

MINUTE ITEM

3/30/72
CVB

9. APPROVAL OF THE THIRTEENTH MODIFICATION OF THE 1971-1972 PLAN AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 7 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION APPROVES THE THIRTEENTH MODIFICATION OF THE 1971-1972 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT (JULY 1, 1971 THROUGH JUNE 30, 1972).

Attachment:

Calendar Item 7 (2 pages)

7.

APPROVAL OF THE THIRTEENTH MODIFICATION OF THE 1971-1972
PLAN AND BUDGET, LONG BEACH UNIT,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach has requested approval of the Thirteenth Modification of the 1971-1972 Plan of Development and Operations and Budget, Long Beach Unit.

The Commission, after a public hearing held May 27, 1971, modified the 1971-1972 Plan and Budget to add, among other items, a Budget Contingency Fund of \$250,000 to ensure the continuing orderly development and operation of the Long Beach Unit in the event of an emergency, and to cover any contingencies as to environmental pollution and control. Additionally, use of the Budget Contingency Fund was allowed when there is not sufficient time or detail available for routine transfer of funds, or for any necessary emergency augmentation of funds for any Budget Item at the closing of a monthly accounting period.

The Field Contractor makes expenditures on behalf of all Unit Participants for the development and operation of the Unit. This Budget Contingency Fund is intended to prevent financial liability of the Field Contractor in the event the Field Contractor is called upon to make expenditures for authorized Unit Expense in excess of funds provided in the various Budget Items.

The City of Long Beach has advised the Division that the City considers the language defining use of the Budget Contingency Fund is too restrictive making the fund unavailable for its intended use. For this reason, the fund has not been used. The Division expressed willingness to consider alternate language for the Commission's consideration. This proposed Thirteenth Modification is intended to increase the usefulness of the Budget Contingency Fund.

PART IV.D.3. Transfers of Funds Within the Budget will be modified to eliminate the present specific references to emergency situations in the use of the fund, and a new PART IV.D.4. Budget Contingency Fund will be added under which the City shall authorize the Field Contractor to expend funds above those in any Budget Item by 10% or \$5,000, whichever is greater, provided that no such authorized expenditure may be greater than \$150,000 and under which the City shall transfer funds as required for such authorized expenditures. In addition the City of Long Beach may transfer funds from the Budget Contingency Fund into any Budget Item. Written notification and explanation of the need shall be provided to the Division's Manager of Long Beach Operations. Also, a procedure for augmenting the Budget Contingency Fund, either through transfer of surplus funds in any Budget Item or by budget modification in accordance with Section 5(g) of Chapter 138/64, 1st E.S., is provided.

The Division has reviewed the proposed Thirteenth Modification and finds the proposed revision of procedure to be mutually desirable.

CALENDAR ITEM NO. 7. (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE THIRTEENTH MODIFICATION OF THE 1971-1972 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT (JULY 1, 1971 THROUGH JUNE 30, 1972).