

MINUTE ITEM

3/26/70
ADW

20. APPROVAL OF A MODIFICATION OF "LINE FLOOD AGREEMENT" E. 392.1, HUNTINGTON BEACH FIELD, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY AND STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W-9121.

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

THE COMMISSION:

1. FINDS AS TO OIL AND GAS LEASE E. 392.1:

A. THAT A COOPERATIVE PLAN OF OPERATION OF THE LOWER MAIN ZONE IS NECESSARY OR ADVISABLE IN THE PUBLIC INTEREST;

B. THAT THE CONSERVATION OF NATURAL PRODUCTS REQUIRES THE AGREEMENT AND THAT THE INTEREST OF THE STATE MAY BE BEST SUBSERVED BY THE AGREEMENT.

2. APPROVES THE "MODIFICATION AGREEMENT" ENTERED INTO ON MARCH 1, 1970, BETWEEN SIGNAL OIL AND GAS COMPANY AND STANDARD OIL COMPANY OF CALIFORNIA, A COPY OF WHICH IS MADE A PART HEREOF BY REFERENCE TO THE OFFICIAL FILES OF THE COMMISSION. THE AGREEMENT IS APPROVED SUBJECT TO THE CONDITION THAT NO WELLS EITHER SURFACED OR BOTTOMED WITHIN LANDS INCLUDED IN E. 392.1, PURSUANT TO THIS AGREEMENT, BE OPERATED BY ANY PARTY OTHER THAN SIGNAL OIL AND GAS COMPANY WITHOUT PRIOR WRITTEN APPROVAL OF THE STATE.

Attachment

Calendar Item 19 (2 pages)

CALENDAR ITEM

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ADW

19.

REQUEST FOR APPROVAL OF A MODIFICATION OF "LINE FLOOD AGREEMENT" E. 392.1, HUNTINGTON BEACH FIELD, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY AND STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W-9121.

On November 5, 1963 (Minute Item 21, page 9362), the Commission authorized the Executive Officer to execute and issue an "Amendment and Modification of Exchange Oil and Gas Lease 392.1 P.R.C. (Secondary Recovery)" to provide for full-scale secondary recovery operations on the subject lease.

Subsequently, Signal Oil and Gas Company submitted to the Commission for approval a "Line Flood Agreement" for water-injection operations entered into by Signal and Standard Oil Company of California. The agreement permitted Signal to proceed with water-injection operations along the common boundary between E. 392.1 and Standard's P. E. lease (upland area), in order to balance reservoir pressures, to prevent migration of oil, gas, water, and other fluids in the Jones Zone, and to increase reservoir pressure. On October 26, 1967, the Commission approved the Line Flood Agreement.

Signal has now submitted a "Modification Agreement" dated March 1, 1970, to amend and modify the Line Flood Agreement to include the Lower Main Zone. The staff has reviewed the Modification Agreement, and has found that the proposed program is desirable and will help to prevent migration of oil from State lands and to increase reservoir pressure, and is in the best interests of the State.

Sections 6832 and 6833 of the Public Resources Code provide for such water-flood agreements upon approval of the State Lands Commission.

The Office of the Attorney General has reviewed the proposed Modification Agreement and has advised that the modification is in the public interest, is necessary for conserving the natural resources, and is in the best interests of the State.

The State Oil and Gas Supervisor approved a water-flood project for E. 392.1 on September 19, 1968, for the Main Zone.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND AS TO OIL AND GAS LEASE E. 392.1:
 - A. THAT A COOPERATIVE PLAN OF OPERATION OF THE LOWER MAIN ZONE IS NECESSARY OR ADVISABLE IN THE PUBLIC INTEREST;
 - B. THAT THE CONSERVATION OF NATURAL PRODUCTS REQUIRES THE AGREEMENT AND THAT THE INTEREST OF THE STATE MAY BE BEST SUBSERVED BY THE AGREEMENT.

CALENDAR ITEM 19 (CONTD.)

2. APPROVE THE "MODIFICATION AGREEMENT" ENTERED INTO ON MARCH 1, 1970, BETWEEN SIGNAL OIL AND GAS COMPANY AND STANDARD OIL COMPANY OF CALIFORNIA, A COPY OF WHICH IS MADE A PART HEREOF BY REFERENCE TO THE OFFICIAL FILES OF THE COMMISSION. THE AGREEMENT IS APPROVED SUBJECT TO THE CONDITION THAT NO WELLS EITHER SURFACED OR BOTTOMED WITHIN LANDS INCLUDED IN E. 392.1, PURSUANT TO THIS AGREEMENT, BE OPERATED BY ANY PARTY OTHER THAN SIGNAL OIL AND GAS COMPANY WITHOUT PRIOR WRITTEN APPROVAL OF THE STATE.