

37. PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET FOR 1967 FOR THE LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.301 AND W.O. 5200.311.

After consideration of Calendar Item 3 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. MUTUALLY AGREES WITH THE CITY, AS PERMITTED BY SUBDIVISION (a) OF SECTION 5 OF CHAPTER 138, STATUTES OF 1964, 1ST E.S., TO WAIVE FOR THE PRESENT TIME:

- A. SPECIFICATION OF THE SURFACE AND BOTTOM LOCATIONS OF THE WELLS TO BE DRILLED DURING THE YEAR 1967;
- B. SPECIFICATION OF THE DRILLING SCHEDULE OF THE WELLS TO BE DRILLED DURING THE YEAR 1967;
- C. SPECIFICATION OF THE RANGE OF RATES OF PRODUCTION FOR THE PRODUCTION WELLS TO BE DRILLED DURING THE YEAR 1967;
- D. SPECIFICATION OF THE RANGE OF RATES AND PRESSURES OF INJECTION FOR THE INJECTION WELLS TO BE DRILLED DURING THE YEAR 1967;

ALL SUBJECT TO THE PROVISIONS, TERMS, AND CONDITIONS FOR LATER APPROVAL AS SET FORTH IN THE 1967 PLAN OF DEVELOPMENT AND OPERATIONS, LONG BEACH UNIT.

2. APPROVES THE 1967 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, ADOPTED BY THE CITY COUNCIL OF THE CITY OF LONG BEACH ON SEPTEMBER 20, 1966, ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION.

Attachment

Calendar Item 3 (3 pages)

3.

PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET FOR 1967 FOR THE LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.301 AND W.O. 5200.311.

In compliance with Section 5, Chapter 138, Statutes of 1964, 1st E.S., and Article 4 of the Long Beach Unit Agreement, the City of Long Beach has submitted to the State Lands Commission for approval the "Proposed 1967 Plan of Development and Operations and Budget, Long Beach Unit".

This 1967 Plan provides for drilling on all four offshore islands and Pier J; for necessary facilities for drilling, producing, and water-injection operations; for expanding the cooperative water-injection projects along the boundaries of the Long Beach Unit; for subsidence monitoring; and for other items necessary to continue the development of the Long Beach Unit area.

In order to accomplish the proposed development, the Field Contractor has estimated an expenditure of \$73,577,600. Of this total, \$49,251,600 is scheduled as investment, with \$22,326,000 allocated for expense, and \$2,000,000 for administrative overhead. Major investment items include \$28,740,400 for oil wells, \$9,078,200 for water-injection wells, and \$4,383,000 for production facilities. The larger expense categories are management, \$2,130,000; well operating, maintenance and remedial work, \$3,860,000; and production and ad valorem taxes to be paid to the City and County, \$12,840,000.

The proposed Plan and Budget provide for the drilling of an estimated 178 wells, including an estimated 34 wells which were approved in the 1966 Plan and Budget but which will not be started by the end of 1966. In order to administer these 1966 approved wells under the 1967 Plan and Budget, the 34 wells are repeated in the 1967 Plan and Budget with the understanding that approvals under the 1966 Plan and Budget remain in effect until supplanted by approvals related to the 1967 Plan and Budget. Thus the 1967 Plan and Budget contains:

	<u>Wells Carried Over from 1966 Plan</u>	<u>New 1967 Plan Wells</u>	<u>Total</u>
Island "A"	15	44	59
Island "B"	19	36	55
Island "C"	-	28	28
Island "D"	-	25	25
Pier "J"	-	11	11
	<u>34</u>	<u>144</u>	<u>178</u>

CALENDAR ITEM 3. (CONTD.)

The 1966 Plan and Budget will be modified as soon after year end as practicable to reflect the actual well-carryover program.

Chapter 138, Statutes of 1964, 1st E.S., and Article 4 of the Unit Agreement, Long Beach Unit, provide that, unless mutually agreed between the City and the State, each Plan of Development and Operation shall specify with particularity, in addition to other matters, the surface and bottom locations of both producing and injection wells to be drilled, drilling schedules, range of rates of production, and range of rates and pressures of injection.

As stated on pages 3 through 8 of the 1967 Plan as submitted, due to the presently unknown character and configuration of the producing horizons, it is not practicable to establish definite surface and bottom locations of producing and injection wells, drilling schedules, range of rates of production, and range of rates and pressures of injection at this time. In accordance with the procedure set forth in the 1967 Plan, the subject locations, schedules, rates and pressures will be furnished to the Manager, Long Beach Operations, State Lands Division, thirty days in advance for two-month periods beginning with January-February 1967. Drilling will not be commenced on such wells until the surface and bottom locations thereof and other pertinent information have been mutually agreed to between the City Manager and the Executive Officer of the State Lands Commission. Absent agreement, these matters will be resolved in accordance with the procedures set forth in Section 5 of Chapter 138, Statutes of 1964, 1st E.S.

The City Council of the City of Long Beach, at its meeting of September 20, 1966, adopted the proposed 1967 Plan of Development and Operations and Budget, and authorized its submittal to the State Lands Commission.

The Office of the Attorney General has reviewed the proposed 1967 Plan of Development and Operations and Budget and found it to be legally sufficient.

The Commission's staff is of the opinion that execution of the proposed 1967 Plan of Development and Operations will insure continuing orderly and aggressive development of the Long Beach Unit, and that the proposed Budget is a reasonable estimate of Unit expenditures anticipated during the year 1967.

IT IS RECOMMENDED THAT THE COMMISSION:

1. MUTUALLY AGREE WITH THE CITY, AS PERMITTED BY SUBDIVISION (a) OF SECTION 5 OF CHAPTER 138, STATUTES OF 1964, 1ST E.S., TO WAIVE FOR THE PRESENT TIME:
 - A. SPECIFICATION OF THE SURFACE AND BOTTOM LOCATIONS OF THE WELLS TO BE DRILLED DURING THE YEAR 1967;
 - B. SPECIFICATION OF THE DRILLING SCHEDULE OF THE WELLS TO BE DRILLED DURING THE YEAR 1967;
 - C. SPECIFICATION OF THE RANGE OF RATES OF PRODUCTION FOR THE PRODUCTION WELLS TO BE DRILLED DURING THE YEAR 1967;

CALENDAR ITEM 3. (CONTD.)

- D. SPECIFICATION OF THE RANGE OF RATES AND PRESSURES OF INJECTION FOR THE INJECTION WELLS TO BE DRILLED DURING THE YEAR 1967;

ALL SUBJECT TO THE PROVISIONS, TERMS, AND CONDITIONS FOR LATER APPROVAL AS SET FORTH IN THE 1967 PLAN OF DEVELOPMENT AND OPERATIONS, LONG BEACH UNIT.

2. APPROVE THE 1967 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, ADOPTED BY THE CITY COUNCIL OF THE CITY OF LONG BEACH ON SEPTEMBER 20, 1966, ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION.