

This Calendar Item No. 36  
 was approved by Calendar Item  
 No. 36 by the City Council  
 Commission by a vote of 2  
2 at its 10/22/76  
 meeting.

## CALENDAR ITEM

10/76  
WMT

36.

APPROVAL OF ERDA AMENDMENT TO DRILLING AND  
 OPERATING CONTRACT (LONG BEACH HARBOR DEPARTMENT  
 TIDELANDS PARCEL), CITY OF LONG BEACH,  
 WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach, pursuant to the provisions of Chapter 29, Statutes of 1956, 1st E.S., has requested Commission approval of the "ERDA Amendment to Drilling and Operating Contract (Long Beach Harbor Dept. Tidelands Parcel)", between the City of Long Beach (hereinafter referred to as "City"), and Aminoil USA, Inc., Standard Oil Company of California, Exxon Corporation, Continental Oil Company, C M Oil Company and Long Beach Oil Development Company (hereinafter referred to as "Contractor").

This ERDA Amendment adds two new Sections, 2.4 and 2.5, to the Drilling and Operating Contract (Long Beach Harbor Department Tidelands Parcel) for the purpose of facilitating the cost-sharing pilot demonstration of micellar-polymer waterflooding techniques in the prior development portion of the Wilmington Oil Field. This cost-sharing pilot demonstration was approved by the Commission at its July 22, 1976 meeting.

Section 2.4 provides that all operations conducted by the Contractor, at the direction of the City, to carry out the terms of the Contract between the U.S. Energy and Research Development Administration and the City in the demonstration of micellar-polymer waterflooding techniques, are deemed to be within the employment obligation and the standards, duties, obligations or limitations set forth in the original Drilling and Operating Contract, and that the necessary costs and expenses incurred by the Contractor in the micellar-polymer project shall be reimbursed to the Contractor in the same manner as provided in the original Contract.

The original Drilling and Operating Contract provides that net profits from oil operations conducted on Long Beach Harbor Dept. Tidelands Parcel are shared 91% by the City and 9% by the Contractor after deduction of all reimbursable costs from the gross oil income. This sharing arrangement remains unchanged by this proposed ERDA Amendment. The City's 91% portion of net profits are shared with the State pursuant to the terms of Chapter 138, Statutes of 1964, 1st E.S.

Section 2.5 provides that the inclusion of ERDA Contract operations shall not prejudice either the City or the Contractor in any future claim that other operations are within or are not within the employment obligations and the standards, duties, obligations or limitations set forth in the Agreement.

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The Office of the Attorney General has found this proposed Amendment legally sufficient and that it may be approved by the State Lands Commission.

The Division has reviewed this proposed Amendment and found it necessary to facilitate the cost-sharing pilot demonstration of micellar polymer waterflooding techniques for enhanced oil recovery previously approved by the Commission.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE "ERDA AMENDMENT TO DRILLING AND OPERATING CONTRACT (LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL)" PURSUANT TO THE PROVISIONS OF SECTION 10(b), CHAPTER 29, STATUTES OF 1956, 1ST E. S.