

MINUTE ITEM

22. CONSIDERATION OF SUBSIDENCE COSTS PROJECTS, LONG BEACH - L.B.W.O. 10,125.

After consideration of Calendar Item 28 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION APPROVES SUCH COSTS PROPOSED TO BE EXPENDED BY THE CITY OF LONG BEACH, INCLUDING SUBSIDENCE REMEDIAL WORK, AS INDICATED ON EXHIBIT "A" ATTACHED AND HEREBY MADE A PART HEREOF, FOR THE PERIOD MAY 28, 1964, TO TERMINATION DATE; SUBJECT TO THE CONDITIONS: (1) THAT THE AMOUNTS, IF ANY, OF EACH OF THE ITEMS TO BE ALLOWED ULTIMATELY AS SUBSIDENCE COSTS, DEDUCTIBLE UNDER SECTION 5(a) OF CHAPTER 29, STATUTES OF 1956, 1ST E.S., WILL BE DETERMINED BY THE COMMISSION UPON AN ENGINEERING REVIEW AND FINAL AUDIT SUBSEQUENT TO THE TIME WHEN THE WORK UNDER ANY OF THESE ITEMS IS COMPLETED; (2) THAT THE WORK CONFORM IN ESSENTIAL DETAILS TO THE PLANS AND BACKGROUND MATERIAL HERETOFORE SUBMITTED TO THE COMMISSION. FURTHER, THAT THE EXECUTIVE OFFICER, THE ASSISTANT EXECUTIVE OFFICER OF THE SUPERVISING MINERAL RESOURCES ENGINEER ARE AUTHORIZED TO EXECUTE APPROPRIATE WRITTEN INSTRUMENTS REFLECTING THE COMMISSION'S CONDITIONAL APPROVAL.

Attachments

Exhibit "A" (1 page)

Calendar Item 28 (3 pages)

EXHIBIT "A"

LONG BEACH WORK ORDER NO. 10,125 - Addition No. 1 to Project and Estimate
Submitted by the Port of Long Beach, CHANNEL-2 PROPERTIES.

| <u>ITEM</u> | <u>AFE</u> | <u>WORK PROPOSED</u> | <u>LBHD ESTIMATED SUBPROJECT EXPENDITURE MAY 28, 1964 TO TERMINATION</u> | <u>ESTIMATED SUBSIDENCE COSTS</u> |
|-------------|------------|--|--|---|
| 1 | 492 | Earth Fill, Berths 83-87, Back Area (2nd Phase) | \$1,320,000 | \$897,600 (68%) |
| 2 | 611 | Raise Oil Facilities Berths 83-87, Back Area (2nd Phase) | \$ 85,000 | \$ 85,000 (100%) |

NOTE:

1. The term "1st Phase" consists of costs of preliminary work expended subsequent to review of preliminary plans and/or other adequate description. (Typical "1st Phase" costs are engineering design, contract administration and advertising, preparation of site by Harbor Department forces.) For work within the same approved time period any excess of "1st Phase" approved costs over actual expenditures may be added to "2nd Phase" approvals after date of "2nd Phase" approvals.
2. The term "2nd Phase" consists of additional costs approved subsequent to review of detail construction plans and/or other data sufficient to guide construction operations.

CALENDAR ITEM

28.

CONSIDERATION OF SUBSIDENCE COSTS PROJECTS, LONG BEACH - L.B.W.O. 10,125.

The City of Long Beach, through the Port of Long Beach, has presented for consideration and conditional approval the costs to be disbursed subsequent to May 28, 1964, for work to be done on Channel-2 Properties, consisting of the placement of area-wide earth fills and raising of oil wells, and the raising and relocating of oil facilities. Refer to Exhibits "A", "B", "C", and "D" attached.

The earth fills under consideration herein will be placed over approximately 40.7 acres of the 93 acres purchased in December 1957, by the Harbor Department, from the Pacific Dock and Terminal Company, at a cost of \$3,400,000. At the time of purchase, the land had subsided approximately fourteen feet at the southerly edge and approximately six feet in the northerly portions. In August 1963, measurements indicated total subsidence to be approximately 18 feet at the southerly edge and 6½ feet at the northerly portion of the property. Existing elevations range between +1.5 Mean Lower Low Water at the southern edge to +9.0 MLLW at the northern portion. At this time, the Harbor Department will place fills on the property to top elevations of +14 feet and +16 feet above MLLW, as shown on Exhibit "C". Since the rate of subsidence appears to be substantially arrested, the staff considers fills between original pre-subsidence elevations (tentatively established at +12.0 MLLW) and the proposed elevations of +14.0 MLLW and +16 MLLW, as shown on Exhibit "C", to be betterment features in the work, and accordingly has reduced the subsidence estimate of the fill work to less than 100% as shown on attached Exhibit "A".

