

MINUTE ITEM

13. REPRESSURING AGREEMENT, FAULT BLOCK I (RANGER ZONE), CITY OF LOS ANGELES, WILMINGTON OIL FIELD - W.O. 4859, GEO.-LOS ANGELES CO.

After consideration of Supplemental Calendar Item 10 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS:

- A. THAT THE ENTERING INTO AND THE PERFORMANCE UNDER THE WATERFLOODING PROGRAM KNOWN AS "REPRESSURING AGREEMENT COVERING CERTAIN PROPERTIES IN FAULT BLOCK I (RANGER ZONE)", BETWEEN THE CITY OF LOS ANGELES, ACTING BY AND THROUGH ITS BOARD OF HARBOR COMMISSIONERS, AND THE ATLANTIC OIL COMPANY, IS IN THE PUBLIC INTEREST;
- B. THAT AS REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE, SUCH AGREEMENT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED;
- C. THAT SAID AGREEMENT PROVIDES FOR ITS SUBMISSION TO THE STATE LANDS COMMISSION FOR APPROVAL.

2. APPROVES SAID AGREEMENT ENTITLED "REPRESSURING AGREEMENT COVERING CERTAIN PROPERTIES IN FAULT BLOCK I (RANGER ZONE)", BETWEEN THE CITY OF LOS ANGELES, ACTING BY AND THROUGH ITS BOARD OF HARBOR COMMISSIONERS, AND ATLANTIC OIL COMPANY, SUBJECT TO THE EXPRESS CONDITION THAT THE CITY, PRIOR TO INITIATING, CONDUCTING OR OPERATING SAID STAGE I, SHALL OBTAIN CONSENTS TO THIS AGREEMENT FOR INITIATING, CONDUCTING, AND OPERATING SAID STAGE I FROM THE FOLLOWING-NAMED OPERATORS (OR THEIR SUCCESSORS IF ANY THERE BE AT THE TIME OF THE EXECUTION OF THIS AGREEMENT) OF ADJACENT AND NEARBY PRODUCING OIL WELL, TO WIT:

HUMBLE OIL & REFINING COMPANY (SUCCESSOR TO G. E. KADANE & SONS AND BROCKLINE OIL COMPANY);

LOCKWIN OIL & GAS COMPANY;

SEA SHORE OIL CORPORATION;

MORTON AND DOLLEY, A CO-PARTNERSHIP;

CONTINENTAL OIL COMPANY (SUCCESSOR TO DOUGLAS OIL CO. OF CALIFORNIA);

K.G.S. OIL CO., A GENERAL CO-PARTNERSHIP;

SOCONY MOBIL OIL COMPANY, INC.;

TERMINAL OIL COMPANY (SUCCESSOR TO INTERSTATE PETROLEUM CORPORATION);

JAMES J. ARDITTO; AND

FRANK J. WATERS.

9270

Attachment
Calendar Item 10 (3 pages)

A 39 & 44
e 38

SUPPLEMENTAL CALENDAR ITEM

10.

REPRESSURING AGREEMENT, FAULT BLOCK I (RANGER ZONE), CITY OF LOS ANGELES, WILMINGTON OIL FIELD - W.O. 4859.

In accordance with the provisions of Section 6879 of the Public Resources Code, the Board of Harbor Commissioners of the City of Los Angeles has submitted for approval by the State Lands Commission an agreement entitled "Repressuring Agreement Covering Certain Properties in Fault Block I (Ranger Zone)", between the City of Los Angeles, acting by and through its Board of Harbor Commissioners, and Atlantic Oil Company.

The Atlantic Oil Company holds leases for the purpose of developing and extracting oil, gas, and other hydrocarbon substances from lands, including granted tidelands, held by the City of Los Angeles. These lands are situated in Fault Block I of the Wilmington Oil Field.

