

MINUTE ITEM

19. CONSIDERATION OF SUBSIDENCE COSTS PROJECT, LONG BEACH - L.B.W.O. 10,128.

After consideration of Calendar Item 14 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION APPROVES SUCH COSTS PROPOSED TO BE EXPENDED BY THE CITY OF LONG BEACH, INCLUDING SUBSIDENCE REMEDIAL WORK, AS INDICATED ON EXHIBIT "A" ATTACHED AND HEREBY MADE A PART HEREOF, FOR THE PERIOD APRIL 29, 1964, TO TERMINATION DATE; SUBJECT TO THE CONDITIONS: (1) THAT THE AMOUNTS, IF ANY, OF EACH OF THE ITEMS TO BE ALLOWED ULTIMATELY AS SUBSIDENCE COSTS, DEDUCTIBLE UNDER SECTION 5(a) OF CHAPTER 29, STATUTES OF 1956, 1ST E.S., WILL BE DETERMINED BY THE COMMISSION UPON AN ENGINEERING REVIEW AND FINAL AUDIT SUBSEQUENT TO THE TIME WHEN THE WORK UNDER ANY OF THESE ITEMS IS COMPLETED; AND (2) THAT THE WORK CONFORM IN ESSENTIAL DETAILS TO THE PLANS AND BACKGROUND MATERIAL HERETOFORE SUBMITTED TO THE COMMISSION; FURTHER, THAT THE EXECUTIVE OFFICER, THE ASSISTANT EXECUTIVE OFFICER OR THE SUPERVISING MINERAL RESOURCES ENGINEER ARE AUTHORIZED TO EXECUTE APPROPRIATE WRITTEN INSTRUMENTS REFLECTING THE COMMISSION'S CONDITIONAL APPROVAL.

Attachment

Exhibit "A" (1 page)

Calendar Item 14 (3 pages)

EXHIBIT "A"

LONG BEACH WORK ORDER NO. 10,128 - Addition No. 8 to Project and Estimate
Submitted by the Port of Long Beach, TOWN LOT.

| <u>ITEM</u> | <u>AFE</u> | <u>WORK PROPOSED</u> | <u>LBHD ESTIMATED SUBPROJECT EXPENDITURE APRIL 29, 1964 TO TERMINATION</u> | <u>ESTIMATED SUBSIDENCE COSTS</u> |
|-------------|------------|---|--|---|
| 1 | 589 | Raise 29 oil wells in the Town Lot Area; 16 in Fill Area I, 8 in Area II-A, and 5 in Area II-B (2nd Phase) | \$493,000 | \$310,590(63%) |

Note:

1. The term "1st Phase" consists of costs of preliminary work expended subsequent to review of preliminary plans and/or other adequate description. (Typical "1st Phase" costs are engineering design, contract administration and advertising, preparation of site by Harbor Department forces.) For work within the same approved time period, any excess of "1st Phase" approved costs over actual expenditures may be added to "2nd Phase" approvals after date of "2nd Phase" approvals.
2. The term "2nd Phase" consists of additional costs approved subsequent to review of detail construction plans and/or other data sufficient to guide construction operation.

CALENDAR ITEM

14.

CONSIDERATION OF SUBSIDENCE COSTS PROJECT, LONG BEACH - L.B.W.O. 10,128.

On June 2, 1960 (Minute Item 14, pages 6069 to 6085), the Commission conditionally approved the costs to be expended by the Long Beach Harbor Department, including subsidence remedial work, for the Town Lot Project, including items for the raising and relocating of oil facilities and for the construction of area-wide earth fills.

The City of Long Beach, through the Port of Long Beach, now has presented for consideration and conditional approval costs in the amount of \$1,173,000, to be disbursed subsequent to April 29, 1964, for the work of raising sixty-nine (69) additional oil wells from their lower existing elevations to the top of new earth fills in the Town Lot area. The Harbor Department has classified the wells into three groups: 1. Twenty-nine (29) wells to be raised in the immediate future to provide use of the area for the east approach to the proposed Entrance Channel high-level bridge; 2. Eighteen (18) wells to be raised at a later date; 3. Twenty-two (22) wells to be raised at such time as agreements can be obtained for their raising with the future Fault Block V Unit Operator. Earth-fill costs, previously having been reviewed by the Commission, are not an item in this application.

In view of the uncertainty of scheduling of the remaining wells, the consideration of the Commission toward approval of costs of raising only the first group of wells is suggested. Refer to Exhibits "A", "B", "C", and "D" attached.

The Staff has reviewed recent production of the twenty-nine (29) wells under consideration and has determined that at least four (4) of the wells are noncommercial and two (2) additional wells have been idle since March 1960. Upon notification of the staff determination, the Harbor Department stated that no well may be abandoned without the specific approval of the Working Interest owners of Fault Block IV, and that if a well becomes uneconomical for oil production prior to the initiation of a full-scale water-injection program, it is anticipated the well will be shut in and saved for conversion to water injection.

This subproject has received additional staff review, and is considered to contain some "subsidence costs" as defined in Section 1(f) of Chapter 29, Statutes of 1956, 1st E.S., but not necessarily all of those costs as estimated by the city of Long Beach.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE SUCH COSTS PROPOSED TO BE EXPENDED BY THE CITY OF LONG BEACH, INCLUDING SUBSIDENCE REMEDIAL WORK, AS INDICATED ON EXHIBIT "A" ATTACHED AND HEREBY MAKE A PART HEREOF, FOR THE PERIOD APRIL 29, 1964, TO TERMINATION DATE; SUBJECT TO THE CONDITIONS: (1) THAT THE AMOUNTS, IF ANY, OF EACH OF THE ITEMS TO BE ALLOWED ULTIMATELY AS SUBSIDENCE COSTS, DEFINABLE UNDER SECTION 5(a) OF CHAPTER 29, STATUTES OF 1956, 1ST E.S., WILL BE DETERMINED BY THE COMMISSION UPON AN ENGINEERING REVIEW AND FINAL AUDIT SUBSEQUENT TO THE TIME WHEN THE WORK UNDER ANY OF THESE ITEMS IS COMPLETED; AND (2) THAT THE WORK CONFORM IN ESSENTIAL DETAILS

CALENDAR ITEM 14. (CONTD.)

TO THE PLANS AND BACKGROUND MATERIAL HERETOFORE SUBMITTED TO THE COMMISSION;
IT IS RECOMMENDED FURTHER THAT THE EXECUTIVE OFFICER, THE ASSISTANT EXECUTIVE
OFFICER OR THE SUPERVISING MINERAL RESOURCES ENGINEER BE AUTHORIZED TO EXECUTE
APPROPRIATE WRITTEN INSTRUMENTS REFLECTING THE COMMISSION'S CONDITIONAL
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