

MINUTE ITEM

30. AGREEMENT AMENDING DRILLING AND OPERATING CONTRACTS, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,020.

After consideration of Calendar Item 30 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION APPROVES THE AMENDATORY AGREEMENT TO EACH OF THE SIX DRILLING AND OPERATING CONTRACTS HERETOFORE ENTERED INTO (AND AMENDED) BETWEEN THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH AND THE LONG BEACH OIL DEVELOPMENT COMPANY, RELATIVE TO TIDELAND OIL DEVELOPMENT ON PARCELS "W", "X", "Y", "Z", "Z-1" AND "J", TO PROVIDE FOR THE CONTRACTOR TO PERFORM THE FOLLOWING ADDITIONAL OPERATIONS:

1. OPERATE, MAINTAIN AND REPAIR WATER-SOURCE WELLS AND WATER-INJECTION WELLS DRILLED BY THE CITY (UNDER SEPARATE DRILLING CONTRACT), INCLUDING INJECTION WELLS SURFACED ON THE L.B.O.D. PARCELS BUT THE INJECTION INTERVAL BEING OUTSIDE OF THE PARCELS (E.G., INJECTION WELLS BOTTOMED IN THE PRESENTLY UNDEVELOPED PARCEL "K" AREA);
2. DRILL, OPERATE, MAINTAIN AND REPAIR WATER-INJECTION WELLS ON SURFACE DRILLSITES LOCATED OUTSIDE THE SIX L.B.O.D. PARCELS, BUT WHOSE INJECTION INTERVAL WOULD BE INTO THE ZONES AND FAULT BLOCKS UNDERLYING SAID SIX PARCELS;
3. DELIVERY OF SURPLUS WATER FROM L.B.O.D. PLANT FACILITIES TO WELLS INJECTING INTO ZONES AND FAULT BLOCKS INTO WHICH L.B.O.D. WELLS ARE ALSO INJECTING, WHETHER OR NOT SUCH WELLS TO WHICH THE WATER IS DELIVERED ARE BEING OPERATED BY L.B.O.D. (E.G., UNION PACIFIC INJECTION WELLS);
4. ACCEPTANCE BY L.B.O.D. OF WATER FOR INJECTION PURPOSES FROM SOURCES OTHER THAN THOSE OPERATED BY L.B.O.D. (E.G., RECEIVING WATER FOR INJECTION PURPOSES BY L.B.O.D. FROM THE CITY'S TERMINAL ISLAND PLANT).

APPROVAL IS SUBJECT TO THE FOLLOWING CONDITIONS SPECIFIED BY THE ATTORNEY GENERAL:

1. THAT THE BOARD OF HARBOR COMMISSIONERS WILL NOT CONSIDER EXERCISING THE RIGHT TO TERMINATE, BY MUTUAL AGREEMENT, THE OBLIGATION OF THE LONG BEACH OIL DEVELOPMENT COMPANY UNDER PARAGRAPH 25.15 OF THE DRILLING AND OPERATING CONTRACT WITHOUT PRIOR REVIEW AND APPROVAL OF ANY SUCH TERMINATION PROPOSAL BY THE STATE LANDS COMMISSION.
2. ADVANCE STATE LANDS COMMISSION APPROVAL WILL BE REQUESTED AND OBTAINED FOR THE LOCATION OF EACH SURFACE DRILLSITE FOR ANY WATER INJECTION WELL TO BE OPERATED AND MAINTAINED BY THE LONG BEACH OIL DEVELOPMENT COMPANY AT THE DIRECTION OF THE BOARD OF HARBOR COMMISSIONERS, WHERE SUCH SURFACE DRILLSITE IS LOCATED OUTSIDE THE GEOGRAPHICAL AREA EMBRACED WITHIN THE RESPECTIVE EXISTING LONG BEACH OIL DEVELOPMENT COMPANY DRILLING AND OPERATING CONTRACTS.