Limited waterflooding operations have been carried on under a cooperative agreement in Fault Block I by the Atlantic Oil Company and the Union Pacific Railroad Company. These limited waterflooding operations have proved successful; therefore, the Atlantic Oil Company and the City of Los Angeles now desire to extend and expand this waterflood through additional water-injection wells. These injection wells are proposed in order to supplement the existing program conducted under the cooperative agreement. In the opinion of the engineering subcommittee, the waterflood and pressure-maintenance program, as outlined, can be made effective and should result in the arresting of subsidence.

Under the terms of the proposed agreement, Atlantic will perform the necessary work at its own expense, including the drilling of two new water-injection wells and the conversion of two producing wells to injectors. One of these producing wells, Terminal 12, has now been converted into an injection well under the existing cooperative agreement. The City will retain control over the rates of water injection for the purposes of obtaining the highest possible ultimate oil recovery, of avoiding excessive injury to adjoining or nearby oil operators, and of aiding and arresting or ameliorating land subsidence or the possibility thereof, or for any other reasonable purpose.

The City of Los Angeles has: (1) made the determination required by Section 6879 of the Public Resources Code that this agreement is in the public interest of increasing the ultimate recovery of oil or gas from such lands, or of protecting the oil or gas in said lands from unreasonable waste, or that subsidence or sinking of such lands and abutting lands may possibly be arrested or ameliorated thereby; (2) agreed, prior to the initiation of water-injection operations under this agreement, to file with the State Lands Commission consents and releases from liability for damage from each of the operators of adjacent and nearby producing wells; (3) agreed that when a new oil and gas lease is entered into for that certain tract of land known as "Harbor Parcel A-3", previously covered by an oil and gas lease between the City of Los Angeles and Zephyr Oil Company, such new oil and gas lease shall contain a provision consenting to the subject repressuring agreement.

SUPPLEMENTAL CALENDAR ITEM 10. (CONTD.)

The proposed engineering plan provides for two consecutive stages of development; however, only that work provided for in Stage I is authorized in the subject repressuring agreement. Stage I, which provides for obtaining the necessary "hold harmless agreements", proposes converting two producing wells to injector wells and the drilling of two new injection wells, was approved by the State Oil and Gas Supervisor on October 27, 1961.

The staff has reviewed this proposed plan and is of the opinion that the proposed injection rates are proper, and that the proposed waterflood will increase the amount of oil ultimately recovered from the reservoir.

The office of the Attorney General has stated that the proposed repressuring agreement contains the provisions required by Public Resources Code Section 6879, and that it may be approved by the State Lands Commission provided that: (1) the City of Los Angeles first determines that the agreement is in the interest of increasing the ultimate recovery of oil or gas from such lands, or of the protection of oil or gas in said lands from unreasonable waste, or that the subsidence or sinking of such lands and abutting lands may possibly be arrested or ameliorated thereby; (2) the consents and releases from liability specified in the repressuring agreement are obtained.

The City of Los Angeles has made the determination required.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND:

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2. APPROVE SAID AGREEMENT ENTITLED "REPRESSURING AGREEMENT COVERING CERTAIN PROPERTIES IN FAULT BLOCK I (RANGER ZONE)", BETWEEN THE CITY OF LOS ANGELES, ACTING BY AND THROUGH ITS BOARD OF HARBOR COMMISSIONERS, AND ATLANTIC OIL COMPANY, SUBJECT TO THE EXPRESS CONDITION THAT THE CITY, PRIOR TO INITIATING, CONDUCTING OR OPERATING SAID STAGE I, SHALL OBTAIN CONSENTS TO THIS AGREEMENT FOR INITIATING, CONDUCTING, AND OPERATING SAID STAGE I FROM THE FOLLOWING-NAMED OPERATORS (OR THEIR SUCCESSORS IF ANY THERE BE AT THE TIME OF THE EXECUTION OF THIS AGREEMENT) OF ADJACENT AND NEARBY PRODUCING OIL WELL, TO WIT:

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