

36. COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS (FAULT BLOCK IV UNIT AND PARCEL "L"); CITY OF LONG BEACH, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.B.W.O.s 10,143 AND 10,190.

After consideration of Calendar Item 12 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS:

- A. THAT THE "COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS (FAULT BLOCK IV UNIT AND PARCEL "L"), BETWEEN THE CITY OF LONG BEACH, AND JOINTLY THE CITY OF LONG BEACH ACTING IN ITS CAPACITY AS UNIT OPERATOR OF UNIT SEGMENT I OF THE FAULT BLOCK IV UNIT AND MOBIL OIL CORPORATION ACTING IN ITS CAPACITY AS UNIT COORDINATOR OF THE FAULT BLOCK IV UNIT, PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED;
- B. THAT ENTERING INTO 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 12 (2 pages)

12.

COOPERATIVE AGREEMENT FOR WATER-INJECTION OPERATIONS (FAULT BLOCK IV UNIT AND PARCEL "L"), CITY OF LONG BEACH, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O.s 10,143 AND 10,190.

The City of Long Beach has requested State Lands Commission approval of the "Cooperative Agreement for Water Injection Operations (Fault Block IV Unit and Parcel "L"), between the City of Long Beach, and jointly the City of Long Beach acting in its capacity as Unit Operator of Unit Segment I of the Fault Block IV Unit and Mobil Oil Corporation acting in its capacity as Unit Coordinator of the Fault Block IV Unit.

This agreement will permit the parties to conduct water-injection operations on a cooperative basis in a portion of the Ranger Zone along the common boundary between the Fault Block IV Unit and that portion of the Long Beach Harbor Department Tidelands Parcel known as Parcel "L", in order to maintain reservoir pressures and to prevent the migration of oil, gas, water, or other fluids, so that there will be no net gain or loss to either party by reason of any such migration of fluids.

Under the terms of the proposed agreement, a restricted area extending 400 feet on either side of the common boundary will be established. The locations of all production and injection wells within the restricted area are shown on Exhibit "B" of the Agreement. No additional wells shall be opened for production or injection, nor shall the range of rates of injection be altered without prior written amendment.

The City agrees to reimburse the Unit in the amount of \$43,927 as one-half the value of the four injection wells drilled by the Unit into the proposed restricted area prior to the initial development of Parcel "L". Additionally, the City will reimburse the Unit for one-half the costs incurred for redrilling, operating, and maintaining the injection wells in the restricted section during the period June 1, 1964, to the effective date of this agreement.

Operating and maintenance costs attributable to the subject injection wells incurred after the effective date of this agreement will be shared 62% by the Unit and 38% by the City. Well alterations requiring approval of Working Interest Owners will be shared between the Unit and the City as may be mutually agreed, provided that the share of the City shall not exceed 50%.

The Unit releases the City from all claims for damages resulting from the injection of water into the Ranger Zone through wells bottomed under City properties. Reciprocally, the City releases the Unit from all claims for damages resulting from the injection of water into the Unitized Formations.

The City Council, by resolution adopted January 28, 1969, approved the subject Agreement and determined that it is in the interest of increasing the ultimate recovery of oil or gas, and of protecting the oil or gas in the subject lands from unreasonable waste, or that subsidence or sinking of such lands and adjoining lands possibly may be arrested or ameliorated thereby.

CALENDAR ITEM 12. (CCNTD.)

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 thereof will increase the ultimate amount of economically recoverable oil, and is in the public interest.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND:

- A. THAT THE "COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS (FAULT BLOCK IV UNIT AND PARCEL 'L'), BETWEEN THE CITY OF LONG BEACH, AND JOINTLY THE CITY OF LONG BEACH ACTING IN ITS CAPACITY AS UNIT OPERATOR OF UNIT SEGMENT I OF THE FAULT BLOCK IV UNIT AND MOBIL OIL CORPORATION ACTING IN ITS CAPACITY AS UNIT COORDINATOR OF THE FAULT BLOCK IV UNIT, PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED;
- B. THAT ENTERING INTO THE PERFORMANCE OF SUCH AGREEMENT IS IN THE PUBLIC INTEREST.

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