

19. APPROVAL OF AGREEMENT FOR THE COMMINGLING AND ALLOCATION OF PRODUCTION (FAULT BLOCKS I, II, III, IV, V, AND VI, WILMINGTON OIL FIELD), LOS ANGELES COUNTY, BETWEEN THE CITY OF LONG BEACH, CHAMPLIN PETROLEUM COMPANY, AND MOBIL OIL CORPORATION.

After consideration of Calendar Item 13 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS:

- A. THAT THE "AGREEMENT FOR THE COMMINGLING AND ALLOCATION OF PRODUCTION (FAULT BLOCKS I, II, III, IV, V, AND VI, WILMINGTON OIL FIELD)", BETWEEN THE CITY OF LONG BEACH, CHAMPLIN PETROLEUM COMPANY, AND MOBIL OIL CORPORATION, ACTING IN THEIR RESPECTIVE CAPACITIES THEREIN DESIGNATED, PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED TIDE AND SUBMERGED LANDS ARE SUBJECT IS PROHIBITED.
 - B. THAT ENTERING INTO THE PERFORMANCE OF SUCH AGREEMENT IS IN THE PUBLIC INTEREST.
2. APPROVES THE AFORESAID AGREEMENT FOR COMMINGLING AND ALLOCATION OF PRODUCTION ON BEHALF OF THE STATE, PURSUANT TO APPLICABLE LAW.

Attachment:

Calendar Item 13 (2 pages)

CALENDAR ITEM

7/71
CVB

13.

AGREEMENT FOR THE COMINGLING AND ALLOCATION OF PRODUCTION
(FAULT BLOCKS I, II, III, IV, V, AND VI, WILMINGTON OIL FIELD),
LOS ANGELES COUNTY

The City of Long Beach has requested State Lands Commission approval of an "Agreement for the Comingling and Allocation of Production (Fault Blocks I, II, III, IV, V, and VI, Wilmington Oil Field)", between the City of Long Beach, Champlin Petroleum Company, and Mobil Oil Corporation, to provide for the comingling and allocation of oil and gas production between unitized areas and with oil and gas produced from other nonunitized portions of the Wilmington Oil Field.

Comingling will increase the efficiency of operations through better utilization of existing field facilities, and will eliminate the need for considerable duplication of gathering, handling, and shipping facilities.

Uniform standards for testing, allocating, and accounting for the commingled oil and gas production among the producers are established and set forth in Exhibit "A" of the agreement. Additionally, the agreement provides for the creation of a procedures committee consisting of members from each of the parties. This committee will be responsible for the accuracy of testing, allocating, and accounting for the oil and gas production commingled pursuant to this agreement.

The comingling and allocation agreement has been unanimously approved and its execution authorized by the Working Interest Owners of the Fault Block II, III, IV, and V Units.

If the agreement is approved by the Commission, it will become effective as of the first day of the month immediately following the date that said agreement is executed by the City Manager, and shall continue in effect so long as oil or gas produced by two or more parties is being commingled.

The City Council of the City of Long Beach, by resolution dated June 29, 1971, approved the subject comingling agreement and authorized the City Manager to execute the agreement on behalf of the City.

The Office of the Attorney General has reviewed the proposed agreement and concluded that it may properly be approved by the Commission.

The Division has reviewed the comingling agreement and found that its implementation will increase the efficiency of field operations.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND:

- A. THAT THE "AGREEMENT FOR THE COMINGLING AND ALLOCATION OF PRODUCTION (FAULT BLOCKS I, II, III, IV, V, AND VI, WILMINGTON OIL FIELD)", BETWEEN THE CITY OF LONG BEACH, CHAMPLIN PETROLEUM COMPANY, AND

CALENDAR ITEM 13. (CONTD.)

MOBIL OIL CORPORATION, ACTING IN THEIR RESPECTIVE CAPACITIES THEREIN DESIGNATED, PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED TIDE AND SUBMERGED LANDS ARE SUBJECT IS PROHIBITED.

- B. THAT ENTERING INTO THE PERFORMANCE OF SUCH AGREEMENT IS IN THE PUBLIC INTEREST.
2. APPROVE THE AFORESAID AGREEMENT FOR COMMINGLING AND ALLOCATION OF PRODUCTION ON BEHALF OF THE STATE, PURSUANT TO APPLICABLE LAW.