

26. COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS (LONG BEACH UNIT AND PARCEL "A", FAULT BLOCK VI, RANGER ZONE), WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.505.2.

After consideration of Calendar Item 38 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS:

- A. THAT THE "COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS (LONG BEACH UNIT AND PARCEL 'A', FAULT BLOCK VI, RANGER ZONE)" BETWEEN THE CITY OF LONG BEACH AND THE CITY OF LONG BEACH ACTING IN ITS CAPACITY AS UNIT OPERATOR OF THE LONG BEACH UNIT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED;
- B. THAT ENTERING INTO THE PERFORMANCE OF SUCH AGREEMENT IS IN THE PUBLIC INTEREST.

2. APPROVES THE AFORESAID COOPERATIVE AGREEMENT ON BEHALF OF THE STATE, PURSUANT TO APPLICABLE LAW.

Attachment

Calendar Item 38 (2 pages)

COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS (LONG BEACH UNIT AND PARCEL "A", FAULT BLOCK VI, RANGER ZONE), WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.505.2.

The City of Long Beach, pursuant to applicable statutes, has submitted to the State Lands Commission for approval a "Cooperative Agreement for Water Injection Operations (Long Beach Unit and Parcel 'A', Fault Block VI, Ranger Zone) between the City of Long Beach and the City of Long Beach acting in its capacity as Unit Operator of the Long Beach Unit. This agreement will permit the City to conduct water-injection operations on a cooperative basis along the common boundary between Parcel "A" and the Long Beach Unit in order to balance reservoir pressures and prevent the migration of oil, gas, water or other fluids.

Under the terms of the proposed agreement, a restricted area will be established extending 400 feet on either side of the common boundary. The maximum number of development and injection wells to be completed in the Ranger Zone within the restricted area is specified. No modification of the agreement between the parties thereto increasing the number of producing or injection wells in the restricted section shall be effective without prior approval of the State Lands Commission. The injection of water within this restricted area will be accomplished by the operation of up to three injection wells each on Parcel "A" and on Long Beach Unit lands. Each party will be permitted to operate up to four wells for the production of oil from the restricted area. No other wells, either producing or injection, shall be opened for production or for water injection in the restricted area without the written agreement of all parties.

Each of the parties agrees to inject water at the rate directed by the Unit Operator. Such injection rates shall be in accordance with Plans of Development and Operations adopted in accordance with the provisions of the Unit Agreements and Section 5, Chapter 138, Statutes of 1964, First Extraordinary Session, provided that such rates, insofar as is practicable, will not create a net gain or loss to any party by reason of the migration of fluids. In the event that water volumes injected by the parties are unequal, the under-injecting party shall reimburse the other, annually, at the rate of two cents for each barrel of water that it injected less than one-half of the total barrels of water injected by both parties. This charge may be changed by the parties subject to the approval of the State Lands Commission.

The Unit Operator releases the City from all claims of damage resulting from the injection of water into the Ranger Zone through wells bottomed under Parcel "A". Additionally, the Unit Operator, upon the understanding that it shall not be obligated except proportionally as a Participant, agrees to hold harmless the City from all claims made by landowners or by royalty owners whose lands are committed to the Unit on account of the injection of water by the Unit Operator into the Unitized Formations. Reciprocally, the City releases the Unit Operator, the Participants, and the State of California under the Long Beach Unit Agreements from all claims of damage resulting from the injection of water into the Unitized Formations.

CALENDAR ITEM 38. (CONTD.)

Except as otherwise set forth in this agreement, each party shall be responsible for the operation of its own properties, and shall have the right to commence, discontinue or make changes in its water-injection operations without the consent of the other party.

The proposed agreement, after approval by the State Lands Commission and the State Oil and Gas Supervisor, shall become effective as of the date of execution by the last signatory party, and shall continue in force as long as the Long Beach Units continue in effect; provided, however, that the liability releases shall remain in effect until such time as they are specifically abrogated or modified in writing by all parties.

The City Council of the City of Long Beach, by resolution adopted December 14, 1965, approved the subject agreement and determined that it is in the interest of increasing the ultimate recovery of oil and gas, and of protecting the oil or gas in the subject lands from unreasonable waste, or that subsidence or sinking of such lands and abutting lands possibly may be arrested or ameliorated thereby.

The Long Beach Voting Parties approved this proposed agreement at their meeting of November 18, 1965.

The Office of the Attorney General has reviewed the proposed agreement, with the conclusion that it may be approved by the State Lands Commission if it finds that the agreement is in the public interest.

The staff has reviewed the agreement, found its terms equitable, and that implementation of the provisions thereof will increase the ultimate amount of oil economically recoverable from the Long Beach granted tidelands.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND:

- A. THAT THE "COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS (LONG BEACH UNIT AND PARCEL 'A', FAULT BLOCK VI, RANGER ZONE)" BETWEEN THE CITY OF LONG BEACH AND THE CITY OF LONG BEACH ACTING IN ITS CAPACITY AS UNIT OPERATOR OF THE LONG BEACH UNIT PROVIDES THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES TO WHICH THE GRANTED LANDS ARE SUBJECT IS PROHIBITED;
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