The estimate by the Harbor Department of cost of raising oil wells and oil facilities on the property is as follows:

| | |
|-----------------------------------|------------------|
| Raise four wells at \$10,000 each | \$ 40,000 |
| Remove and consolidate tank farms | 25,000 |
| Subtotal | <u>\$ 65,000</u> |

After adding contingency and engineering estimates, the total request for oil well and oil facility work becomes \$85,000.

The staff has reviewed recent production of the four wells under consideration, and has determined that one well is noncommercial, producing about two barrels per day. Upon notification of the staff determination, the Harbor Department stated that no well may be abandoned without specific approval of the Working-Interest-Owners of Fault Block IV; and that as to this particular well, future plans are to convert its status from production in the Ranger Zone to water injection in the Lower Terminal Zone.

This subproject has received additional staff review, and is considered to contain some "subsidence costs" as defined in Section 1(f) of Chapter 29, Statutes of 1956, 1st E.S., but not necessarily all of those costs as estimated by the City of Long Beach.

CALENDAR ITEM 28. (CONTD.)

In review of land acquisitions by the Harbor Department, an opinion of the Attorney General's office, dated November 19, 1959, is summarized in two parts:

- "1. The basic principle applicable to the determination of subsidence costs available to the City in connection with land acquisitions necessitated by subsidence is that such costs are limited to the amounts by which the costs of acquiring, filling, and otherwise rehabilitating the private lands exceed their ultimate value for purposes unrelated to subsidence.
- '2. Where lands are acquired by the City through the expenditure of express trust moneys with the aid of subsidence deductions, said lands are trust assets of which the State has beneficial title; however, the State does not participate in the ownership, revenues, or enhanced values of said lands except in its capacity as beneficiary of said trust."

IT IS RECOMMENDED THAT THE COMMISSION APPROVE SUCH COSTS PROPOSED TO BE EXPENDED BY THE CITY OF LONG BEACH, INCLUDING SUBSIDENCE REMEDIAL WORK, AS INDICATED ON EXHIBIT "A" ATTACHED AND HEREBY MADE A PART HEREOF, FOR THE PERIOD MAY 28, 1964, TO TERMINATION DATE; SUBJECT TO THE CONDITIONS: (1) THAT THE AMOUNTS, IF ANY, OF EACH OF THE ITEMS TO BE ALLOWED ULTIMATELY AS SUBSIDENCE COSTS, DEDUCTIBLE UNDER SECTION 5(a) OF CHAPTER 29, STATUTES OF 1956, 1ST E.S., WILL BE DETERMINED BY THE COMMISSION UPON AN ENGINEERING REVIEW AND FINAL AUDIT SUBSEQUENT TO THE TIME WHEN THE WORK UNDER ANY OF THESE ITEMS IS COMPLETED; (2) THAT THE WORK CONFORM IN ESSENTIAL DETAILS TO THE PLANS AND BACKGROUND MATERIAL HERETOFORE SUBMITTED TO THE COMMISSION. IT IS RECOMMENDED FURTHER THAT THE EXECUTIVE OFFICER, THE ASSISTANT EXECUTIVE OFFICER OR THE SUPERVISING MINERAL RESOURCES ENGINEER BE AUTHORIZED TO EXECUTE APPROPRIATE WRITTEN INSTRUMENTS REFLECTING THE COMMISSION'S CONDITIONAL APPROVAL.

Attachment
Exhibit "A"

EXHIBIT "A"

LONG BEACH WORK ORDER NO. 10,125 - Addition No. 1 to Project and Estimate Submitted by the Pct of Long Beach, CHANNEL-2 PROPERTIES.

