

MR. CARR: Is this the month of October or November?

MR. ROBERTS: This is October, this month. For

your information, our check on water a day ago indicates we are already this month putting in excess of 72,000. As a matter of fact, today we are probably 80,000 in the shipyard and in the field as a whole we are around 320,000 today, with certain additional wells going in in the next two days. I am quite sure we will meet this figure. Then, the month of November we go up to 397,000; December 437,000 barrels.

I might say estimating water is very, very difficult until the well is actually opened by the injection. You can't tell what it will take. We have wells that we have based on similar zones and other fault blocks we think should take 10,000 barrels, and we open it up and maybe it will take six, maybe fifteen. Actually, I think way too much emphasis has been put on this volume figure. Meeting the completion is what is important and we are meeting them. We have completed five wells ahead of schedule. We have five rigs in the shipyard area and three other rigs in other parts of the field, and I feel you are going to see real production on this program. The private operators have been working very well in the last few months. The U. P. program -- this is the property to the north -- the wells are complete and the oil production is going on now in the plants we are going to dedicate this afternoon.

What is remaining is the legal problem. You will see down there all the documents completed so far on this

1 unitization -- documents ranging from fifteen to fifty pages.
2 Most of these documents were the fifth or sixth drafts.
3 Actually, the Board wasn't able to find place to arrange
4 them all. It's a terrific problem to get this all down in
5 legal language.

6 MR. HORTIG: May I ask Mr. Roberts a question to
7 aid possibly in clarification and in getting a specific answer
8 to Mr. Cranston's question. Mr. Roberts, you were present at
9 the meeting where we heard Admiral James specify as a criterion
10 to be met an injection figure of 175,000 barrels a day, which
11 we all understood (and as you have stated here) referred to
12 a total injection rate for Fault Blocks II and III in their
13 entirety, to be achieved by December first.

14 You have reported here this morning that under the
15 revised Navy specifications of the critical shipyard area, it
16 is your understanding -- or it is my understanding of what
17 you said -- that the Navy has now in effect revised its
18 criterion to be 153,000 barrels a day in the critical shipyard
19 area in lieu of the former specification of 175,000 barrels a
20 day in the Fault Blocks II and III in their entirety. Is my
21 understanding correct?

22 MR. ROBERTS: Not quite correct in this respect --
23 the 153,000 is the total program. Your 200,000 was for the
24 entire II and III operation.

25 Now, the Navy is very familiar with what is going on
26 and we believe that they are well satisfied with the program

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1 if we meet these schedules as laid out -- which for the
2 shipyard was 73,600 at the end of this month; 103,000 at the
3 end of next month; 130,000 at the end of December; and a wind-
4 up of 153,000 in February.

5 Now, the reason we believe they are well satisfied
6 is not only from our discussions, but also the fact that the
7 high priority wells -- they have designated certain of these
8 wells as first priority -- now, all but one of the first
9 priority wells is injecting right now.

10 You may be interested to know that the Navy released
11 data on their last level surveys yesterday. They are now sur-
12 veying their bench marks monthly and they found for the first
13 time no subsidence in their bench mark levels on the ends of
14 the piers and the bulkhead lines. Apparently they are getting
15 a little kickup, as we did, on the Pier A area; so we are
16 encouraged that the injection program for the Navy shipyard
17 area is going to do the job.

18 MR. HORTON. Mr. Roberts, trying to nail this to
19 specifics, might we approach this this way: We had a criterion
20 that the Navy desired be met of 175,000 barrels a day by
21 December 1. We are also aware now of a decreased area, less
22 than the total of Fault Blocks II and III and differently
23 distributed, which the Navy has now designated as the critical
24 shipyard area in which certain injection rates are desired in
25 order to achieve a program that will be satisfactory to the
26 Navy. Are you aware of any specific Navy approvals as to a

1 rate and a date by which it should be achieved, which are now
2 in lieu of the 175,000 barrels a day by December first?

3 MR. ROBERTS: We know that the 175,000 barrels deal
4 is no longer their objective. I might say that we will be
5 having more than 175,000 barrels in the combined fault blocks
6 by that original date, but their attention is now all directed
7 toward this so-called shipyard flood area.

