

MINUTE ITEM

This Calendar Item No. 30  
was approved as Minute Item  
No. 30 by the State Lands  
Commission by a vote of 2  
to 0 at its 8/26/76  
meeting.

CALENDAR ITEM

8/76  
WNT

30.

COOPERATIVE AGREEMENTS, GENERAL FACILITIES PRIOR  
TIDELAND DEVELOPMENT, CITY OF LONG BEACH,  
WILMINGTON OIL FIELD,  
LOS ANGELES COUNTY

The City of Long Beach has requested commission approval of four Cooperative Agreements that supplement Unit accounting procedures in the various Unit documents. Each Cooperative Agreement covers a pool of General Facilities which is used to handle oil, water, gas and electric power throughout the unitized and ununitized areas in the older portion of the Wilmington Oil Field.

These four agreements are substantially the same in their intent but cover separate geographic areas in the prior development portion of the Wilmington Oil Field, that are owned or operated by different parties under various arrangements. The four Cooperative Agreements are:

1. "Cooperative Agreement Concerning the Mainland Pool of General Facilities", entered into March 17, 1976, between the City of Long Beach, as the owner of certain General Facilities in Fault Blocks IV, V and VI and the operators of those General Facilities consisting of the City of Long Beach and Mobil Oil Corporation.
2. "Cooperative Agreement Concerning the Island Pool of General Facilities", entered into March 17, 1976, between the City of Long Beach, as the owner of certain General Facilities in Fault Blocks II, III and IV, and the operators of those General Facilities consisting of Champlin Petroleum Company, the City of Long Beach and Mobil Oil Corporation.
3. "Cooperative Agreement Concerning the Mobil Pool of General Facilities", entered into March 17, 1976, between the City of Long Beach, as the owner of certain General Facilities in Fault Blocks IV and V, and the operators of those General Facilities consisting of Mobil Oil Corporation and the City of Long Beach.
4. "Cooperative Agreement Concerning Champlin General Facilities", entered into March 17, 1976, between the Champlin Petroleum Company as owner of certain General Facilities in Fault Blocks I, II, III, and IV and the operators of those General Facilities consisting of Champlin Petroleum Company, Mobil Oil Corporation and the City of Long Beach.

Oil field facilities are pooled in order to avoid construction and installation of separate or duplicate equipment and to obtain economics in operations. The facility categories included as General Facilities are dehydration, waste water

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disposal, oil shipping, oil gathering, gas gathering and fuel, fresh water, and power distribution systems.

Certain accounting procedures regarding the General Facilities were not specified in the Unit Agreements and Unit Operating Agreements which became effective during the period 1960 through 1964. The Working Interest Owners in the Units and the operators of ununitized areas are now clarifying procedures to be followed for the addition and retirement of equipment within each of the pools of facilities, as well as the procedure to be followed upon the retirement of a Working Interest Owner from a Unit, and have documented these procedures in the subject Cooperative Agreements.

The agreements ratify and approve all procedures and acts taken by the various parties prior to the date of the agreement, with respect to the operation, maintenance and additions to the General Facilities, the retirement and abandonment of certain General Facilities, and the methods followed for allocating rental charges and operating costs for such General Facilities.

The agreements provide that all operations on granted tide and submerged lands shall be consistent with the terms of the trust, and that any impairment of the public trust for commerce, navigation or fisheries to which the granted lands are subject is prohibited.

The Division staff has reviewed the agreements from an operational and economic standpoint, and is of the opinion that the Cooperative Agreements are desirable in order to clarify and establish specific accounting procedures. The Office of the Attorney General has reviewed the four Cooperative Agreements and found them legally sufficient. The agreements have been approved by the Working Interest Owners in the Fault Block II, III, IV and V Units, and by the appropriate operators. The City Council of the City of Long Beach approved the agreements on June 29, 1976, and authorized their execution on behalf of the City.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE FOUR ABOVE-MENTIONED COOPERATIVE AGREEMENTS CONCERNING GENERAL FACILITIES, AS SUBMITTED BY THE CITY OF LONG BEACH, PURSUANT TO APPLICABLE LAW.