| <u>ITEM</u> | <u>AFE</u> | <u>WORK PROPOSED</u> | <u>LBHD ESTIMATED SUBPROJECT EXPENDITURE MAY 28, 1964 TO TERMINATION</u> | <u>ESTIMATED SUBSIDENCE COSTS</u> |
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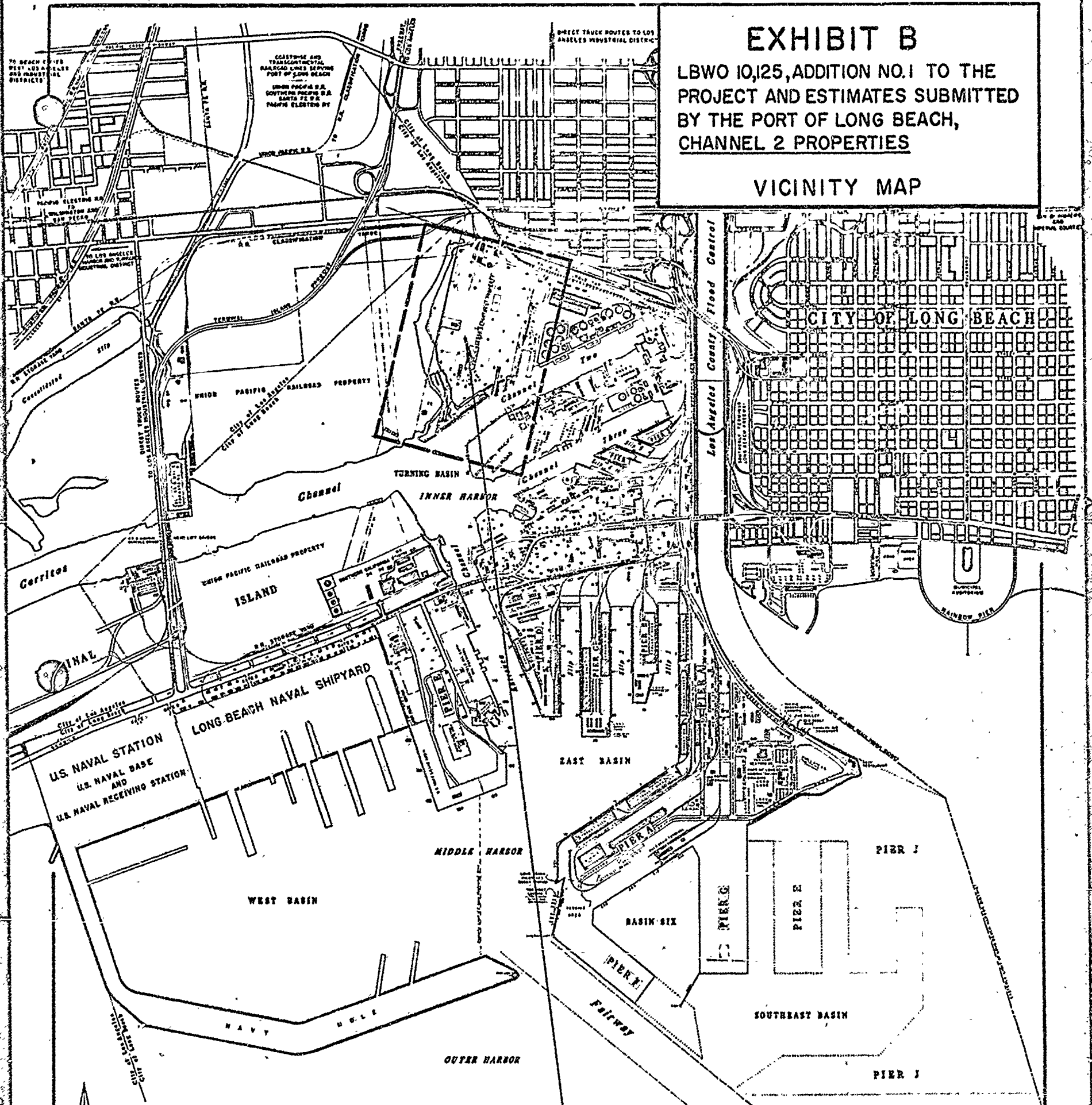
NOTE:

