

MINUTE ITEM

This Calendar Item No. 33
was approved as Minute Item
No. 33 by the State Lands
Commission by a vote of 9/50/76
to 0 at its 9/50/76
meeting.

CALENDAR ITEM

9/76
WMT

33.

SECOND COOPERATIVE AGREEMENT (INJECTION WELL NO. WI-11),
CITY OF LONG BEACH, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

The City of Long Beach has requested Commission approval of the Second Cooperative Agreement (Injection Well WI-11) between the City of Long Beach, referred to as "City", and Standard Oil Company of California, referred to as "Standard", and Powerine Oil Company, Rothschild Oil Company and Edgington Oil Company, referred to as "Contractor". This Second Cooperative Agreement (Injection Well WI-11) will replace the original Cooperative Agreement approved by the Commission at its meeting of December 16, 1965.

The original Cooperative Agreement and this proposed Second Cooperative Agreement provide for the redrilling and operating of a water injection well, WI-11, on a cooperative basis into the Ranger Zone of Fault Block V underlying City properties and properties leased by Standard, in order to prevent the migration of oil, gas, water, or other fluids between properties.

The Second Cooperative Agreement (Injection Well WI-11) differs from the original agreement in the following respects:

1. It recognizes the new Parcel "A" oil Contract awarded to Powerine, Rothschild and Edgington in 1972.
2. It sets forth revised terms regarding the sharing of costs related to the redrilling of Well WI-11, whereby the City and Standard will share redrilling costs and well equipment ownership on a 50/50 basis.
3. It revises the sharing of operating costs by refunding to the City the unused portion of prepaid operating costs, \$44,400, resulting from an injection rate which has been only 65% of the target injection rate of 1,800 barrels per day.
4. It limits Standard's obligation to maintain an injection rate "within the capacity of existing facilities on said well", in the event it is not feasible for them to maintain the target water injection rate.
5. It provides that the terms and provisions shall be binding upon successors and assigns, which is of particular significance in view of name changes by Edgington and Standard.

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CALENDAR ITEM NO. 33. (CONTD)

The City Council of the City of Long Beach has approved this Second Cooperative Agreement and it has been reviewed by the Office of the Attorney General, with the conclusion that the Agreement may be approved by the State Lands Commission if it finds that it is in the public interest.

The Division has reviewed the Second Cooperative Agreement and determined that the changes and corrections contained in the Agreement are necessary and proper, and that implementation of the Agreement will increase the ultimate amount of economically recoverable oil.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND:

A. THAT THE SECOND COOPERATIVE AGREEMENT (INJECTION WELL NO. WI-11) BETWEEN THE CITY OF LONG BEACH, AND STANDARD OIL COMPANY OF CALIFORNIA, AND POWERINE OIL COMPANY, ROTHSCHILD OIL COMPANY, AND EDGINGTON OIL COMPANY, 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 THE SUBJECT AGREEMENT IS IN THE PUBLIC INTEREST.

2. APPROVE THE SUBJECT SECOND COOPERATIVE AGREEMENT, PURSUANT TO APPLICABLE LAW.