

MINUTE ITEM

This Calendar Item No. 40
was approved as Minute Item
No. 40 by the State Lands
Commission by a vote of 3
to 0 at its 1-21-88
meeting.

CALENDAR ITEM

40

A 57, 58

S 29

01/21/88
W 12033
Lammers

APPROVAL OF AN AMENDMENT TO COOPERATIVE AGREEMENT
(FAULT BLOCK VI)

The City of Long Beach, through its Redevelopment Agency, has plans for the surface development of the real property in the vicinity of the Magnolia Drillsite. The City of Long Beach, therefore, plans to abandon the Magnolia Drillsite and to drill the necessary replacement injection wells from locations in the Harbor District. This project was approved by the State Lands Commission on December 23, 1986.

Two of the wells to be abandoned, FR-401 and FR-403, are included in the Cooperative Agreement (Fault Block VI), the City of Long Beach, Powerine Oil Company and Chevron U.S.A., Inc.. The purpose of the Cooperative Agreement is to arrange for water injection at the boundary between Parcel "A" and Chevron's property. Under the terms of the Cooperative Agreement, approval by all parties is needed to make "major permanent changes in water injection rates". This would include the abandonment of the two wells and the drilling of the two replacement wells, FR-109 and FR-110. Thus, an Amendment to Cooperative Agreement (Fault Block VI) was prepared and is included as Exhibit "A".

The Long Beach City Council reviewed the Amendment on January 12, 1988 and approved it for execution. Under Section 10(b) of Chapter 29, Statutes of 1956, 1st E.S., the approval by the State Lands Commission of this amendment is required for it to be effective.

AB 884: N/A.

(ADDED 01/20/88)

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CALENDAR ITEM NO. 40 (CONT'D)

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

- EXHIBIT: A. Amendment to Cooperative Agreement (Fault Block VI).

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE THE AMENDMENT TO COOPERATIVE AGREEMENT (FAULT BLOCK VI.)

EXHIBIT "A"

SECOND AMENDMENT TO COOPERATIVE AGREEMENT

(Fault Block VI)

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THIS SECOND AMENDMENT TO AGREEMENT is made and entered into this ____ day of _____, 1988, pursuant to a Minute Order of the City Council of the City of Long Beach, made at its meeting held on the ____ day of _____, 1988, by and between the CITY OF LONG BEACH, a municipal corporation, organized and existing under and by virtue of the laws of the State of California, hereinafter referred to as "CITY", and POWERINE OIL COMPANY, a corporation, successor in interest to Richfield Oil Corporation, a Delaware corporation, hereinafter referred to as "POWERINE", and CHEVRON U.S.A., INC., a California corporation, successor in interest to Producing Properties, Inc., a Delaware corporation, hereinafter referred to as "CHEVRON".

This Second Amendment to Cooperative Agreement is made with reference to the following facts and objectives:

A. City and the predecessors in interest to Powerine and Chevron entered into an agreement, dated January 16, 1959, and entitled "Cooperative Agreement (Fault Block VI)," hereinafter referred to as the agreement entered into as of January 16, 1959.

B. The agreement entered into as of January 16, 1959, was amended February 27, 1979 to enlarge the boundaries of the restricted area to provide for the allocation of costs of certain operations and the abandonment of certain water injection wells.

C. The interest of Richfield Oil Corporation under this agreement entered into as of January 16, 1959, was assumed

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1 by Powerine Oil Company, a corporation.

2 D. The interest of Producing Properties, Inc., was
3 purchased by Chevron and all rights, duties and obligations of
4 Producing Properties, Inc. under the agreement entered into as
5 of January 16, 1959, have been assumed by Chevron.

6 E. The agreement entered into as of January 16, 1959
7 provides for conducting waterflood operations on a cooperative
8 basis with regard to various zones underlying City properties in
9 Fault Block VI (including Ranger Zone) and a portion of the Ranger
10 Zone in Fault Block VI underlying the properties of Chevron.

11 F. City has plans for the surface development of real
12 property in the vicinity of the Magnolia Drillsite, and the City
13 plans to abandon the Magnolia Drillsite and drill replacement
14 water injection wells from locations in the Harbor District.

15 G. It is the desire of the parties to amend this
16 agreement, as amended, to provide for the abandonment of two
17 water injection wells and the drilling of two replacement water
18 injection wells.

19 NOW, THEREFORE, in consideration of the mutual cove-
20 nants and conditions hereinafter set forth, the parties agree
21 that the agreement entered into as of January 16, 1959, as
22 amended, is further amended as follows:

23 1. The agreement entered into as of January 16, 1959,
24 as amended, is further amended by adding new paragraphs 8b and
25 8c as follows:

26 "8b. City at its sole cost and expense shall abandon
27 Wells FR-401 and FR-403."

28 "8c. City at its sole cost and expense shall drill

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1 and equip two replacement Wells FR-109 and FR-110 from
2 surface locations on Pier A. Well FR-109 will be
3 bottomed within a 100' diameter circle with its center
4 at 14,142' north, 22,585' east (Federal Coordinates).
5 Well FR-110 will be bottomed within a 100' diameter
6 circle with its center at 14,150' north, 23,414' east
7 (Federal Coordinates). Both wells will be completed for
8 injection into the "F", "X" and "G" sands of the Ranger
9 Zone, Fault Block VI."

10 2. This Second Amendment to Agreement shall be subject
11 to approval by the State Lands Commission of the State of Cali-
12 fornia and, if so approved, shall be deemed effective as of the
13 date of execution hereof by the last party to sign this document.

14 3. Except as expressly provided herein, the agreement
15 entered into as of January 16, 1959, as amended, shall remain in
16 full force and effect and be binding upon the parties hereto.

17 IN WITNESS WHEREOF, the parties hereto have caused
18 these presents to be duly executed with all the formalities
19 required by law on the respective dates set forth opposite their
20 signatures.

21 CITY OF LONG BEACH, a
22 municipal corporation
23 _____, 1988 By _____
24 City Manager

25
26 POWERINE OIL COMPANY,
27 a corporation
28 _____, 1988 By _____

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1 _____, 1988 By _____

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CHEVRON U.S.A., INC.,
a corporation

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5 _____, 1988 By _____

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7 _____, 1988 By _____

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The foregoing Second Amendment to Agreement is hereby
approved as to form this _____ day of _____, 1988.

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JOHN R. CALHOUN, City Attorney

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By _____ Deputy

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WEE:bjh
1/7/88
D-237-2

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