8 Now, they have made no formal announcement of any
9 specific barrelage figure that they want by December first.
10 We believe that they are well satisfied with this drilling
11 program as it is set up. We believe that it is definitely a
12 maximum effort program. In other words, we just cannot work
13 more rigs on the tidelands than we are now.

14 MR. HORTIG: What is your current estimate of injection
15 by December first in the critical shipyard area?

16 MR. ROBERTS: Well, our estimate would be the end
17 of November figure, which is 103,600, a minimum of that figure,
18 and I believe that our estimate is conservative and we would
19 hope that barring some well breakdown that we would probably
20 exceed that.

21 MR. HORTIG: Then we must conclude

22 MR. RIDINGS: May I make one statement? The people
23 have not given us an official barrelage figure. I believe
24 Admiral James quoted us an offhand figure. The Navy has recommended
25 a specific number of injection wells for the shipyard
26 area. Present plans would indicate that those wells will all

1 be completed and injecting prior to the first of December.

2 These are the total number of wells recommended by the Navy
3 consultants in this specific smaller area.

4 MR. ROBERTS: Pardon me, Mr. Ridings, all of the
5 wells will be finished by the first of December or first of
6 January in the tidelands. There are a few of the private wells
7 to the north, considered less critical but still in the ship-
8 yard area, that probably will tag over for another month.
9 That's why we don't get the 153,000 by the end of December or
10 January. We are trying to accelerate that.

11 MR. HORTIG: Again being specific, so that we are
12 discussing the same things as of the same date, you have just
13 furnished the Commission the estimate that you plan to be
14 injecting 103,500 barrels a day in the critical shipyard area
15 by the end of December. You previously indicated also that
16 there was a Navy figure desired for, or at least approval by
17 the Navy had been given to, a total figure of 153,000 barrels
18 a day for the critical shipyard area. We must, therefore,
19 conclude, must we not, that this 153,000 figure must be for
20 some later, as yet unannounced date, because it is not going
21 to be met in December on a schedule which you have indicated
22 is satisfactory to the Navy?

23 MR. ROBERTS: That is correct.

24 MR. CRANSTON: It is obviously rather hard to really
25 understand what progress is being made or not being made when
26 we are talking about estimates in one area and estimates and

1 accomplishments in another area. I understand that Captain
2 Palmer made a rather pleasant announcement the other day, but
3 I would like to read a letter from the Bureau of Ships. It
4 is addressed to Mr. Horting and says:

5 "Your letter inquiring as to whether the Bureau of
6 Ships is satisfied at this time as to the progress in water
7 injection operations being conducted in Long Beach shipyard
8 area has just been received. At this moment I believe the
9 answer to your question would be an unequivocal "no". Indi-
10 cations of significant improvement, however, are clear and
11 We are hopeful that the situation will improve rapidly.

12 "It is my present intention to visit in the Long
13 Beach area during the month of December to observe the status
14 of developments in the water injection program and to reach
15 a conclusion which would permit me to make a recommendation
16 to my seniors as to the future of the Long Beach Naval Ship-
17 yard. Following that visit perhaps our opinions will be modified
18 from that expressed above."

19 and it's signed by Admiral James.

20 MR. ROBERTS: My comment would be that I don't
21 think that Admiral James could take any position other than
22 that he takes in the letter. In the first place, you ask:
23 Is he satisfied? We are not satisfied. We wanted this going
24 as we have now months ago, but could not do so. You will note
25 that he is encouraged by the progress being made now and he
26 doesn't want to pre-commit himself to a judgment now that he

1 will make in December -- and that's my judgment on that.

2 MR. CRANSTON: Do all the areas involved in the anti-
3 subsidence and unitization agreements bear directly on the
4 shipyard?

5 MR. ROBERTS: I'd say in the long pull they will
6 bear indirectly on it. The Navy consultants feel, as we feel,
7 that it is very important that you get the entire field, all
8 fault blocks, II through VI, and the south flank of I, under
9 pressure maintenance within a reasonable period of time.
10 However, this flood in the shipyard area we believe, and our
11 consultants believe, will stabilize the shipyard area; but
12 we can't stop our program there, if that's what you mean.

