

MINUTE ITEM

1/30/75
CVB

12. WATER INJECTION AGREEMENTS, FAULT BLOCK I, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 11 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS:

- A. THAT THE AMENDMENT TO COOPERATIVE WATER INJECTION AGREEMENT, FAULT BLOCK I (RANGER AND UPPER TERMINAL ZONES), BETWEEN EXXON COMPANY, U.S.A.; MOBIL OIL CORPORATION; AND CHAMPLIN PETROLEUM COMPANY, CONFORMS WITH THE CONDITIONS AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE; AND
- B. THAT TERMINAL UNIT AREA II, CHAMPLIN PETROLEUM COMPANY (UPRR LEASE BLOCK), COOPERATIVE WATER INJECTION AGREEMENT, FAULT BLOCK I (RANGER AND UPPER TERMINAL ZONES), PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED;
- C. THAT ENTERING INTO THE PERFORMANCE OF THIS COOPERATIVE AGREEMENT IS IN THE PUBLIC INTEREST.

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

Attachment:

Calendar Item 11. (3 pages)

52, 57, 58
5 27, 31

11.

WATER INJECTION AGREEMENTS, FAULT BLOCK I,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

Exxon Company, U.S.A., has requested State Lands Commission approval of agreements relative to water injection operations being conducted in the Fault Block I portion of the Wilmington Oil Field. These agreements are:

1. "Amendment to Cooperative Water Injection Agreement; Fault Block I (Ranger and Upper Terminal Zones)", between Exxon Company, U.S.A.; Mobil Oil Corporation and Champlin Petroleum Company.
2. "Terminal Unit Area II, Champlin Petroleum Company (UPRR Lease Block), Cooperative Water Injection Agreement, Fault Block I (Ranger and Upper Terminal Zones)", between Exxon Company, U.S.A.; and Champlin Petroleum Company.

A portion of the land area in Fault Block I of the Wilmington Oil Field covered by the above two agreements consists of tide and submerged lands of the State which were granted to the City of Los Angeles, in trust, for purposes of developing commerce, navigation or fisheries.

Section 6879 of the Public Resources Code (attached as Exhibit I) provides that, whenever such lands are granted without reservation to the State of the right to produce oil and gas therefrom, the grantee may enter into agreements for the purpose of bringing about cooperative development for oil field operations providing certain conditions are met. Among these conditions, the agreement must contain the provision that the original public trust for the purposes of commerce, navigation or fisheries will not be impaired, and the agreement must be submitted to the State Lands Commission for approval. If, after submission, the State Lands Commission finds that such agreement contains the above provisions, and that entering into such agreement is in the public interest, then the Commission may approve such agreements.

The City of Los Angeles, as tidelands trustee, acting through its Board of Harbor Commissioners, has entered into an agreement for oil and gas development and unit operation of the granted tide and submerged lands in the Fault Block I area of the Wilmington Oil Field. Their agreement known as "Drilling and Operating Contract of 1968, Los Angeles Harbor Department, Tidelands Parcel, Fault Block I, Terminal Unit Area, Wilmington Oil Field" was entered into with Exxon Company U.S.A. and Continental Oil Company.

Water injection operations were initiated in Fault Block I on December 10, 1958, using a converted production well. Presently, 130 wells are injecting in excess of four million barrels of water monthly into three producing zones in Fault Block I. The purpose of this Fault Block I water injection operation

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is to increase the ultimate recovery of oil or gas, protect the oil and gas in such lands from unreasonable waste, and to arrest or ameliorate subsidence or sinking of Fault Block I and abutting lands.

The initial cooperative agreement for water injection operations in Fault Block I in the Los Angeles Harbor area was entered into between Atlantic Oil Company (now Exxon) and Union Pacific Railroad Company (now Champlin) on October 15, 1959. The agreement was approved by the State Oil and Gas Supervisor on January 29, 1960, and by the State Lands Commission on February 18, 1960.

The first document for which Commission approval is now requested is an amendment to the existing Cooperative Water Injection Agreement, Fault Block I (Ranger and Terminal Zones) which was approved by the Commission at its meeting of August 25, 1971, pursuant to Section 6879 of the Public Resources Code. (A copy of the action taken by the Commission on August 25, 1971, is attached as Exhibit II.)

This proposed amendment will modify Exhibit "A" of the 1971 approved Cooperative Agreement between Exxon, Champlin and Mobil by deleting 800 feet at the northerly end of the common boundary between lands operated by the parties. This 800-foot portion of the common boundary will be included in the proposed Cooperative Agreement between Exxon and Champlin discussed in the following paragraphs. All other conditions and stipulations of the original agreement will remain in force and effect.

The second document for which approval has been requested is a new Cooperative Water Injection Agreement. The purpose and intent of this agreement is to permit the parties to expand water injection operations along the common boundary between unitized lands operated by Exxon and non-unitized lands owned by Champlin in order to maintain or increase reservoir pressure in the Ranger and Upper Terminal Zones so as to prevent the migration of oil, gas, water, or other fluids across their common boundary and substantially increase the ultimate amount of economically recoverable oil.

Under the terms of this cooperative agreement, each party agrees to convert and operate two existing wells as water-injection wells on its side of the common boundary at an injection pressure within the limits established by the State Division of Oil and Gas. Additionally each party releases the other party from all claims and agrees to hold harmless the other party against claims made by lessors, royalty owners or owners of interests other than working interest.

The agreement has been executed by the parties and approved by the Board of Harbor Commissioners of the City of Los Angeles. It will become effective upon approval of the State Oil and Gas Supervisor of the Division of Oil and Gas and the State Lands Commission. It shall continue in effect until mutually terminated by the parties or until oil and gas is no longer produced in paying quantities.

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The Office of the Attorney General has reviewed these two proposed agreements and concluded that they may be approved by the State Lands Commission if the Commission determines that the agreements are in the public interest.

The Division has reviewed the agreements and found that implementation of their provisions will increase the ultimate amount of economically recoverable oil.

The preparation of an environmental impact report is not required for this agreement. The City of Los Angeles, as lead agency, will determine whether an EIR is required for actual development work performed pursuant to this agreement. The water injection operations proposed in these agreements will be in furtherance of an ongoing project under the City of Los Angeles Guidelines for the Implementation of the California Environmental Quality Act of 1970.

The California Coastal Zone Conservation Commission, South Coast Region, by resolution executed April 23, 1973, granted Exxon Company their claim of exemption for operations necessary and incidental to oil production in the Fault Block I area of the Wilmington Oil Field.

- EXHIBITS:
- I. Section 6879, Public Resources Code.
 - II. Minute Item 13, page 531, August 25, 1971 meeting.
 - III. Vicinity Sketch.
 - IV. Detailed Map.
 - V. Detailed Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND:

- A. THAT THE AMENDMENT TO COOPERATIVE WATER INJECTION AGREEMENT, FAULT BLOCK I (RANGER AND UPPER TERMINAL ZONES), BETWEEN EXXON COMPANY, U.S.A.; MOBIL OIL CORPORATION; AND CHAMPLIN PETROLEUM COMPANY, CONFORMS WITH THE CONDITIONS AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE; AND
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