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EXHIBIT B

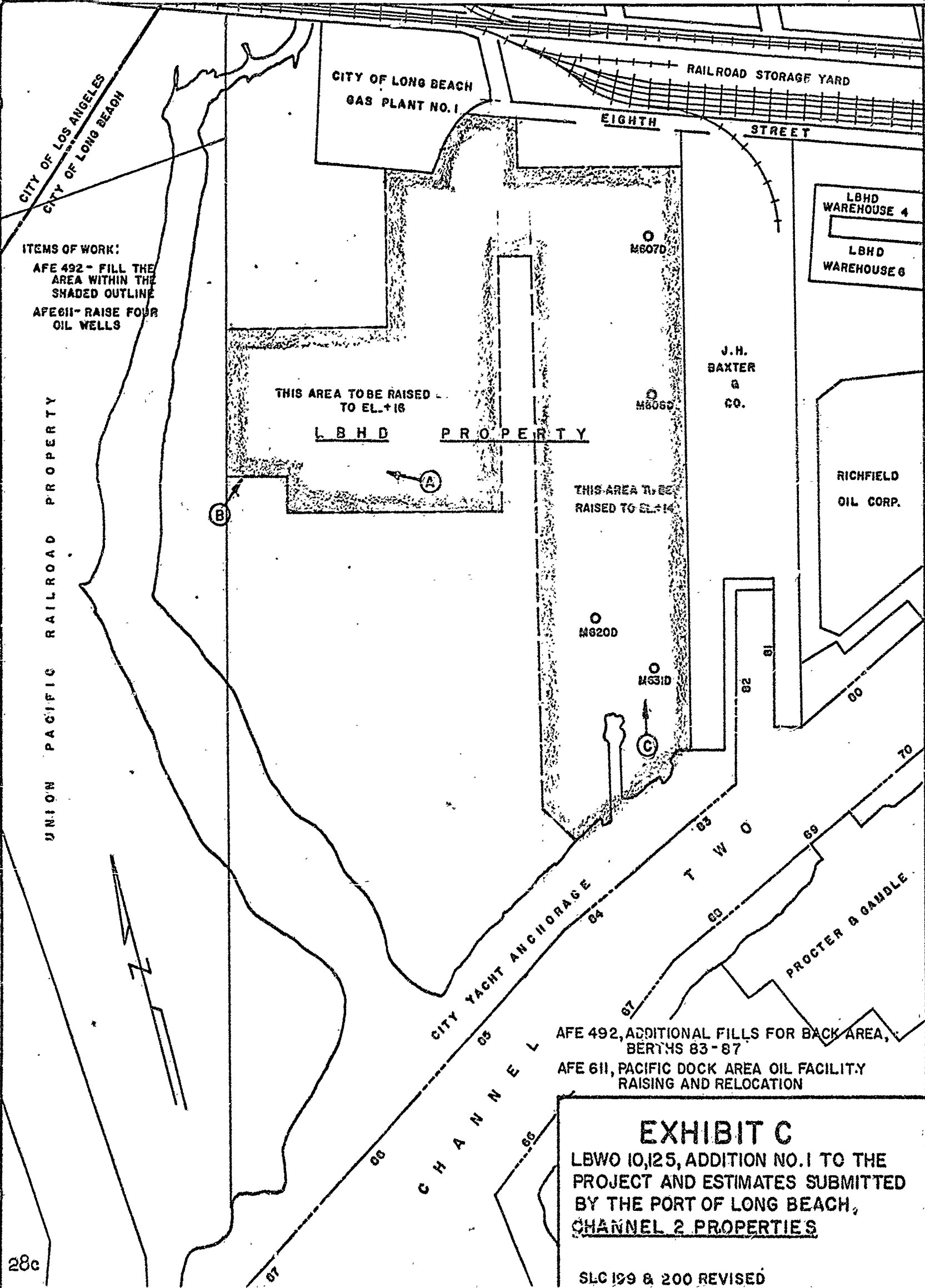
LBWO 10,25, ADDITION NO.1 TO THE PROJECT AND ESTIMATES SUBMITTED BY THE PORT OF LONG BEACH, CHANNEL 2 PROPERTIES

VICINITY MAP



PROJECT LOCATION

AFE 492, BERTHS 83-87, ADDITIONAL FILLS FOR BACK AREA
AFE 611, PACIFIC DOCK AREA OIL FACILITY RAISING AND RELOCATION



ITEMS OF WORK:
 AFE 492 - FILL THE AREA WITHIN THE SHADED OUTLINE
 AFE 611 - RAISE FOUR OIL WELLS

THIS AREA TO BE RAISED TO EL. +16

L. B. H. D. P R O P E R T Y

THIS AREA TO BE RAISED TO EL. +14

AFE 492, ADDITIONAL FILLS FOR BACK AREA, BERTHS 83-87

AFE 611, PACIFIC DOCK AREA OIL FACILITY RAISING AND RELOCATION

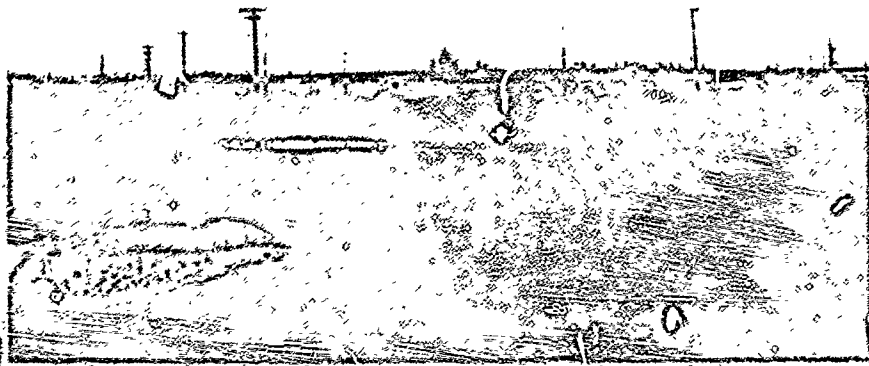
EXHIBIT C
 LBWO 10, 25, ADDITION NO. 1 TO THE PROJECT AND ESTIMATES SUBMITTED BY THE PORT OF LONG BEACH, CHANNEL 2 PROPERTIES