13 GOV. ANDERSON: Mr. Zweiback.

14 MR. ZWEIBACK: Along this same point, Mr. Roberts,
15 it seems to me that when we are trying to reach an alleviation
16 in subsidence, the Navy is not the only one that has a stake,
17 that there are private properties involved that would like to
18 see subsidence stopped too. Returning to the date when
19 Admiral James mentioned the figure which you say was an off-
20 hand figure of 175,000 barrels, at that time we had assurance
21 from the City that that would be accomplished by that date.
22 Now, we hear that the City will have 103,600 barrels by that
23 date. Even though the Navy has lowered their figure, why are
24 we not able to achieve that figure which was quoted approxi-
25 mately two months ago? Have we reduced our efforts simply
26 because the Navy has reduced its standards? Then a second thing

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1 I don't understand -- the Navy has a criterion of quantity of
2 wells rather than gallonage. I can understand how gallonage
3 can alleviate subsidence, but I can't understand this matter
4 of quantity of wells.

5 MR. RIDINGS: If I may answer, the 175,000 figure
6 for Fault Blocks II and III will be exceeded by December first.
7 The reason for this redefinition is, of course, only the result
8 of the Navy's own study that they are not really interested in
9 all of Fault Blocks II and III and have cut down to a smaller
10 area. I don't mean to say the Navy is not interested in a
11 total number of barrels. I meant they have not given us any
12 specific figure as a goal. This figure has not been given us
13 by the Navy Department.

14 They have said that certain wells must be completed
15 and injected in order to satisfy the shipyard situation and
16 they have also told us the present schedule of drilling and
17 completing wells and getting water into them -- they have told
18 us unofficially that they meet with their approval. We work
19 with Captain Palmer's office and we work with them directly
20 and they work with Admiral James; and they advise us when they
21 have doubts of what we are doing. I talked to them the other
22 day and Captain Palmer's office is happy with the progress and
23 feels that the job will be accomplished within the time schedule
24 demanded by the Navy.

25 MR. CRANSTON: Can the City meet the Navy schedules
26 for the short range haul without the help of the private

operator?

MR. RIDINGS: The full program cannot be met because certain of the wells are on private property. However, the short range situation is actually being met. I think the best evidence is the report issued by Captain Palmer the other day. They have issued a report that in certain areas of the yard this has been stopped now, in others it has been minimized. The job is to extend that area and keep the situation at that point. Insofar as the past six weeks is concerned, the job is complete. The only point is we have to keep it up to see it won't again subside.

MR. CRANSTON: Is meeting the demands being made by both the City and the private uplands?

MR. RIDINGS: Yes, primarily the City.

MR. CARR: I just want to ask this question of Mr. Ridings or Mr. Roberts, someone: It is my understanding that this specification of 175,000 barrels was more or less in the nature of a bench mark to serve two purposes -- one, to see if it could be done; also to measure the results; also to help the Admiral make up his mind as to whether or not he would be justified in going to the Congress and asking them for the additional money required for remedial action in the shipyard. Now, do we understand that this present specification that you have just specified here -- does that satisfy or will that satisfy Admiral James to the point where he will go to the Congress and ask them for the rest of the five million dollars?

1 MR. RIDINGS: According to the advice we have received
2 from Captain Palmer, he advises this present progress satisfies
3 the Navy. This latter matter gets even into the matter of
4 national politics but it would be my assumption if we can stop
5 subsidence to the satisfaction of the Navy's consultants, from
6 what Admiral James has told us he is committed to go to the
7 Congress.

8 MR. CRANSTON: I'd like to ask what is the specific
9 nature of the facility being dedicated this afternoon.

10 MR. RIDINGS: The facility being dedicated this
11 afternoon is one of the two major injection plants in this
12 immediate fault block area. These are high pressure water
13 injection plants, drawing salt water and distributing it to
14 both the tidelands and uplands, putting high pressure to the
15 well head for injection into the wells. I don't have at my
16 fingertips the quantities involved, but we have two plants to
17 serve all the water needs in those immediate areas for the
18 entire scope of the program.

19 MR. CRANSTON: Are connections made and established
20 from that facility to the various wells?

21 MR. RIDINGS: They are in operation and have been,
22 in fact, for some little time.

23 MR. CRANSTON: Is it for a new line from that injec-
24 tion plant to a well that has been already in operation?

25 MR. ROBERTS: No, your wells are going in operation
26 now. They started from test operations approximately a week

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1 ago in one plant, ten days ago in another. The crews in the
2 field are now converting wells over into the new system. For
3 example, in the northern area, all of these U. P. existing
4 injection plants go over to the new plant. What they are doing
5 is shifting their connection to the new line with their old
6 pumps working. That's going to take about a week to ten days
7 to finish up those line shifts, but actually the pumps in both
8 plants -- both the island and the mainland plants which we are
9 dedicating today -- both these plants are in operation. They
10 of course are not delivering anywhere near their full capaci-
11 ties yet and can't until the additional wells are ready. The
12 area is also served by a third plant on Pier A, which was com-
13 pleted in September. That is a doubling of capacity and was
14 completed in September, so you now have all the pumping capacity
15 required for the entire Block II and III area and operation of
16 Block I.

17 We are over the hump on the water. We are quite a
18 ways along on the wells. We have been very encouraged by the
19 very aggressive drilling program of the Union Pacific. For
20 example, the private wells required in this new Navy shipyard
21 area flood, most of them are now either awaiting water or
22 awaiting perforation or conversion. There is only a small
23 number of the private wells that await any further agreement.
24 There are, for example six wells on Ranger II in the north
25 part of this area in which there are legal agreements which have
26 to be executed by three companies and those three agreements

1 are in the hands of their management and being perfected, and
2 we hope in about a month they can be executed and their wells
3 can be turned on. In my schedule, I figured those wells as
4 going in in February, to be safe.

5 MR. CRANSTON: Since meeting deadlines or schedules
6 demanded by the Navy is less dependent upon what the private
7 operators do, can we assume meeting those schedules is not
8 being impeded in any way by these negotiations with the
9 private owners?

10 MR. ROBERTS: No. Everything is being accelerated.
11 The only thing that could interfere with our completion would
12 be an earthquake or something subsurface, which would be
13 entirely out of our control.

14 MR. CRANSTON: It seems to me we have gone as far as
15 we can on the progress and unless you have some other questions
16 on negotiations, I think we should go ahead.

17 MR. CARR: I'd like to make this statement as far
18 as the Lands Commission is concerned. I think it is pretty
19 obvious to everybody, including all the people from Long Beach,
20 that the efforts of the Lands Commission have been directed to
21 this very important question of helping the City of Long Beach
22 make up its mind what it's going to do; and when we have sat
23 here a couple of times and not had complete and full representa-
24 tion and not been able to ask such questions as we have been
25 asking, I think it's left us a little bit in the dark. So
26 while we have the representatives of the City of Long Beach here

1 in such force, there are two or three other questions I think
2 it would be to their advantage, as well as ours, to answer.
3 One of the pressures we have on us is also, of course, this
4 Navy damage suit. We have attorneys here both from the
5 Attorney General's office and the City of Long Beach. What
6 is the present status as far as we know of the refilling of the
7 Navy damage suit and what is the effect on our defense to that
8 suit of the delays which we have suffered here in the repres-
9 surization program? I'd like to ask the Attorney General's
10 office what they think, or the City of Long Beach -- doesn't
11 make any difference.

12 MR. GOLDIN: Mr. Carr, I am Howard Goldin of the
13 Attorney General's office. In your question I believe that you
14 assume, Mr. Carr, that the damage aspect of the subsidence case
15 has at one time or another become inactive. So far as we are
16 concerned, the damage aspect of the case has always remained
17 very vitally alive. To correct perhaps what might be a mis-
18 apprehension, the case has two features -- an injunctive aspect
19 and damage aspect.

