34. COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS (LONG BEACH UNIT AND FAULT BLOCK V RANGER ZONE UNIT), WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.A.W.O. 5200.505.4 AND L.B.W.O. 10,191.

After consideration of Calendar Item 19 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS:

   A. THAT THE "COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS (LONG BEACH UNIT AND FAULT BLOCK V RANGER ZONE UNIT)", 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 MOBIL OIL CORPORATION ACTING BOTH IN ITS CAPACITY AS UNIT OPERATOR FOR UNIT SEGMENT II AND AS UNIT COORDINATOR OF THE FAULT BLOCK V RANGER ZONE UNIT, 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 19 (2 pages)

A 39, 44, 68
S 32, 37
M

19.

COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS (LONG BEACH UNIT AND FAULT BLOCK V RANGER ZONE UNIT), WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.A.W.O. 5200.505.4 AND L.B.W.O. 10,191.

The City of Long Beach has submitted to the State Lands Commission for approval a "Cooperative Agreement for Water Injection Operations (Long Beach Unit and Fault Block V Ranger Zone Unit)", 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 Mobil Oil Corporation acting in its capacity as Unit Operator for Unit Segment II and as Unit Coordinator of the Fault Block V Ranger Zone Unit. 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 the Fault Block V Ranger Zone Unit.

Under the terms of the Cooperative Agreement, a restricted area will be established on either side of the common boundary. The Long Beach Unit will drill one injection well and may drill two production wells within the restricted area. At present the Fault Block V Ranger Zone Unit has one injection well and two 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.

It is the purpose and intent of the parties to so conduct their respective water-injection operations along their common boundary so as to balance reservoir pressures in the Ranger Zone on the two sides of the common boundary to prevent, insofar as is practicable, the migration of oil, gas, water or other fluids in order that there will be no net gain or loss to any party by reason of any such migration of fluids.

The Long Beach Unit releases the Fault Block V Ranger Zone Unit from all claims of damage resulting from the injection of water into Fault Block V properties. Additionally, the Long Beach Unit-Unit Operator, upon the understanding that it shall not be obligated except proportionally as a participant, agrees to hold the Fault Block V Ranger Zone Unit harmless from all claims made by landowners or by royalty owners whose lands are committed to the Long Beach Unit on account of the injection of water by the Fault Block V Ranger Zone Unit. Reciprocally, the Fault Block V Ranger Zone Unit releases the Long Beach Unit-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 Long Beach Unit properties.

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 Long Beach Unit-Unit Agreements and the Fault Block V Unit-Unit Agreements continue in effect; provided, however, that the liability

A 39, 44, 68
S 32, 37
M

74

releases shall remain in effect until they are specifically abrogated or modified in writing by all parties.

The City Council of the City of Long Beach, by resolution adopted January 3, 1967, 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 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 economically recoverable oil.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND:

   A. THAT THE "COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS (LONG BEACH UNIT AND FAULT BLOCK V RANGER ZONE UNIT)", 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 MOBIL OIL CORPORATION ACTING BOTH IN ITS CAPACITY AS UNIT OPERATOR FOR UNIT SEGMENT II AND AS UNIT COORDINATOR OF THE FAULT BLOCK V RANGER ZONE UNIT, 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.