

MINUTE ITEM

5. RETENTION OF CONSULTANTS, OIL AND GAS OPERATIONS, TIDE AND SUBMERGED LANDS, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,155; W.O. 5200.2.3.

Calendar Item 3 attached was presented verbatim by the Executive Officer.

Commissioner Champion suggested that the Executive Officer negotiate the agreement, subject to clearance with the members of the Commission through informal conference.

Commissioner Cranston noted for the record that he was impressed with the capacity and qualifications of the several firms which had expressed interest in the contract. He pointed out that while it was necessary at this stage to select one firm, such action would not necessarily preclude the possibility of contracting with other firms at a later time, considering the potential magnitude of the Long Beach operation and the State's needs in this regard.

Mr. Alan Sieroty (representing Commissioner Glenn M. Anderson in a non-voting capacity) concurred in the recommendation and motion, and thanked those who had submitted proposals for their interest.

Commissioner Hale Champion added his thanks to those of Mr. Sieroty, noted that the Commission had a monumental task ahead, and called attention to the fact that the permanent State staff must necessarily be expanded in order to handle the additional workload. This fact, however, would not necessarily eliminate the need for specialized consultants in the future.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

THE COMMISSION:

1. DESIGNATES DeGOLYER AND MacNAUGHTON OF DALIAS, TEXAS, TO BE RETAINED AS CONSULTANTS TO ASSIST THE COMMISSION BY RECOMMENDATIONS RELATING TO:
 - A. EVALUATION OF THE BIDS RECEIVED FOR THE CONTRACTORS' INTERESTS IN THE LONG BEACH UNIT;
 - B. APPROVAL OF INITIAL PROGRAMS FOR THE CONDUCT OF DEVELOPMENT, PRODUCTION, AND WATER-INJECTION OPERATIONS TO ASSURE OPTIMUM OPERATIONAL DEVELOPMENT FOR THE ECONOMIC AND EFFICIENT RECOVERY OF OIL AND GAS FROM THE UNITIZED AREA;
 - C. EVALUATION OF THE SCOPE OF FUTURE SERVICES AND PROGRAMS NECESSARY FOR THE OPTIMUM DEVELOPMENT OF OIL AND GAS FROM THE TIDE AND SUBMERGED LANDS IN THE CITY OF LONG BEACH.

2. AUTHORIZES THE EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE A STANDARD AGREEMENT WITH DeGOLYER AND MacNAUGHTON FOR THE SERVICES TO BE RENDERED, IN AN AMOUNT NOT TO EXCEED \$100,000, SUBJECT TO INFORMAL CONFERENCES ONLY WITH MEMBERS OF THE COMMISSION TO MAKE CERTAIN THE AGREEMENT IS SATISFACTORY, AND FURTHER SUBJECT TO REQUISITE APPROVALS BY THE DIRECTOR OF FINANCE AND BY THE DEPARTMENT OF GENERAL SERVICES.

Attachment

Calendar Item 3 (2 pages)

CALENDAR ITEM

3.

RETENTION OF CONSULTANTS, OIL AND GAS OPERATIONS, TIDE AND SUBMERGED LANDS, WILMINGTON OIL FIELD; LOS ANGELES COUNTY - L.B.W.O. 10,155.

On November 13, 1964, the Commission directed the staff to determine the availability of consultants to assist the Commission in the development and implementation of management programs for tide and submerged land oil and gas operations at Long Beach.

Twelve interested organizations offering consultant services in the exploration and development of oil and gas reservoirs were supplied with the material necessary to determine the magnitude, type, and variety of services that are required.

The material supplied included a general scope outline of the work to be performed, the Notice Inviting Bids for Contractors' Agreement, Long Beach Unit, the Unit Documents, the Contractors' Agreement, and copies of Chapter 29 and Chapter 138 of the Statutes of 1956 and 1964 respectively.

Eight of the groups contacted have requested that retention of their services under contract be considered. Not all of the interested groups have within their present organization the personnel required to perform all of the necessary duties, which would include personnel experienced in engineering, geology, legal, auditing, and management control phases of the development of oil and gas reservoirs. It appears that most of these qualified firms do not have relationships, obligations, or interests that would conflict with the performance of the services in connection with these operations that are required by the Commission.

In order to perform the services required, it will be necessary for the consulting firm to review and analyze the development and economics of the production of oil and gas from the unitized area in accordance with the provisions of the documents and applicable statutes. This will also require a thorough review of data developed through operations in the currently productive portion and all available geologic information covering the undeveloped portion of the Wilmington Oil Field.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DESIGNATE
TO BE RETAINED AS CONSULTANTS UNDER A SERVICE CONTRACT IN THE GENERAL FORM ATTACHED TO ASSIST THE COMMISSION BY RECOMMENDATIONS RELATING TO:
 - A. EVALUATION OF THE BIDS RECEIVED FOR THE CONTRACTORS' INTERESTS IN THE LONG BEACH UNIT.
 - B. APPROVAL OF INITIAL PROGRAMS FOR THE CONDUCT OF DEVELOPMENT, PRODUCTION, AND WATER-INJECTION OPERATIONS TO ASSURE OPTIMUM OPERATIONAL DEVELOPMENT FOR THE ECONOMIC AND EFFICIENT RECOVERY OF OIL AND GAS FROM THE UNITIZED AREA.

CALENDAR ITEM 3. (CONTD.)

- C. EVALUATION OF THE SCOPE OF FUTURE SERVICES AND PROGRAMS NECESSARY FOR THE OPTIMUM DEVELOPMENT OF OIL AND GAS FROM THE TIDE AND SUBMERGED LANDS IN THE CITY OF LONG BEACH.
2. AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE A STANDARD AGREEMENT WITH THE DESIGNATED CONSULTANTS FOR THE SERVICES TO BE RENDERED AT AN AMOUNT NOT TO EXCEED \$ _____, SUBJECT TO REQUISITE APPROVALS BY THE DIRECTOR OF FINANCE AND THE DEPARTMENT OF GENERAL SERVICES.