

MINUTE ITEM

10/27/66

34. COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS, LONG BEACH UNIT AND STANDARD OIL COMPANY OF CALIFORNIA, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.B.W.O. 5200.505.5

After consideration of Calendar Item 31 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS:

A. THAT THE "COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS LONG BEACH UNIT AND STANDARD", BETWEEN THE CITY OF LONG BEACH ACTING BOTH IN ITS CAPACITY AS UNIT OPERATOR OF THE LONG BEACH UNIT AND IN ITS MUNICIPAL CAPACITY, NOT AS A UNIT OPERATOR, AND THE STANDARD OIL COMPANY OF CALIFORNIA, PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED;

B. THAT ENTERING INTO THE PERFORMANCE OF SUCH AGREEMENT IS IN THE PUBLIC INTEREST.

2. APPROVES THE AFORESAID COOPERATIVE AGREEMENT ON BEHALF OF THE STATE, PURSUANT TO APPLICABLE LAW.

Attachment

Calendar Item 31 (2 pages)

COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS, LONG BEACH UNIT AND STANDARD OIL COMPANY OF CALIFORNIA, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.B.W.O. 5200.505.5.

The City of Long Beach submitted to the State Lands Commission for approval a "Cooperative Agreement for Water-Injection Operations Long Beach Unit and Standard", between the City of Long Beach, acting in its capacity as Unit Operator of the Long Beach Unit, and the City of Long Beach acting in its municipal capacity, not as Unit Operator, and the Standard Oil Company of California. This agreement will permit the parties to conduct water-injection operations on a cooperative basis in the Ranger Zone along the common boundary between the Long Beach Unit and Standard properties.

Under the terms of the Cooperative Agreement, a restricted area will be established extending 400 feet on either side of the common boundary. The Unit will drill two injection wells and may drill up to eight production wells within the restricted area. At present, Standard has three injection wells and seven producing wells bottomed in this restricted section. No other wells shall be opened for production or for water injection within the restricted area without the written agreement of the parties and the prior approval of the State Lands Commission.

Each of the parties agrees to inject water into the restricted area at a rate of approximately 4,000 barrels per day in order to balance reservoir pressures in the Ranger Zone on the two sides of the common boundary. However, neither party shall be required to inject water at rates exceeding the capacities of its injection wells and related facilities.

Each party shall be responsible for the management, development, and operation of its own property, and the cost of each well and of all the water injected therein shall be borne by the responsible party.

The Unit Operator releases Standard from all claims of damage resulting from the injection of water into Standard properties. Additionally, the Unit Operator, upon the understanding that it shall not be obligated except proportionally as a Participant, agrees to hold Standard harmless from all claims made by landowners or by royalty owners whose lands are committed to the Unit on account of the injection of water by Standard. Reciprocally, Standard releases the Unit Operator, the Participants, and the State of California under the Long Beach Unit Agreements from all claims of damage resulting from the injection of water into the unitized formations.

The proposed agreement, after approval by the State Lands Commission and the State Oil and Gas Supervisor, shall become effective as of the date of execution by the last signatory party, and shall continue in force for so long as the right of both the City of Long Beach and Standard to operate their properties continues in effect; provided, however, that the liability releases shall remain in effect until they are specifically abrogated or modified in writing by all parties.

CALENDAR ITEM 31. (CONTD.)

The City Council of the City of Long Beach, by resolution adopted October 4, 1966, approved the subject Cooperative Agreement, and determined that it is in the interest of increasing the ultimate recovery of oil and gas and of protecting the oil or gas in the subject lands from unreasonable waste, or that subsidence or sinking of lands in the area, including abutting lands, possibly may be arrested or ameliorated thereby.

The Long Beach Voting Parties indicated that this proposed agreement definitely would be approved at their meeting of October 20, 1966.

The Office of the Attorney General reviewed the proposed agreement, and concluded that it may be approved by the State Lands Commission if it finds that the agreement is in the public interest.

The staff reviewed the agreement and found that its terms are equitable and that implementation of the provisions thereof will increase the ultimate amount of oil economically recoverable from the Long Beach Unit area.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND:

A. THAT THE "COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS LONG BEACH UNIT AND STANDARD", BETWEEN THE CITY OF LONG BEACH ACTING BOTH IN ITS CAPACITY AS UNIT OPERATOR OF THE LONG BEACH UNIT AND IN ITS MUNICIPAL CAPACITY, NOT AS A UNIT OPERATOR, AND THE STANDARD OIL COMPANY OF CALIFORNIA, PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED;

B. THAT ENTERING INTO THE PERFORMANCE OF SUCH AGREEMENT IS IN THE PUBLIC INTEREST.

2. APPROVE THE AFORESAID COOPERATIVE AGREEMENT ON BEHALF OF THE STATE, PURSUANT TO APPLICABLE LAW.