

30. COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS, FAULT BLOCK IV - FAULT BLOCK V RANGER ZONE UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.505.7.

After consideration of Calendar Item 7 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS THAT ENTERING INTO AND THE PERFORMANCE OF THE "FAULT BLOCK IV - FAULT BLOCK V COOPERATIVE AGREEMENT FOR RANGER ZONE WATER INJECTION OPERATIONS (SANTA FE AVENUE-HARBOR ENTRANCE FAULT AREA)", WITH MOBIL OIL CORPORATION, ACTING IN ITS CAPACITY AS UNIT OPERATOR FOR UNIT SEGMENT II AND AS UNIT COORDINATOR OF THE FAULT BLOCK IV UNIT, AND ALSO ACTING IN ITS CAPACITY AS UNIT OPERATOR FOR UNIT SEGMENT II AND AS UNIT COORDINATOR OF THE FAULT BLOCK V RANGER ZONE UNIT, IS IN THE PUBLIC INTEREST.
2. APPROVES THE AFORESAID COOPERATIVE AGREEMENT ON BEHALF OF THE STATE PURSUANT TO APPLICABLE LAW.

Attachment

Calendar Item 7 (2 pages)

7.

COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS, FAULT BLOCK IV - FAULT BLOCK V RANGER ZONE UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.505.7.

The City of Long Beach, pursuant to applicable statute, has submitted to the State Lands Commission for approval a "Fault Block IV - Fault Block V Cooperative Agreement for Ranger Zone Water-Injection Operations (Santa Fe Avenue-Harbor Entrance Fault Area)", with Mobil Oil Corporation, acting in its capacity as Unit Operator for Unit Segment II and as Unit Coordinator of the Fault Block IV Unit, and also acting in its capacity as Unit Operator for Unit Segment II and as Unit Coordinator of the Fault Block V Ranger Zone Unit. This agreement will permit the parties to conduct water-injection operations on a cooperative basis in the Ranger Zone along a portion of the common boundary between the Fault Block IV Unit and the Fault Block V Ranger Zone Unit in order to balance reservoir pressures and prevent the migration of oil, gas, water, or other fluids.

Under the terms of the proposed agreement, a restricted area will be established extending 400 feet on either side of the common boundary between Anaheim Street and a point 1,165' southerly of the centerline of the Southern Pacific Railroad Company right-of-way.

The Fault Block IV Unit Operator and the Fault Block V Ranger Zone Unit Operator each will convert one well to water injection within the restricted area. Presently, the Fault Block IV Unit has six production wells and the Fault Block V Ranger Zone Unit has five production wells operating in this restricted section. Unless otherwise specifically agreed, no other wells, either producers or injectors, shall be opened for production or for water injection within the restricted area.

Each of the parties agrees to inject water into each injection well within its area of operation at the rate of approximately 1500 barrels per day in order to balance reservoir pressures in the Ranger Zone on the two sides of the common boundary. No major permanent change in the water-injection rate in any injection well shall be made without the approval of the Working Interest Owners of the Unit.

The cost of all wells converted to injection and of all water injected therein shall be borne by such party, and each party shall be responsible for the operations on its own property.

The Fault Block IV interests release Fault Block V from all claims for damages resulting from the injection of water into the restricted section of Fault Block V, and, reciprocally, the Fault Block V interests release Fault Block IV from all claims for damages resulting from the injection of water into the restricted section of Fault Block V.

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The proposed agreement shall become effective as of the date of execution by the signatory parties and shall continue in force for so long thereafter as both the Fault Block IV and V Units continue in effect, except that it may be cancelled earlier by mutual consent of the parties.

The City Council of the City of Long Beach, by resolution adopted June 18, 1968, approved the subject agreement and determined that it is in the interest of increasing the ultimate recovery of oil and gas, and of protecting the oil and gas in the subject lands from unreasonable waste, and that subsidence or sinking of such lands and abutting lands possibly may be arrested or ameliorated thereby. Additionally, the resolution found that all operations to be conducted pursuant to the agreement will be performed on the upland area of Fault Blocks IV and V, and thus there will be no impairment of the public trust for commerce, navigation, or fisheries to which the City's granted lands are subject.

The Office of the Attorney General has reviewed the proposed agreement, with the conclusion that it may be approved by the State Lands Commission if it finds that the agreement is in the public interest.

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT ENTERING INTO AND THE PERFORMANCE OF THE "FAULT BLOCK IV - FAULT BLOCK V COOPERATIVE AGREEMENT FOR RANGER ZONE WATER INJECTION OPERATIONS (SANTA FE AVENUE-HARBOR ENTRANCE FAULT AREA)", WITH MOBIL OIL CORPORATION, ACTING IN ITS CAPACITY AS UNIT OPERATOR FOR UNIT SEGMENT II AND AS UNIT COORDINATOR OF THE FAULT BLOCK IV UNIT, AND ALSO ACTING IN ITS CAPACITY AS UNIT OPERATOR FOR UNIT SEGMENT II AND AS UNIT COORDINATOR OF THE FAULT BLOCK V RANGER ZONE UNIT, IS IN THE PUBLIC INTEREST.
2. APPROVE THE AFORESAID COOPERATIVE AGREEMENT ON BEHALF OF THE STATE PURSUANT TO APPLICABLE LAW.