

13. COOPERATIVE WATER INJECTION AGREEMENT, FAULT BLOCK I (RANGER AND UPPER TERMINAL ZONES), WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 4 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS:

- A. THAT THE "COOPERATIVE WATER INJECTION AGREEMENT, FAULT BLOCK I (RANGER AND UPPER TERMINAL ZONES)", BETWEEN HUMBLE OIL & REFINING COMPANY AS OPERATOR UNDER THE UNIT AGREEMENT, FAULT BLOCK I, TERMINAL UNIT, MOBIL OIL CORPORATION, AND THE UNION PACIFIC RAILROAD COMPANY, PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED.
- B. THAT ENTERING INTO THE PERFORMANCE OF SUCH AGREEMENT IS IN THE PUBLIC INTEREST.

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

Attachment:

Calendar Item 4 (2 pages)

4.

COOPERATIVE WATER INJECTION AGREEMENT, FAULT BLOCK I (RANGER AND UPPER TERMINAL ZONES), WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The Humble Oil & Refining Company has requested State Lands Commission approval of a "Cooperative Water Injection Agreement, Fault Block I (Ranger and Upper Terminal Zones)", between Humble Oil & Refining Company acting in its capacity as Operator under the Unit Agreement, Fault Block I, Terminal Unit, Mobil Oil Corporation, and the Union Pacific Railroad Company.

The purpose and intent of this agreement is to permit the parties to conduct their respective water-injection operations along the common boundary between unitized and nonunitized lands so as to maintain or increase reservoir pressure in the Ranger and Upper Terminal Zones and to prevent, insofar as is practical, the migration of oil, gas, water, or other fluids across the common boundary.

Under the terms of this cooperative agreement, a restricted corridor will be established on either side of the common boundary. The parties agree to convert and operate specific wells as water-injection wells within this restricted corridor. No injection wells serving the Ranger and Upper Terminal Zones other than those specified shall be activated within the restricted corridor without the written agreement of all parties.

Each party to the agreement releases each other party from all claims of damage resulting from the injection of water into the Ranger and Upper Terminal Zones within the unitized and nonunitized lands.

This agreement shall become effective upon execution by all the parties and upon the approval of the Board of Harbor Commissioners of the City of Los Angeles, the State Oil and Gas Supervisor, and the State Lands Commission. It shall continue in effect for so long as oil and gas is produced in paying quantities, provided, however, that the liability releases shall remain in effect until they are specifically abrogated or modified in writing by the parties.

The Office of the Attorney General reviewed the agreement and concluded that it may be approved by the State Lands Commission if it finds that the agreement is in the public interest.

The Division has reviewed the agreement and found that implementation of its provisions will increase the ultimate amount of economically recoverable oil.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND:

- A. THAT THE "COOPERATIVE WATER INJECTION AGREEMENT, FAULT BLOCK I (RANGER AND UPPER TERMINAL ZONES)", BETWEEN HUMBLE OIL & REFINING

CALENDAR ITEM 4. (CONTD.)

COMPANY AS OPERATOR UNDER THE UNIT AGREEMENT, FAULT BLOCK I, TERMINAL UNIT, MOBIL OIL CORPORATION, AND THE UNION PACIFIC RAILROAD COMPANY, PROVIDE THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED.

- B. THAT ENTERING INTO THE PERFORMANCE OF SUCH AGREEMENT IS IN THE PUBLIC INTEREST.
2. APPROVE THE AFORESAID COOPERATIVE AGREEMENT ON BEHALF OF THE STATE, PURSUANT TO APPLICABLE LAW.