

33. COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS (INJECTION WELL NO. WI-11), RANGER ZONE, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.505.1.

After consideration of Calendar Item 29 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS:

- A. THAT THE COOPERATIVE AGREEMENT (INJECTION WELL NO. WI-11) BETWEEN THE CITY OF LONG BEACH, RICHFIELD OIL CORPORATION, AND STANDARD OIL COMPANY OF CALIFORNIA, 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 SUCH AGREEMENT IS IN THE PUBLIC INTEREST.
2. APPROVES THE AFORESAID COOPERATIVE AGREEMENT ON BEHALF OF THE STATE, PURSUANT TO APPLICABLE LAW.

Attachment

Calendar Item 29 (2 pages)

COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS (INJECTION WELL NO. WI-11),
RANGER ZONE, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.A.W.O. 5200.505.1.

The City of Long Beach, pursuant to applicable statutes, has submitted to the State Lands Commission for approval a "Cooperative Agreement (Injection Well WI-11)" between the City of Long Beach, Richfield Oil Corporation, and Standard Oil Company of California. This agreement provides for the drilling and operation of one water-injection well on a cooperative basis into the Ranger Zone underlying both properties owned by the City and properties leased by Standard, in order to prevent the migration of oil, gas, water, or other fluids between properties. This proposed water-injection operation will increase reservoir pressures within the producing zone, and will substantially increase the amount of oil economically recoverable for the mutual benefit of the parties.

Under the terms of the agreement, a nearly rectangular restricted area (approximately 1100' x 800') will be established around the location of proposed injection well WI-11 (as shown on the attached Exhibit "B"). In addition to the wells presently existing within this restricted area, the agreement sets forth the proposed location for injection well WI-11 and for two production wells that may be drilled by Richfield at the direction of the City. Except as may be otherwise specifically agreed, no other wells shall be opened for production or for water-injection in the restricted area.

Standard will drill injection well WI-11 (with the midpoint of the injection interval located as shown on the attached exhibit). In order to equalize approximately the burdens of the parties for the drilling of said injection well, the City agrees to pay Standard thirty thousand dollars (\$30,000) or one-third the cost of drilling the well, whichever is less. Standard and the City will own respectively a two-thirds interest and a one-third interest in all well equipment included in the cost of drilling said well.

Additionally, the City agrees to pay Standard seventy-five thousand dollars (\$75,000) as compensation for assuming the entire cost of operating injection well WI-11 for a 20-year period. This payment represents one-half the present worth of Standard's estimated operating costs for 20 years. The agreement provides for adjustment of this payment should the actual drilled location of the well favor either Standard or the City.

The City and Richfield on one hand, and Standard as to land owners or royalty owners whose lands are covered by leases or agreements held by Standard, on the other, will release each other from damages and claims resulting from water injection and each will indemnify and hold harmless the other against the claims of such land owners or royalty owners resulting from water-injection into lands covered by the agreement. No party to the agreement assumes any responsibility for damages to any third party resulting from the operations of any other party.

When production from Standard's properties has reached its economic limit and Standard is ready to abandon such properties, this agreement provides that Standard shall offer to turn over to the City, Standard's interest in all wells and facilities located on the Standard properties that the City feels

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are required to maintain reservoir pressures. In that event, the City shall pay Standard the salvage value for Standard's interest in such equipment and facilities as are left on the property at the request of the City, and the City shall give Standard reasonable indemnities that it will properly plug the wells at its own expense at such time as the wells are abandoned.

The proposed agreement shall become effective as of the date of execution by the last signatory party, and shall continue in force for so long thereafter as both the City operates the City properties and Standard operates the Standard properties. The agreement provides for modification by mutual consent; such modifications will be submitted to the Commission for approval (Exhibit "C").

The City Council of the City of Long Beach, on October 19, 1965, approved the proposed cooperative agreement and, by resolution, determined that the agreement is in the interest of increasing the ultimate recovery of oil or gas from such lands, or of protecting the oil or gas in said lands from any unreasonable waste, or that subsidence or sinking of such lands and abutting lands possibly may be arrested or ameliorated thereby.

The proposed agreement 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 staff has reviewed the agreement and has found that implementation of the provisions of the agreement will substantially increase the ultimate amount of oil economically recoverable from the Ranger Zone.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND:

a. THAT THE COOPERATIVE AGREEMENT (INJECTION WELL NO. WI-11) BETWEEN THE CITY OF LONG BEACH, RICHFIELD OIL CORPORATION, AND STANDARD OIL COMPANY OF CALIFORNIA, 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 SUCH AGREEMENT IS IN THE PUBLIC INTEREST.

2. APPROVE THE AFORESAID COOPERATIVE AGREEMENT ON BEHALF OF THE STATE, PURSUANT TO APPLICABLE LAW.