

MINUTE ITEM

This Calendar Item No. 32
was approved as Minute Item
No. 32 by the State Lands
Commission by a vote of 2
to 0 at its 5-28-81
meeting.

CALENDAR ITEM

32

5/81
PRC 3945
Willard

COMMON RESERVOIR AGREEMENT

Union Oil Company of California proposes to develop federal Outer Continental Shelf (OCS) lease, P-0202, in the Hueneme Field from platform "Gina" currently under construction. The Hueneme Field is located about three and one-half miles southwest of Port Hueneme. The development of federal lease OCS P-0202 from Platform Gina may affect State Oil and Gas Lease PRC 3945.1 should a common reservoir exist between the two lease areas. Shell Oil Company is the lessee under PRC 3945.1.

Staff has negotiated an agreement with Union which will protect the State's interest should it be determined during the development of the federal lease that a reservoir extends onto State-owned lands. The agreement is on file with the office of the Commission. The salient provisions of the agreement are:

- a) The State will have access to all geologic and engineering data from Union's development on Platform "Gina".
- b) If it is determined that a common reservoir exists, Union agrees to make available a maximum of three (3) drill slots on Platform "Gina" for exploration and development by the State or its lessee of the State portion of the reservoir.
- c) In the event the State determines that a common reservoir is present but elects not to use the available drill slots, Union and the State will determine what portion of Union's development is draining State lands.
- d) Upon such determination in item (c) above, Union and the State agree to unitize the area of drainage after obtaining approval and concurrence from the USGS and the State's lessee.
- e) If the State and Union cannot agree upon the terms of such agreement the parties agree to submit such dispute to arbitration under the rules and regulations of the American Arbitration Association.

EXHIBIT: A. Location Map.

A 36

S 18

CALENDAR ITEM NO. 32 (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE COMMON RESERVOIR AGREEMENT FOR THE POTENTIAL DEVELOPMENT OF A COMMON RESERVOIR ON FEDERAL LEASE OCS P-0202 AND STATE OIL AND GAS LEASE PRC 3945.1, VENTURA COUNTY.

EXHIBIT "A"
STATE LANDS COMMISSION

PRC 3945.1

COMMON RESERVOIR AGREEMENT
UNION OIL COMPANY
VENTURA COUNTY

MAY 1981

ADW

OCS
P-
0361

PRC 3314

0 1 2
SCALE 1"=8000'

PORT
HUENEME

PRC 3945.1

UNION
PLATFORM
"GINA"

OCS
P-
0203

OCS
P-
0202

CALENDAR PAGE
MINUTE PAGE

153
1183