3. THE CHARGE MADE TO OPERATORS FOR INJECTION WATER DELIVERED TO THEM BY THE LONG BEACH OIL DEVELOPMENT COMPANY FROM ITS WATER INJECTION PLANTS AND FACILITIES, PURSUANT TO DIRECTION OF THE BOARD OF HARBOR COMMISSIONERS, WILL BE TREATED EITHER AS OIL REVENUE OR AN APPROPRIATE DEDUCTION WILL BE MADE THEREFOR IN DETERMINING AND ACCOUNTING FOR THE LONG BEACH OIL DEVELOPMENT COMPANY'S NET REPRESSURING OPERATING COSTS.

Attachment

Calendar Item 38 (2 pages)

CALENDAR ITEM

38.

AGREEMENT AMENDING DRILLING AND OPERATING CONTRACTS, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,020.

On August 20, 1959, the Long Beach Harbor Department submitted a proposed form of amendment to each of the six respective Long Beach Oil Development Company Drilling and Operating Contracts (Parcels "W", "X", "Y", "Z", "Z-1" and "J"), to implement the accelerated repressuring program in the Wilmington Oil Field. The proposed amendment would permit the Long Beach Oil Development Company, pursuant to direction from the Board of Harbor Commissioners, to perform additional water-flood operations not presently authorized.

The office of the Attorney General has examined the amendatory agreement submitted by the City and has reported that the Commission may approve such amendatory agreement pursuant to the provisions of Chapter 29/1956, 1st E.S. However, it was suggested that qualifying provisions be incorporated which would require (1) approval by the State Lands Commission of termination of drilling and operating obligations by Long Beach Oil Development Company; (2) Commission approval of each surface drillsite for any water-injection well drilled at the direction of the Board of Harbor Commissioners where such surface drillsite is located outside the geographical area embraced within the respective Long Beach Oil Development Company Drilling and Operating Contracts; and (3) that charges made to operators for injection water delivered to them by Long Beach Oil Development Company be treated either as oil revenue or as an appropriate deduction from net operating costs.

In view of the time factors involved in redrafting the amendment to incorporate the suggestions made by the office of the Attorney General, the City of Long Beach has submitted a letter, signed by the General Manager of the Long Beach Harbor Department and the Supervisor of Operations for Long Beach Oil Development Company agreeing to the acceptance of the above-cited conditions.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE AMENDATORY AGREEMENT TO EACH OF THE SIX DRILLING AND OPERATING CONTRACTS HERETOFORE ENTERED INTO (AND AMENDED) BETWEEN THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH AND THE LONG BEACH OIL DEVELOPMENT COMPANY, RELATIVE TO TIDELAND OIL DEVELOPMENT ON PARCELS "W", "X", "Y", "Z", "Z-1" AND "J", TO PROVIDE FOR THE CONTRACTOR TO PERFORM THE FOLLOWING ADDITIONAL OPERATIONS:

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2. DRILL, OPERATE, MAINTAIN AND REPAIR WATER-INJECTION WELLS ON SURFACE DRILLSITES LOCATED OUTSIDE THE SIX L.B.O.D. PARCELS, BUT WHOSE INJECTION INTERVAL WOULD BE INTO THE ZONES AND FAULT BLOCKS UNDERLYING SAID SIX PARCELS;

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3. DELIVERY OF SURPLUS WATER FROM L.B.O.D. PLANT FACILITIES TO WELLS INJECTING INTO ZONES AND FAULT BLOCKS INTO WHICH L.B.O.D. WELLS ARE ALSO INJECTING, WHETHER OR NOT SUCH WELLS TO WHICH THE WATER IS DELIVERED ARE BEING OPERATED BY L.B.O.D. (E.G., UNION PACIFIC INJECTION WELLS);
4. ACCEPTANCE BY L.B.O.D. OF WATER FOR INJECTION PURPOSES FROM SOURCES OTHER THAN THOSE OPERATED BY L.B.O.D. (E.G., RECEIVING WATER FOR INJECTION PURPOSES BY L.B.O.D. FROM THE CITY'S TERMINAL ISLAND PLANT).

APPROVAL IS SUBJECT TO THE FOLLOWING CONDITIONS SPECIFIED BY THE ATTORNEY GENERAL:

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