

MINUTE ITEM

2/6/74
CVB

15. FIRST AMENDMENT TO "AGREEMENT FOR THE COMMINGLING AND ALLOCATION OF PRODUCTION (FAULT BLOCKS I, II, III, IV, V, AND VI, WILMINGTON OIL FIELD)", LOS ANGELES COUNTY.

After consideration of Calendar Item 16 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION, PURSUANT TO APPLICABLE STATUTES, APPROVES THE FIRST AMENDMENT TO "AGREEMENT FOR THE COMMINGLING AND ALLOCATION OF PRODUCTION (FAULT BLOCKS I, II, III, IV, V, AND VI, WILMINGTON OIL FIELD)", AS SUBMITTED BY THE CITY OF LONG BEACH.

Attachment:

Calendar Item 16 (1 page)

FIRST AMENDMENT TO "AGREEMENT FOR THE COMMINGLING AND
ALLOCATION OF PRODUCTION (FAULT BLOCKS I, II, III, IV, V, AND VI,
WILMINGTON OIL FIELD)"

The Commission, at its meeting of July 26, 1971, approved 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. The purpose of this Commingling Agreement is to increase the efficiency of field operations by eliminating the duplication of petroleum gathering, handling, and shipping facilities.

The City of Long Beach has requested Commission approval of the First Amendment to the Commingling Agreement. This Amendment will reduce field and accounting work by the elimination of individual well tests of natural gas production.

A large number of the wells covered by said Commingling Agreement do not produce sufficient gas to permit accurate measurement by well testing, and the information developed from individual well test data is not of sufficient value to warrant the cost of obtaining the data. In lieu of individual well testing, the proposed Amendment provides for the allocation of the volumes of natural gas, gas liquids, and other ingredients as measured at each master gas meter, to each individual well in proportion to the net barrels of oil produced by such well. Special well testing for engineering and reservoir information will be continued, as required.

Additionally, the proposed Amendment contains a "Consent and Agreement" to be executed by Petrolane-Lomita Gasoline Company whereby Petrolane-Lomita agrees to perform assigned duties and services and take delivery of the gas produced by the parties, at its existing master meters.

The Amendment has been approved by the Working Interest Owners of each Fault Block Unit and by the City Council of the City of Long Beach.

The Division has reviewed the Amendment and found the proposed procedures should result in a cost reduction and be equitable to all parties.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO APPLICABLE STATUTES, APPROVE THE FIRST AMENDMENT TO "AGREEMENT FOR THE COMMINGLING AND ALLOCATION OF PRODUCTION (FAULT BLOCKS I, II, III, IV, V, AND VI, WILMINGTON OIL FIELD)", AS SUBMITTED BY THE CITY OF LONG BEACH.