

MINUTE ITEM

3/25/71
CVB

22. AMENDMENT TO COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS, RANGER ZONE, BELMONT OIL FIELD, HUMBLE OIL & REFINING COMPANY AND TEXACO INC. WITH LONG BEACH UNIT - W 6280, PRC 186.1.

After consideration of Calendar Item 25 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS AS TO THE CITY OF LONG BEACH:

- A. THAT THE "AMENDMENT TO COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS, LONG BEACH UNIT, HUMBLE AND TEXACO, RANGER ZONE" BETWEEN HUMBLE OIL & REFINING COMPANY AND TEXACO INC., AND THE CITY OF LONG BEACH ACTING IN ITS CAPACITY AS UNIT OPERATOR OF THE LONG BEACH UNIT, PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION, OR FISHERIES TO WHICH GRANTED LANDS ARE SUBJECT IS PROHIBITED;
- B. THAT THE ENTERING INTO AND THE PERFORMANCE OF SUCH AMENDMENT IS IN THE PUBLIC INTEREST.

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

3. FINDS AS TO THE STATE'S LESSEES OF PRC 186.1 THAT IT IS NECESSARY AND ADVISABLE IN THE PUBLIC INTEREST THAT THE SAID LESSEES ENTER INTO THE AFORESAID AMENDMENT.

4. AUTHORIZES THE EXECUTIVE OFFICER TO EXECUTE ON BEHALF OF THE COMMISSION THE "APPROVAL BY STATE LANDS COMMISSION".

Attachment:

Calendar Item 25 (2 pages)

CALENDAR ITEM

3/71
CVB

25.

AMENDMENT TO COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS, RANGER ZONE, BELMONT OIL FIELD, HUMBLE OIL & REFINING COMPANY AND TEXACO INC. WITH LONG BEACH UNIT - PRC 186.1.

The City of Long Beach, Humble Oil & Refining Company, and Texaco Inc., pursuant to applicable statutes, have submitted for Commission approval an "Amendment to Cooperative Agreement for Water Injection Operations, Long Beach Unit, Humble and Texaco, Ranger Zone" between Humble Oil & Refining Company and Texaco Inc., and the City of Long Beach acting in its capacity as Unit Operator of the Long Beach Unit.

The purpose of this proposed amendment is to provide for increased water injection on a cooperative basis along the common boundary between Lease PRC 186.1 and the Long Beach Unit in order to increase the ultimate recovery of oil and gas.

Among other modifications, the amendment redefines the cooperative interval to include only those intervals which are actually productive along the common boundary, and redefines the injection requirements for both parties in terms of the entire reservoir on each side of the common boundary instead of only that area within the restricted section. Additionally, the amendment provides that, in the event either party is deficient in providing its minimum injection requirement, the underage shall be reimbursed to the other party at the rate of two cents per barrel. Reciprocal indemnification and hold harmless provisions are provided between the parties for water injection into the restricted section in all productive horizons except the Union Pacific and Ford Zones.

The City Council of the City of Long Beach, by resolution adopted March 9, 1971, approved the subject amendment and determined that it is in the interest of increasing the ultimate recovery of oil or gas, and of protecting the oil or gas in the subject lands from unreasonable waste, or that subsidence or sinking of such lands and abutting lands possibly may be arrested or ameliorated thereby.

The Office of the Attorney General has reviewed the proposed amendment, with the conclusion that it may be approved by the State Lands Commission if it finds that the amendment is in the public interest.

The Division has reviewed the amendment and found that implementation of the provisions thereof will increase the reservoir pressure and the ultimate amount of oil economically recoverable from State Lands and from Unit lands, and is in the public interest.

IT IS RECOMMENDED THAT THE COMMISSION

1. FIND AS TO THE CITY OF LONG BEACH:

- A. THAT THE "AMENDMENT TO COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS, LONG BEACH UNIT, HUMBLE AND TEXACO, RANGER ZONE" BETWEEN HUMBLE OIL & REFINING COMPANY AND TEXACO INC., AND THE CITY OF LONG BEACH ACTING IN ITS CAPACITY AS UNIT OPERATOR OF THE LONG BEACH UNIT, PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE,

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NAVIGATION, OR FISHERIES TO WHICH GRANTED LANDS ARE SUBJECT IS PROHIBITED;

- B. THAT THE ENTERING INTO AND THE PERFORMANCE OF SUCH AMENDMENT IS IN THE PUBLIC INTEREST.
2. APPROVE THE AFORESAID AMENDMENT ON BEHALF OF THE STATE, PURSUANT TO APPLICABLE LAW.
 3. FIND AS TO THE STATE'S LESSEES OF PRC 186.1 THAT IT IS NECESSARY AND ADVISABLE IN THE PUBLIC INTEREST THAT THE SAID LESSEES ENTER INTO THE AFORESAID AMENDMENT.
 4. AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE ON BEHALF OF THE COMMISSION THE "APPROVAL BY STATE LANDS COMMISSION".