

This Calendar Item No. 28
 was approved as Minute Item
 No. 28 by the State Lands
 Commission by a vote of 3
 to 0 at its 3/31/77
 meeting.

CALENDAR ITEM

3/77
WNT

28.

FIRST AMENDMENT TO UNIT AGREEMENT, FIRST AMENDMENT TO
 UNIT OPERATING AGREEMENT, AND SUPPLEMENT TO
 FIRST AMENDMENTS, FAULT BLOCK II UNIT,
 WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach, pursuant to Section 10, Chapter 29/1956, 1st E.S., has requested Commission approval of the following documents relative to the Fault Block II Unit in the Wilmington Oil Field:

1. First Amendment to Unit Agreement, Fault Block II Unit, Wilmington Oil Field, Los Angeles County, California, and First Amendment to Unit Operating Agreement, Fault Block II Unit, Wilmington Oil Field, Los Angeles County, California.
2. Supplement to First Amendment to Unit Agreement, Fault Block II, Wilmington Oil Field, Los Angeles County, California, and First Amendment to Unit Operating Agreement, Fault Block II Unit, Wilmington Oil Field, Los Angeles County, California.

The Commission, at its meeting of February 18, 1960, approved the Fault Block II Unit Agreement and Unit Operating Agreement with accompanying Exhibits. Since the preparation and approval of the unitization documents and exhibits, additional information has become available which revealed the need to adjust or amend certain portions of the original documents. The First Amendment to the Unit Agreement and Unit Operating Agreement has been prepared to revise portions of the original documents that were found to be unsubstantiated and incomplete. The first Amendment will accomplish the following:

1. Revise the Easterly Unit Boundary of the Fault Block II Unit to conform more accurately with the Westerly Boundary of the Fault Block IV Unit.
2. Adjust the status of two Champlin Petroleum Company (formerly Union Pacific Railroad Company) wells which were inaccurately assigned to an adjacent fault block during the Primary production period. Champlin has agreed to pay the Fault Block II Working Interest Owners a cash settlement of \$37,011 in lieu of any retroactive revision of the Primary Tract Assignments, as such revision is not now practical. Primary Tract Assignments were superseded by Secondary Tract Assignments in 1970. Present Secondary Tract Assignments are not affected by this adjustment.
3. Incorporate into the Unit documents certain other minor revisions which have been approved by Determination of the Working Interest Owners.

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The major Working Interest Owners have obtained the acceptance signatures of all parties except one, who holds less than 0.2 of 1% interest in the Fault Block II Unit. In order to make the amendments operative without that party's acceptance, a supplement to the Amendments has been prepared, binding only the signatory parties.

The office of the Attorney General has reviewed the subject Amendments and Supplement and found them legally sufficient.

The City Council of the City of Long Beach, by resolution, adopted March 15, 1977, authorized the execution of the Amendments and Supplement on behalf of the City of Long Beach.

Division review of the Amendments and Supplement indicates that they are an acceptable, expedient, and proper method to resolve a number of long-standing inaccuracies in the original Unit documents.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE:

1. FIRST AMENDMENT TO UNIT AGREEMENT, FAULT BLOCK II UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, CALIFORNIA, AND FIRST AMENDMENT TO UNIT OPERATING AGREEMENT, FAULT BLOCK II UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, CALIFORNIA.
2. SUPPLEMENT TO FIRST AMENDMENT TO UNIT AGREEMENT, FAULT BLOCK II UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, CALIFORNIA, AND FIRST AMENDMENT TO UNIT OPERATING AGREEMENT, FAULT BLOCK II UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, CALIFORNIA.