SLC 199 & 200 REVISED

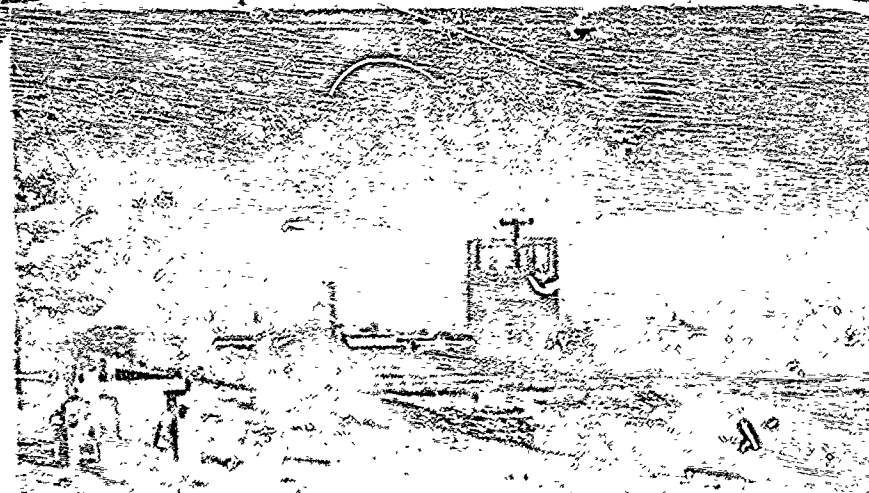
28c

EXHIBIT "D"
LBWO 10,125
ADDITION #1

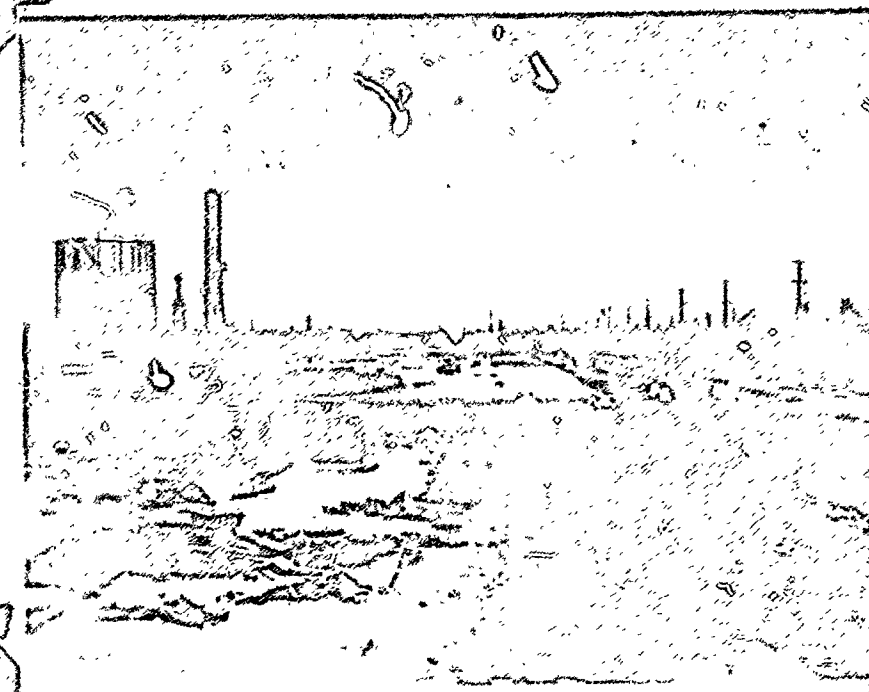
Project and estimates submitted by the Port of Long Beach; refer to Exhibit "C" for orientation of views.
Photographs taken 4/2/64



View A. Looking north of west. Note standing water. Dike in background marks west boundary of property. Well M-611-D against dike, at end of trench. Trench dug to remove 12" pipe line. Pipe on surface is oil line.



View B. Looking northerly from west boundary dike. Structure in left foreground is target and bench mark on boundary. City Gas Plant is on north boundary.



View C. Looking north from near south-east corner of property. Work-over rig at left is pulling tubes at well 101-W. Well to be plugged and abandoned.