

MINUTE ITEM

4/26/73
CVB

19. APPROVAL OF TWELFTH MODIFICATION OF THE 1972-1973 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH 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 APPROVES THE TWELFTH MODIFICATION OF THE 1972-1973 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1972, THROUGH JUNE 30, 1973.

Attachment:

Calendar Item 17 (2 pages)

CALENDAR ITEM

4/73
CVB

17.

TWELFTH MODIFICATION OF THE 1972-1973
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET,
LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

The City of Long Beach has requested Commission approval of the Twelfth Modification of the 1972-1973 Plan of Development and Operations and Budget, Long Beach Unit, providing revised economic projections.

This Twelfth Modification sets forth the second quarterly revision of Exhibits C-3 and C-4 in PART V of the 1972-1973 Plan and Budget. The first quarterly revision of Exhibits C-3 and C-4 was approved by the Commission, as the Sixth Modification of the 1972-1973 Plan and Budget, at its January 26, 1973, meeting. The Plan provides that these exhibits, showing estimated oil, gas, water production rates, water injection rates, expenditures, and resulting net income, shall be reviewed quarterly by the City of Long Beach and the Division, and modified as necessary.

Present indications are that oil production and gross revenue will be only slightly higher than estimated in the Sixth Modification. Expenditures, however, will be considerably lower than previously estimated. This reduction is due almost entirely to interruption of development work as the result of the California Coastal Zone Conservation Act of 1972. Under the terms of this Act, a permit, or a ruling exempting Unit development from permit requirements, is necessary before drilling or construction activities may be undertaken. While a substantial increase in revenue is indicated during this budget year, a severe reduction in revenue after this budget year is contemplated if development is not resumed.

Current economic projections, shown below, may require future modification, dependent upon the development program allowed under the California Coastal Zone Conservation Act.

1972-1973 Plan & Budget Period

	<u>1st Quarter Projection</u>	<u>Current Projection</u>	<u>Net Change</u>
Oil Production, Bbls.	41,804,000	41,846,000	+ 42,000
Total Income, Dollars	114,387,000	114,462,000	+ 75,000
Total Expenditures, Dollars	46,405,000	42,035,000	-4,370,000
Net Income, Dollars	67,982,000	72,427,000	+4,445,000

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The Division has reviewed the Twelfth Modification and finds that the anticipated production, expenditures, and income shown in the revised Exhibits C-3 and C-4 are reasonable.

In cooperation with the City of Long Beach, the Division has maintained close surveillance over expenditures, and these expenditures have been successfully contained within the expense budget as reduced and approved by the Commission on July 6, 1972.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE TWELFTH MODIFICATION OF THE 1972-1973 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1972, THROUGH JUNE 30, 1973.