

19. SECOND SUPPLEMENTAL LETTER AGREEMENT OF MODIFICATION TO COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS (EAST BOUNDARY, MIDDLE SECTION, FAULT BLOCK V. RANGER ZONE UNIT), WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 17 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS:

- A. THAT THE ACTIVITY CONTEMPLATED PURSUANT TO THE SECOND SUPPLEMENTAL LETTER AGREEMENT OF MODIFICATION TO COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS (EAST BOUNDARY, MIDDLE SECTION, FAULT BLOCK V RANGER ZONE UNIT), WILMINGTON OIL FIELD, HAS BEEN REVIEWED FOR ITS ENVIRONMENTAL IMPACT, WITH THE CONCLUSION THAT IT WILL NOT HAVE ANY SIGNIFICANT ENVIRONMENTAL EFFECT; THEREFORE, PURSUANT TO THE ENVIRONMENTAL QUALITY ACT OF 1970, AS AMENDED (PRC SECTION 21166), NO ENVIRONMENTAL IMPACT REPORT IS REQUIRED FOR THIS ACTIVITY.
 - B. THAT THE SUBJECT SECOND SUPPLEMENTAL LETTER AGREEMENT DOES NOT CHANGE THE COMMISSION'S ORIGINAL FINDING OF FEBRUARY 25, 1965, REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE, THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES IS PROHIBITED.
 - C. THAT ENTERING INTO THE PERFORMANCE OF THE SUBJECT SECOND SUPPLEMENTAL LETTER AGREEMENT IS IN THE PUBLIC INTEREST.
2. APPROVES THE AFORESAID SECOND SUPPLEMENTAL LETTER AGREEMENT ON BEHALF OF THE STATE, PURSUANT TO APPLICABLE LAW.

Attachment:

Calendar Item 17 (2 pages)

CALENDAR ITEM

3/75
CVB

17.

SECOND SUPPLEMENTAL LETTER AGREEMENT OF
MODIFICATION TO COOPERATIVE AGREEMENT FOR WATER INJECTION
OPERATIONS (EAST BOUNDARY, MIDDLE SECTION,
FAULT BLOCK V, RANGER ZONE UNIT),
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach has requested State Lands Commission approval of a Second Supplemental Letter Agreement of Modification to Cooperative Agreement for Water Injection Operations (East Boundary, Middle Section, Fault Block V Ranger Zone Unit) between the City of Long Beach and Mobil Oil Corporation, as Unit Operators of the Fault Block V Ranger Zone Unit, and Standard Oil Company of California. This Letter Agreement will authorize the substitution of Well A-1 for specified injection Well A-7 in the Restricted Section along the common boundary between the properties operated by the parties.

The Cooperative Agreement, as approved by the Commission at its meeting of February 25, 1965, provides for the parties to conduct water injection operations on a cooperative basis in the Ranger Zone in a Restricted Section along the common boundary between the Fault Block V Ranger Zone Unit and non-unitized properties held and operated by Standard, in order to maintain reservoir pressures, prevent the migration of oil, gas, water or other fluids, and increase the ultimate amount of economically recoverable oil. Section 2 of the subject Cooperative Agreement provides, in part, that no other wells shall be opened for production or injection in the Restricted Section unless agreed to by the parties.

A Supplemental Letter Agreement, approved by the Commission on October 28, 1971, provided for increased water injection rates and pressures in wells within the Restricted Section along the common boundary between the properties.

Recently, one of the water injection Wells, A-7, within the Restricted Section, has become inoperable due to parted casing. In order to maintain the desired water injection rate, the parties to the Agreement have agreed to replace the damaged well by converting a nearby idle producing Well, A-1, to water injection service. The Supplemental Agreement providing for the substitution of wells does not change the terms or intent of the original Cooperative Agreement.

The Working Interest Owners of the Fault Block V Ranger Zone Unit approved the Second Supplemental Letter Agreement on January 15, 1975, and the City Council of the City of Long Beach, on February 18, 1975, ratified the Supplemental Agreement. Before becoming effective, the Supplemental Agreement must be approved by the Commission and the State Oil and Gas Supervisor.

CALENDAR ITEM NO. 17. (CONTD)

The work to be accomplished under the terms of the proposed Second Supplemental Letter Agreement has been reviewed for its environmental impact, with the conclusion that it will not have any significant environmental effect. Also, the activity contemplated pursuant to this Second Supplemental Letter Agreement is in continuation of an ongoing project for which an Environmental Impact Report has already been prepared and submitted previously by the City of Long Beach as lead agency. Therefore, pursuant to the Environmental Quality Act of 1970, as amended (PRC Section 21166), no environmental impact report is required for this activity.

The Division has reviewed the proposed Second Supplemental Letter Agreement and found that it does not change the Commission's initial findings, required by Section 6879 of the Public Resources Code, that any impairment of the public trust for commerce, navigation and fisheries is prohibited, and that the proposed well substitution set forth in the Supplemental Agreement is in the public interest.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND:

- A. THAT THE ACTIVITY CONTEMPLATED PURSUANT TO THE SECOND SUPPLEMENTAL LETTER AGREEMENT OF MODIFICATION TO COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS (EAST BOUNDARY, MIDDLE SECTION, FAULT BLOCK V RANGER ZONE UNIT), WILMINGTON OIL FIELD, HAS BEEN REVIEWED FOR ITS ENVIRONMENTAL IMPACT, WITH THE CONCLUSION THAT IT WILL NOT HAVE ANY SIGNIFICANT ENVIRONMENTAL EFFECT; THEREFORE, PURSUANT TO THE ENVIRONMENTAL QUALITY ACT OF 1970, AS AMENDED (PRC SECTION 21166), NO ENVIRONMENTAL IMPACT REPORT IS REQUIRED FOR THIS ACTIVITY.
- B. THAT THE SUBJECT SECOND SUPPLEMENTAL LETTER AGREEMENT DOES NOT CHANGE THE COMMISSION'S ORIGINAL FINDING OF FEBRUARY 25, 1965, REQUIRED BY SECTION 6879 OF THE PUBLIC RESOURCES CODE, THAT ANY IMPAIRMENT OF THE PUBLIC TRUST FOR COMMERCE, NAVIGATION OR FISHERIES IS PROHIBITED.
- C. THAT ENTERING INTO THE PERFORMANCE OF THE SUBJECT SECOND SUPPLEMENTAL LETTER AGREEMENT IS IN THE PUBLIC INTEREST.

2. APPROVE THE AFORESAID SECOND SUPPLEMENTAL LETTER AGREEMENT ON BEHALF OF THE STATE, PURSUANT TO APPLICABLE LAW.