

MINUTE ITEM

21. UNIT AGREEMENT AND UNIT OPERATING AGREEMENT, FAULT BLOCK II, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - AUTHORIZATION AND APPROVAL FOR THE CITY OF LOS ANGELES, HARBOR DEPARTMENT, TO ENTER INTO SAID AGREEMENT - L.B.W.O. 10,100.

After consideration of Calendar Item 7 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS THAT THE UNIT AGREEMENT AND UNIT OPERATING AGREEMENT PROPOSED FOR FAULT BLOCK II, WILMINGTON OIL FIELD, INCLUDES TIDE AND SUB-MERGED LANDS WHICH HAVE BEEN GRANTED BY THE STATE OF CALIFORNIA TO THE CITY OF LOS ANGELES, HARBOR DEPARTMENT, WITHOUT RESERVATION TO THE STATE OF THE RIGHT TO PRODUCE OIL OR GAS THEREFROM; THAT THE CITY OF LOS ANGELES, HARBOR DEPARTMENT, HAS SUBMITTED SUCH AGREEMENT TO THE STATE LANDS COMMISSION FOR APPROVAL; THAT SUCH AGREEMENT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH SAID GRANTED LANDS ARE SUBJECT IS PROHIBITED; AND THAT THE ENTERING INTO AND THE PERFORMANCE OF SUCH AGREEMENT IS IN THE PUBLIC INTEREST.
2. APPROVES THE ENTRY INTO AFORESAID AGREEMENT AND UNIT OPERATING AGREEMENT IN ACCORDANCE WITH SECTION 6879 AND SECTION 7058 OF THE PUBLIC RESOURCES CODE; PROVIDED THAT BEFORE SUCH APPROVAL SHALL BECOME EFFECTIVE THE CITY OF LOS ANGELES, HARBOR DEPARTMENT, SHALL ADOPT AN ORDER DETERMINING THAT SUCH AGREEMENT IS IN THE INTEREST OF (a) INCREASING THE ULTIMATE RECOVERY OF OIL OR GAS FROM SUCH LAND, (b) PROTECTING THE OIL OR GAS IN SAID LANDS FROM UNREASONABLE WASTE, AND (c) ARRESTING OR AMELIORATING THE SUBSIDENCE OF SINKING OF SUCH LANDS AND ABUTTING LANDS.
3. APPROVES THE ENTRY INTO AFORESAID UNIT AGREEMENT AND UNIT OPERATING AGREEMENT ON BEHALF OF THE STATE PURSUANT TO THE PROVISIONS OF SECTION 7060(b) OF THE PUBLIC RESOURCES CODE TO WHATEVER EXTENT THE AGREEMENT IS DEEMED A MODIFICATION OR AMENDMENT, AND PURSUANT TO ALL OTHER APPLICABLE LAW.

Attachment

Calendar Item 7 (2 pages)

CALENDAR ITEM

7.

UNIT AGREEMENT AND UNIT OPERATING AGREEMENT, FAULT BLOCK II, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - AUTHORIZATION AND APPROVAL FOR THE CITY OF LOS ANGELES, HARBOR DEPARTMENT, TO ENTER INTO SAID AGREEMENT - L.B.W.O. 10,100.

On February 18, 1960, the State Lands Commission adopted a Resolution (Minute Item 6, page 5617), at the request of the City of Long Beach, approving a Unit Agreement and Unit Operating Agreement for Fault Block II, Wilmington Oil Field. As required by Section 7058 and Section 6879 of the Public Resources Code, the City of Los Angeles, Harbor Department, on April 15, 1960 submitted for Commission approval its Proposed Order consenting to entry into the aforementioned Unit Agreement and Unit Operating Agreement, which agreements were reviewed and approved at the February 1960 Commission meeting.

Certain tide and submerged lands granted by the State to the City of Los Angeles, without reservation by the State of the right to produce oil or gas therefrom, are included within the area of the aforementioned Fault Block II in the Wilmington Field. Such lands have been leased by the Board of Harbor Commissioners of the City of Los Angeles to certain parties signatory to the aforesaid Agreement. The City of Los Angeles, by consenting and approving such execution, becomes a party to the Agreement solely for the purpose of becoming bound by the obligations and receiving benefits respecting royalty interest owners.

Pursuant to Section 6879 of the Public Resources Code, the Proposed Order of the Harbor Department of the City of Los Angeles would make a finding that the inclusion of such tide and submerged lands within the aforesaid Unit Agreement and Unit Operating Agreement is in the interest of safeguarding life, health, welfare, and property, and that the subsidence or sinking of such land and abutting land may possibly be arrested or ameliorated thereby, and that it is in the interest also of increasing the ultimate recovery of oil or gas from such lands, and protecting the oil or gas in said lands from unreasonable waste.

The City of Los Angeles, Harbor Department, has requested approval by the Commission of the execution of the subject Agreement in accordance with Section 7060(b) of the Public Resources Code requiring advance approval of any agreement which may constitute a modification or amendment of original leases between the City of Los Angeles and those lessees signatory to the aforesaid Agreement.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE UNIT AGREEMENT AND UNIT OPERATING AGREEMENT PROPOSED FOR FAULT BLOCK II, WILMINGTON OIL FIELD, INCLUDES TIDE AND SUBMERGED LANDS WHICH HAVE BEEN GRANTED BY THE STATE OF CALIFORNIA TO THE CITY OF LOS ANGELES, HARBOR DEPARTMENT, WITHOUT RESERVATION TO THE STATE OF THE RIGHT TO PRODUCE OIL OR GAS THEREFROM; THAT THE CITY OF LOS ANGELES, HARBOR DEPARTMENT, HAS SUBMITTED SUCH AGREEMENT TO THE STATE LANDS

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COMMISSION FOR APPROVAL; THAT SUCH AGREEMENT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH SAID GRANTED LANDS ARE SUBJECT IS PROHIBITED; AND THAT THE ENTERING INTO AND THE PERFORMANCE OF SUCH AGREEMENT IS IN THE PUBLIC INTEREST.

2. APPROVE THE ENTRY INTO AFORESAID AGREEMENT AND UNIT OPERATING AGREEMENT IN ACCORDANCE WITH SECTION 6879 AND SECTION 7058 OF THE PUBLIC RESOURCES CODE; PROVIDED THAT BEFORE SUCH APPROVAL SHALL BECOME EFFECTIVE THE CITY OF LOS ANGELES, HARBOR DEPARTMENT, SHALL ADOPT AN ORDER DETERMINING THAT SUCH AGREEMENT IS IN THE INTEREST OF
  - (a) INCREASING THE ULTIMATE RECOVERY OF OIL OR GAS FROM SUCH LAND,
  - (b) PROTECTING THE OIL OR GAS IN SAID LANDS FROM UNREASONABLE WASTE,
  - AND (c) ARRESTING OR AMELIORATING THE SUBSIDENCE OR SINKING OF SUCH LANDS AND ABUTTING LANDS.
3. APPROVE THE ENTRY INTO AFORESAID UNIT AGREEMENT AND UNIT OPERATING AGREEMENT ON BEHALF OF THE STATE PURSUANT TO THE PROVISIONS OF SECTION 7060(b) OF THE PUBLIC RESOURCES CODE TO WHATEVER EXTENT THE AGREEMENT IS DEEMED A MODIFICATION OR AMENDMENT, AND PURSUANT TO ALL OTHER APPLICABLE LAW.