long Beach.

The proposed Co-operative Agreement for Fault Block III will supersede a prior Co-operative Agreement for Fault Block III approved by the Commission on October 14, 1958 (Minute Item 30, page 4329). The current proposed Co-operative Agreement is designed to expand the existing water-injection program in Fault Block III to permit the injection of larger quantities of water into more zones in the fault block than authorized previously.

The draft of each agreement has been approved by the City Council of the City of Long Beach and by its Board of Harbor Commissioners, and a resolution has been adopted making the findings required precedent to entry into such agreements in compliance with the requirements of Section 6879 of the Public Resources Code.

Under the subject agreements, the City of Long Beach proposes to complete 25 water-injection wells either by drilling new wells or by converting present producing wells. The total injection capacity will be approximately 170,000 barrels a day. In general, line-injection wells will be established along the boundary between the tidelands and uplands. In areas where it is not economically feasible, no line-injection wells are to be drilled; however, the trust will be compensated for oil migration due to water injection into the tidelands. The cost of the program will be financed from the \$8,000,000 which was approved for water-injection projects by the Commission on June 13, 1957 (Minute Item 21, pages 3233-34), and on December 11, 1958 (Minute Item 3, page 4347). In summary, the agreements will authorize:

- (1) Co-operative water-flooding in the hope of arresting or ameliorating land-surface-subsidence and of increasing the ultimate recovery of oil or gas;

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- (2) Mutual release of the parties from any demands or causes of action resulting in whole or in part from the injection of water, pursuant to the co-operative agreements.
- (3) Delivery to the City of Long Beach of oil representing the net value of increased production in upland wells resulting from water-injection operations by the City in the adjoining tideland area.

The drafts of the co-operative agreements have been reviewed by the office of the Attorney General, with the conclusion that the agreements contain the provisions required by Section 6879 of the Public Resources Code, that they conform with the applicable provisions of law, and that they properly may be approved by the Commission.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ENTERING INTO AND THE PERFORMANCE OF THE AGREEMENT UNDER THE WATER-FLOODING PROGRAM KNOWN AS CO-OPERATIVE AGREEMENT - FAULT BLOCK II (TAR, RANGER, UPPER TERMINAL AND LOWER TERMINAL ZONES), WILMINGTON OIL FIELD, BETWEEN LOS ANGELES AND SALT LAKE RAILROAD COMPANY AND ITS LESSEE, UNION PACIFIC RAILROAD COMPANY, GENERAL PETROLEUM CORPORATION, SOUTHERN CALIFORNIA EDISON COMPANY, AND THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH, MADE AND ENTERED INTO JUNE 15, 1959, IS IN THE PUBLIC INTEREST; AND THAT, AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE, SUCH CO-OPERATIVE AGREEMENT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED, AND SAID AGREEMENT PROVIDES FOR ITS SUBMISSION TO THE STATE LANDS COMMISSION FOR APPROVAL;
2. FIND THAT THE ENTERING INTO AND THE PERFORMANCE OF THE AGREEMENT UNDER THE WATER-FLOODING PROGRAM KNOWN AS COOPERATIVE AGREEMENT - FAULT BLOCK III (TAR, RANGER, UPPER TERMINAL AND LOWER TERMINAL ZONES), WILMINGTON OIL FIELD, BETWEEN THE LOS ANGELES AND SALT LAKE RAILROAD COMPANY AND ITS LESSEE, UNION PACIFIC RAILROAD COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, AND THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH, MADE AND ENTERED INTO JUNE 15, 1959, IS IN THE PUBLIC INTEREST; AND THAT, AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE, SUCH CO-OPERATIVE AGREEMENT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED, AND SAID AGREEMENT PROVIDES FOR ITS SUBMISSION TO THE STATE LANDS COMMISSION FOR APPROVAL;
3. APPROVE THE AFORESAID CO-OPERATIVE AGREEMENTS, PURSUANT TO THE PROVISIONS OF SECTION 6879 OF THE PUBLIC RESOURCES CODE.