20 With respect to the injunctive feature of the case,
21 that part has been placed off calendar subject to being reset
22 upon forty-five days' notice. With respect to the damage
23 aspect of the case, that portion of the case has never been
24 placed off calendar. Insofar as the pleadings are concerned,
25 the case is specifically at issue and at the present time to
26 my knowledge the Federal government has commenced discovery

1 proceedings by serving written interrogatories upon the City
2 of Long Beach and upon various defendants. They have not to
3 date served any interrogatories on the State of California.

4 I am also aware of the fact that several of the
5 defendants are in the process of preparing written interroga-
6 tories to serve on the Federal government.

7 My own personal opinion is this: that the Federal
8 government is deadly serious about the issue of damages and
9 that they do not have and have not had any intention not to
10 pursue that aspect of the case with due diligence.

11 Now, with respect to the pleadings filed by the
12 Federal government, it is difficult for me to apprise the
13 Commission with any certainty as to the amount of damages the
14 Federal government is seeking. The reason for that is that
15 whereas the Federal government has specified certain amounts
16 which they have expended for remedial work, they leave the
17 prayer of their complaint open, stating that it is impossible
18 at the time of the filing of the complaint to estimate with
19 any preciseness exactly how much they are going to have suffer
20 by way of damages as of the time of trial; so they asked the
21 Federal court for latitude to award them such damages as the
22 United States Navy may actually prove at the time of trial.

23 With respect to what I believe was the second part
24 of your question, if I understand the question correctly --
25 what is the precise effect upon the Federal government's conduct
26 in the subsidence litigation which might emanate from litigation

between the State of California and the City of Long Beach in connection with boundary problems -- is that the specific question?

MR. CARR: No. I didn't make myself clear on that. My thinking was in this direction: Would the prayer or the conduct of the law suits (I don't understand the legal language) -- let's get down to what the effect would be -- would any indication going to the fact that due diligence had not been pursued by the State of California or the City of Long Beach in conducting their affairs in such a way as to get this subsidence stopped at the earliest possible and practical time be taken into consideration as to the rendering of the damages? In other words, the longer this thing goes on the more serious the damages would probably be. Is that true or do you think enough damage has been done now that they have reached the maximum?

MR. GOLDIN: Well, don't assume, Mr. Carr, from my remarks that the Federal government is entitled to one penny.

MR. CARR: Well, is our position more dangerous in taking so long to get to a decision on taking remedial action?

MR. GOLDIN: I have difficulty in answering your question, Mr. Carr.

MR. CARR: We don't want you to be quoted before the Federal court. We want to protect the case here, but does this go to the urgency of this matter as far as concluding the arrangements for repressurization?

1 MR. GOLDIN: May I make this observation, Mr. Carr --
2 the satisfactory progress toward repressurization is probably
3 best reflected by the maintenance of the injunctive aspect of
4 the case off calendar. In other words, it is my opinion that
5 if repressurization progress dwindles to such a point as to
6 convince the Federal government that such progress is not
7 satisfactory, that will immediately react in the re-institution
8 of the injunctive aspect of the Anchor litigation. Does that
9 answer your question?

10 MR. CARR: Now, I'd like to ask our reservoir
11 engineers, Mr. Hortig and Mayor Kealer, where we sit as to
12 the actual effectiveness. I think Mr. Roberts touched on this
13 but, as I see this picture -- and if I don't see this correctly
14 I'd like to be corrected -- what we are after actually is not
15 the volume of water but sufficient pressure to stop subsidence.
16 Is that correct, or am I off the beam? Do we have any indi-
17 cations -- I have heard rumors (like Joe Ball, I have heard
18 rumors) that we have already gotten pressure in some of these
19 wells that is about the maximum you can put in there, that you
20 can't put any more water in some of the wells.

21 MR. HORTIG: I think, Mr. Carr, there are some over-
22 simplifications or overgeneralizations which will have to be
23 sorted out. If I may answer in inverse order because I remember
24 your last question and I'll be thinking of the others as we go,
25 the report or any report you may have heard that the maximum
26 amount of injection or that wells had reached a point that no