

MINUTE ITEM

This Calendar Item No. 0119
was approved as Minute Item
No. 119 by the State Lands
Commission by a vote of 3
to 0 ~~57~~ ~~58~~ 11/15/94
meeting.

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CALENDAR ITEM

C119

11/15/94
W 17107
Willard
Ludlow

**CONSIDER AMENDMENT OF NOTICE PROVISIONS,
LONG BEACH UNIT AGREEMENT AND
UNIT SHARING AGREEMENTS,
WILMINGTON OIL FIELD,
LOS ANGELES COUNTY**

BACKGROUND:

On October 9, 1964, the Commission approved the Long Beach Unit Agreement and the Unit Operating Agreement providing for the unitization of all oil, gas and other hydrocarbons produced from the Long Beach Unit, Wilmington Oil Field.

Section 16.3 of the Unit Agreement provides that the owners of all the Working Interests in any Tract which is not then subject to a Royalty Interest, shall have a right to reduce the Tract Participation of such a Tract to zero, by giving 30 days written notice to the Unit Operator (City of Long Beach) and each Participant. Section 25 of Exhibit "E" of the Unit (form of Sharing Agreement), also provides that the Working Interest not subject to Royalty Interest in any Tract may be reduced to zero upon 30 days written notice to the Unit Operator and to each party to the Sharing Agreement.

In order to relieve some of the administrative burden on the Working Interest owner wanting to surrender its interest in the Unit, it is proposed that the notice be required to be given only to the Unit Operator. Section 18.3 of the Unit Agreement provides that the Unit may be amended upon approval by the City, the State, the Minority Voting participants and the Working Interest Owners other than the Field Contractor, the Nonoperating Contractors and the Working Interest owner of Tract No. 2. The proposed Amendment to the Unit Agreement and the Sharing Agreements has been submitted to the respective parties for execution.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Code Regs.: Title 2, Div. 3; Title 14, Div. 6.

AB 884:
N/A.

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| CALENDAR PAGE | 601 |
| MINUTE PAGE | 4296 |

CALENDAR ITEM NO. C119 (CONT'D)

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the Staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE AMENDMENT OF THE LONG BEACH UNIT AGREEMENT AND THE UNIT SHARING AGREEMENTS TO PROVIDE THAT WORKING INTEREST OWNERS, OF TRACTS NOT SUBJECT TO ROYALTY INTEREST, MAY REDUCE TRACT PARTICIPATION TO ZERO BY GIVING THIRTY (30) DAYS WRITTEN NOTICE TO THE UNIT OPERATOR.

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| CALENDAR PAGE | 602 |
| MINUTE PAGE | 4297 |