

MINUTE ITEM

29. (PROPOSED EXPANDED WATER INJECTION PROGRAM IN ALL ZONES AND FAULT BLOCKS, LONG BEACH OIL DEVELOPMENT CO. OPERATIONS, WILMINGTON FIELD - L.B.W.O. 10,020.)

The attached Calendar Item 41 was presented to the Commission for information only.

Attachment
Calendar Item 41 (1 page)

CALENDAR ITEM

SUPPLEMENTAL - INFORMATIVE

41.

(PROPOSED EXPANDED WATER INJECTION PROGRAM IN ALL ZONES AND FAULT BLOCKS, LONG BEACH OIL DEVELOPMENT CO. OPERATIONS, WILMINGTON FIELD - L.B.W.O. 10,020.)

The Executive Officer has received a draft of a proposed agreement amending the basic drilling and operating contracts dated March 15, 1939, January 2, 1942, and August 3, 1944, between the Board of Harbor Commissioners of the City of Long Beach and the Long Beach Oil Development Co.

This agreement, to which the Commission is asked to give advance approval, provides for the initiation of an expanded water injection program into "those zones and fault blocks as shall from time to time be designated by the Board" (Long Beach Harbor Commission).

In discussions between representatives of the Long Beach Harbor Department and staff members of the State Lands Division, it was revealed that this proposed amendment contemplates an accelerated water injection program in all zones and fault blocks, consistent with good reservoir engineering practices, of Parcels W, X, Y, Z, Z1, and J of the Long Beach Oil Development Co. operations. The agreement further recites as its purpose the "restoring and maintaining restored reservoir pressures, and of endeavoring to increase the amount of ultimately recoverable oil".

The cost of the expanded program, based upon studies by the Long Beach Harbor Department, is generally estimated to be about \$5,000,000. This proposed expenditure is in addition to the so-called 180,000 barrel, \$4,000,000 injection program presently in progress, which was given advance conditional approval by the Commission on June 13, 1957. The new agreement is predicated upon the assumption that the costs involved are normal to lease operating functions incident to secondary recovery in which the State is to bear 50% of the allowable costs, rather than a planned subsidence abatement program in which the State would participate to the extent of 25%, as set out in Section 5 of Chapter 29, 1956, 1st E.S.

The Long Beach Harbor Department has agreed to furnish the State Lands Division with supplemental engineering data, proposals, and cost estimates to substantiate the advance approval of the amendment.

The State Lands Division has requested the office of the Attorney General to review the draft of the proposed amendment to determine its legal sufficiency as to protecting the State's beneficiary rights and any possible implications, if advance approval of the amendment is given by the Commission, in view of pending litigation in Case No. 800-58 WM Civil, U.S.A. vs. Anchor Oil Corporation, et al. (Long Beach Subsidence Matter), U.S.D.C., Southern District, Los Angeles County.