

MINUTE ITEM

3/29/73
CVB

13. QUARTERLY REVIEW, SECOND QUARTER, 1972-1973 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD.

The attached Calendar Item 11 was submitted to the Commission for information only, no action thereon being necessary.

11.

QUARTERLY REVIEW, SECOND QUARTER,
1972-1973 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET,
LONG BEACH UNIT, WILMINGTON OIL FIELD

Part IV.A.2 of the 1972-1973 Plan of Development and Operations and Budget for the Long Beach Unit provides for the submission of quarterly reviews of past operations and intended future operations by the City of Long Beach. Long Beach Unit production and expenditures for the second quarter of the 1972-1973 fiscal year as submitted by the City have been reviewed by the Division.

In summary, the oil production during the second quarter was 10,597,000 barrels, or 27,000 barrels higher than estimated in revised Exhibit C-3 included in the Sixth Modification, resulting from the First Quarterly Review. Gas production and water injection rates for the quarter fall within the estimated ranges shown in Exhibits C-1 and C-2 of the 1972-1973 Plan and Budget.

Gross revenue through the second quarter is substantially as forecast in the Sixth Modification. Expenditures through the second quarter are lower than estimated, resulting in a net income \$1.7 million higher than anticipated for the first half of the fiscal year.

The fiscal effect of the California Coastal Zone Conservation Act of 1972 on the Long Beach Unit remains unknown at this time. Future production and expenditure estimates will be revised dependent upon the development program allowed under the Act.

This review indicates that the 4-1/2 percent reduction in expense budget funds, ordered by the State Lands Commission, at their meeting of April 27, 1972, is being adhered to by the Field Contractor, and will result in increased revenue to the State. The Division staff has met regularly with the City of Long Beach and the Field Contractor to remove unnecessary funds and to provide for exceptional expenditures in such a way as to avoid major augmentation of the budget.