

MINUTE ITEM

This Calendar Item No. 29  
was approved by the State Lands  
Commission by a vote of 3  
2 at its 3/31/77  
meeting.

CALENDAR ITEM

3/77  
WMT

29.

SECOND AMENDMENT TO UNIT AGREEMENT AND FIRST AMENDMENT  
TO UNIT OPERATING AGREEMENT, FAULT BLOCK III UNIT,  
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach, pursuant to Section 10, Chapter 29/1956, 1st E.S., has requested Commission approval of the Second Amendment to Unit Agreement, Fault Block III Unit, Wilmington Oil Field, Los Angeles County, California, and First Amendment to Unit Operating Agreement, Fault Block III Unit, Wilmington Oil Field, Los Angeles County, California.

The Commission, at its meeting of February 18, 1960, approved the Fault Block III Unit Agreement and Unit Operating Agreement with accompanying Exhibit, and on April 12, 1961, the Commission approved the First Amendment to the Fault Block III Unit Agreement adjusting the Interim Tract Assignments to conform more nearly with the Final Tract Assignments.

Additional information has become available since initial approval and amendment which has created a need to adjust and amend portions of the earlier documents.

The subject Amendments provide for:

1. Modification of the Gas Value Tables and Sand Watered Out curves in Exhibit A-1 of the Unit Agreement.
2. Revision of the List of Unit Wells Exhibit "G" and Summary of Initial Inventory and Evaluation of Unit Facilities, Exhibit "I", of the Unit Operating Agreement.
3. Modification of the allocation of Costs between Unitized Formations and Non-Unitized Formations in Multiblock Wells where such costs as set forth in Exhibit "H" of the Unit Operating Agreement do not fairly represent the actual operating costs.
4. Ratification of Final Primary and Secondary Tract Assignments for Tract Nos. 1 through 3.
5. Deletion of Signal Oil and Gas Company Tract Nos. 4, 8, 10, 13, and 14 north of Anaheim Street which did not become a party to the Unit Agreement or Unit Operating Agreement within the specified time period.

These Amendments have been approved by all parties who have executed the Unit Agreement and Unit Operating Agreements, Fault Block III.

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CALENDAR ITEM NO. 29. (CONTD)

The Office of the Attorney General has reviewed the subject Amendments and found them legally sufficient.

The City Council of the City of Long Beach, by resolution, adopted March 15, 1977, authorized the execution of the Fault Block III Amendments on behalf of the City of Long Beach.

Division review of the Amendments indicates that they are an acceptable, expedient, and proper method to resolve a number of long-standing inaccuracies in the original Unit documents.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE SECOND AMENDMENT TO UNIT AGREEMENT, FAULT BLOCK III UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, CALIFORNIA, AND FIRST AMENDMENT TO UNIT OPERATING AGREEMENT, FAULT BLOCK III UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, CALIFORNIA.