

MINUTE ITEM

4/26/73  
QVB

21. PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1973, THROUGH JUNE 30, 1974, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

During consideration of Calendar Item 19 attached, appearance was made by Mr. Thomas S. Richards, President and General Manager, THUMS Long Beach Co. (accompanied by Robert Buchanan, Attorney for THUMS) who reported to the Commission on the progress made during the 1972-1973 fiscal year, and requested approval of the Plan and Budget for the 1973-1974 fiscal year. (A copy of Mr. Richards' remarks is on file with the Commission.)

Upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION APPROVES THE "PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1973, THROUGH JUNE 30, 1974" AS ADOPTED BY THE CITY COUNCIL OF THE CITY OF LONG BEACH ON MARCH 13, 1973.

Attachment:

Calendar Item 19 (2 pages)

CALENDAR ITEM

4/73  
CVB

19.

PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET,  
LONG BEACH UNIT  
JULY 1, 1973 THROUGH JUNE 30, 1974,  
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

In compliance with Section 5, Chapter 138/1964, 1st E.S., and Article 4 of the Long Beach Unit Agreement, the City of Long Beach has submitted the "Plan of Development and Operations and Budget, Long Beach Unit, July 1, 1973, through June 30, 1974" to the State Lands Commission for approval.

Funds are provided for the drilling of 19 new producing wells, after which the total number of wells drilled will be approximately 705.

In order to accomplish the proposed additional development and to manage, operate, and maintain the various facilities, a total expenditure of \$42,348,000 is proposed. Of this total \$5,108,000 is provided for investment, \$36,010,000 for expense, and \$1,230,000 for administrative overhead.

Investment funds include \$3,927,000 for drilling and development, and \$1,181,000 for field and well facilities. Expense categories are: Unit taxes and licenses, \$9,050,000; operating expense, \$23,185,000; general administrative expense, \$3,425,000; and other expense, \$350,000.

In addition to the above, to ensure continuing orderly development and operation of the Unit, an initial Budget Contingency Fund of \$250,000 is provided.

The Division, in cooperation with the City of Long Beach, has carefully examined each line item of the proposed Budget, and has reduced this Budget to the minimum level necessary to fund justifiable projects and functions. Capital investment funds are 32 percent lower than those approved by the Commission in the 1972-1973 Budget. Operating expense funds are only 4 percent higher than those approved by the Commission in 1972-1973, although the current forecast of production and injection rates is higher, and the inflationary trend in cost is continuing. The total Budget is nearly \$4 million (8-1/2 percent) lower than the 1972-1973 Budget, as approved July 6, 1972.

The Division has reviewed the proposed Plan and is of the opinion that execution of the Plan will ensure the continuing operation and development of the Long Beach Unit and that the proposed Budget represents a reasonable estimate of anticipated expenditures during the 1973-1974 Budget year.

Specific effects of the California Coastal Zone Conservation Act of 1972, on the proposed Plan and Budget, remain unknown at this time. Future Plan and Budget modifications will be presented to the Commission, subject to development permits approved under the Act.

CALENDAR ITEM NO. 19. (CONTD)

The City Council of the City of Long Beach, at its meeting of March 13, 1973, adopted this proposed Plan of Development and Operations and Budget, and authorized its submittal to the State Lands Commission for consideration and approval.

The Office of the Attorney General has reviewed this proposed Plan and Budget, and has found it sufficient.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE "PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1973, THROUGH JUNE 30, 1974" AS ADOPTED BY THE CITY COUNCIL OF THE CITY OF LONG BEACH ON MARCH 13, 1973.