

36. APPROVAL OF HUNTINGTON BEACH "LINE FLOOD AGREEMENT", E-392.1, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY, AND STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W.O. 6770.

After consideration of Calendar Item 37 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS AS TO OIL AND GAS LEASE E-392.1:
 - A. THAT A COOPERATIVE PLAN OF OPERATION OF THE POOL IS NECESSARY OR ADVISABLE IN THE PUBLIC INTEREST;
 - B. THAT THE CONSERVATION OF NATURAL PRODUCTS REQUIRES THE AGREEMENT AND THAT THE INTEREST OF THE STATE MAY BE BEST SUBSERVED BY THE AGREEMENT.
2. APPROVES THE "LINE FLOOD AGREEMENT (AGREED COMMON LINE - HUNTINGTON BEACH)" ENTERED INTO OCTOBER 1, 1965, BETWEEN STANDARD OIL COMPANY OF CALIFORNIA AND SIGNAL OIL AND GAS COMPANY, A COPY OF WHICH IS MADE A PART HEREOF BY REFERENCE TO THE OFFICIAL FILES OF THE COMMISSION. THE AGREEMENT IS APPROVED SUBJECT TO THE CONDITION THAT NO WELLS EITHER SURFACED OR BOTTOMED WITHIN LANDS INCLUDED IN LEASE E-392.1, PURSUANT TO THE AGREEMENT, BE OPERATED BY ANY PARTY OTHER THAN SIGNAL OIL AND GAS COMPANY WITHOUT PRIOR WRITTEN APPROVAL OF THE STATE.

Attachment

Calendar Item 37 (2 pages)

REQUEST FOR APPROVAL OF HUNTINGTON BEACH "LINE FLOOD AGREEMENT", E-392.1, ORANGE COUNTY; SIGNAL OIL AND GAS COMPANY, AND STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. - W.O. 6770.

Oil and Gas Easement 392.1, containing 835 acres more or less of tide and submerged lands in Orange County, was issued September 26, 1938, to Southwest Exploration Company, pursuant to competitive public bidding. On September 25, 1958, in accordance with Section 6826 of the Public Resources Code, the Commission issued a new lease in exchange for Lease E-392.1. The lease is now held by Signal Oil and Gas Company.

An Amendment and Modification (Secondary Recovery) was approved by the Commission on November 6, 1963.

Signal Oil and Gas Company has submitted to the Commission for approval a "Line Flood Agreement" for water-injection operations entered into by Signal Oil and Gas Company and Standard Oil Company of California. The agreement will permit Signal to proceed with water-injection operations along the common boundary between E-392.1 and Standard's P.E. lease, in order to balance reservoir pressures, to prevent the migration of oil, gas, water, and other fluids in the Jones Zone, and to increase reservoir pressure.

Under the terms of the proposed agreement and in accordance with the program submitted, three water-injection wells are to be drilled. The program may be expanded to provide for additional injection wells in order to accomplish the desired objectives. Neither Signal nor Standard shall produce from nor inject water into the Jones Zone through a perforated interval within 300 feet of the common boundary line without the written consent of the other party. The lease provides that the State shall have the right to restrict the spacing of wells. The staff has reviewed the Agreement, and has found that initiation of such a program is desirable and will help to prevent migration of oil from State lands and to increase reservoir pressure, and is in the best interests of the State.

Sections 6832 and 6833 of the Public Resources Code provide for such water-flood agreements upon approval by the State Lands Commission.

The Office of the Attorney General has reviewed the proposed agreement and has advised:

- A. That the Agreement is necessary or advisable in the public interest; and
- B. That the conservation of natural products or the public convenience and necessity require the Agreement, and that the interests of the State may be best subserved by the Agreement.

The State Oil and Gas Supervisor approved a water-flood project for E-392.1 on December 9, 1963, for the Jones Zone.

CALENDAR ITEM 37. (CONTD.)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND AS TO OIL AND GAS LEASE E-392.1:
 - A. THAT A COOPERATIVE PLAN OF OPERATION OF THE POOL IS NECESSARY OR ADVISABLE IN THE PUBLIC INTEREST;
 - B. THAT THE CONSERVATION OF NATURAL PRODUCTS REQUIRES THE AGREEMENT AND THAT THE INTEREST OF THE STATE MAY BE BEST SUBSERVED BY THE AGREEMENT.
2. APPROVE THE "LINE FLOOD AGREEMENT (AGREED COMMON LINE - HUNTINGTON BEACH)" ENTERED INTO OCTOBER 1, 1965, BETWEEN STANDARD OIL COMPANY OF CALIFORNIA AND SIGNAL OIL AND GAS COMPANY, A COPY OF WHICH IS MADE A PART HEREOF BY REFERENCE TO THE OFFICIAL FILES OF THE COMMISSION. THE AGREEMENT IS APPROVED SUBJECT TO THE CONDITION THAT NO WELLS EITHER SURFACED OR BOTTOMED WITHIN LANDS INCLUDED IN LEASE E-392.1, PURSUANT TO THE AGREEMENT, BE OPERATED BY ANY PARTY OTHER THAN SIGNAL OIL AND GAS COMPANY WITHOUT PRIOR WRITTEN APPROVAL OF THE STATE.