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MINUTE ITEM

12/78
Thompson

35. APPROVAL OF AMENDMENTS TO COOPERATIVE AGREEMENTS
FOR WATER INJECTION OPERATIONS, CITY OF LONG BEACH,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

During consideration of Calendar Item 35, attached, Chairman Kenneth Cory questioned what the cost charged Chevron in this project is based on. Mr. W. M. Thompson, Chief, Extractive Development, Long Beach Operations, replied that the costs charged were actual expenses.

After additional discussion clarifying what was involved in the amounts charged Chevron, the Commission adopted the resolution as presented in Calendar Item 35 by a vote of 3-0.

Attachment: Calendar Item 35 (2 pages)

A 52, 57, 58

S 27, 31

APPROVAL OF AMENDMENTS TO COOPERATIVE AGREEMENTS
FOR WATER INJECTION OPERATIONS, CITY OF LONG BEACH,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach, pursuant to Section 10(b), Chapter 29/1956, 1st E.S., and Section 6879 of the P.R.C., has requested State Lands Commission approval of the following:

1. Amendment to Cooperative Agreement for Water Injection Operations, Long Beach Unit and Standard, among the City of Long Beach, the City of Long Beach as Unit Operator for the Long Beach Unit, and Chevron, U.S.A., Inc., successor in interest to Standard Oil Company of California.
2. Amendment to Cooperative Agreement (Fault Block VI), among the City of Long Beach, Powerine Oil Company, successor in interest to Richfield Oil Corporation, and Chevron, U.S.A., Inc., successor in interest to Producing Properties, Inc.

These Cooperative Agreements, approved by the Commission in 1966 and 1958, respectively, provide for the parties to conduct water injection operations on a cooperative basis in the Ranger Zone along their common property boundaries in order to maintain reservoir pressures, prevent the migration of oil, gas, water, or other fluids and increase the ultimate amount of economically recoverable oil.

The parties now desire to amend the original agreements to provide an equitable arrangement in light of the fact that certain Chevron water injection wells are no longer operable. In the Long Beach Unit/Chevron agreement, Chevron would contribute toward the Long Beach Unit's water injection costs. In the City/Powerine/Chevron agreement, Chevron would contribute toward the city's water injection costs until such time as 2 of Chevron's producing wells are converted to water injection.

The Commission's staff has reviewed the proposed amendments and is of the opinion that they provide an economically advantageous arrangement to the City of Long Beach and the State for continuing the necessary repressuring operations. The staff also finds that the amendments do not change

A 52, 57, 58

S 27, 31

CALENDAR ITEM NO. 35. (CONTD)

the Commission's initial findings, required by Section 6879 of the P.R.C., that the agreements provide that any impairment to the public trust for commerce, navigation and fisheries is prohibited and that the agreements are in the public interest.

The amendment to the Cooperative Agreement involving the Long Beach Unit must be approved by the Voting Parties of the Long Beach Unit, and both amendments must be approved by the City Council of the City of Long Beach. It is anticipated that all necessary approvals will be obtained.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE "AMENDMENT TO COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS, LONG BEACH UNIT AND STANDARD" AND THE "AMENDMENT TO COOPERATIVE AGREEMENT (FAULT BLOCK VI)" DO NOT CHANGE THE COMMISSION'S ORIGINAL FINDING, WITH RESPECT TO EACH COOPERATIVE AGREEMENT, THAT THE COOPERATIVE AGREEMENT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES IS PROHIBITED.
2. FIND THAT THE ENTERING INTO AND THE PERFORMANCE OF EACH COOPERATIVE AGREEMENT, AS AMENDED, IS IN THE PUBLIC INTEREST.
3. APPROVE THE AMENDMENTS TO EACH COOPERATIVE AGREEMENT PURSUANT TO APPLICABLE LAW AND SUBJECT TO THE REQUISITE APPROVALS BY THE CITY OF LONG BEACH AND THE VOTING PARTIES OF THE LONG BEACH UNIT.