

MINUTE ITEM

8/30/73
CVB

22. REVIEW OF FOURTH QUARTER 1972-1973 FISCAL YEAR PRODUCTION AND REVENUE AND ESTIMATE OF 1973-1974 FISCAL YEAR PRODUCTION AND REVENUE, PARCEL "A", CITY OF LONG BEACH, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

The attached Calendar Item 20 was submitted to the Commission for information only, no action thereon being necessary.

Attachment: Calendar Item 20 (2 pages)

INFORMATIVE CALENDAR ITEM

8/73
CVB

20.

REVIEW OF FOURTH QUARTER 1972-1973 FISCAL YEAR
PRODUCTION AND REVENUE AND ESTIMATE OF 1973-1974 FISCAL YEAR
PRODUCTION AND REVENUE, PARCEL "A", CITY OF LONG BEACH
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The Commission, at its meeting of January 26, 1972, directed the Division to prepare and submit annual fiscal year estimates of oil and gas production, oil and gas liquids value, investment and expense expenditures, net revenue and net profits from Parcel "A", and to review quarterly such annual estimates. In compliance with this directive, estimates for the 1972-1973 fiscal year were prepared by the Division and presented to the Commission at its meeting of July 25, 1972.

The Division has reviewed these 1972-1973 fiscal year estimates in the light of actual production and expense through the end of the fiscal year. The Chapter 138 oil revenue for sharing from Parcel "A" during the State 1972-1973 fiscal year was \$3,255,000, \$584,000 above the original estimate of \$2,671,000. This increase was due principally to an overall reduction in expenditures which more than offset a \$303,000 reduction in the estimated gross revenue for the fiscal year.

The oil rate declined 17% during the year, an increase in comparison to an average decline of 10% for the previous two years.

For the 1973-1974 fiscal year, the Division has prepared the following revenue estimates.

<u>Quarter</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>1973-74 Total</u>
<u>PRODUCTION</u>					
Oil Barrels/Day	5,950	5,950	5,950	5,950	5,950
Oil Thousands of Barrels	547	541	541	530	2,159
<u>REVENUE</u>					
	<u>Thousands of Dollars</u>				
<u>Oil Value</u>	1,590	1,670	1,760	1,730	6,770
<u>Costs</u>					
Wells	222	222	222	221	887
Facilities	77	77	77	76	307
O.&M.	488	488	488	490	1,954
P.S. & O. - Contractor	88	88	88	90	354
6% Admin. Overhead	40	40	40	40	160
Other	32	32	32	31	127
Taxes - Production	16	16	16	17	65
- Ad Valorem	0	55	185	185	425
- Other	4	4	4	3	15
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<u>Quarter</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>1973-74 Total</u>
Total Costs	967	1,022	1,152	1,153	4,294
<u>Net Revenue</u>	<u>623</u>	<u>668</u>	<u>608</u>	<u>577</u>	<u>2,476</u>
Contractor's 9% Share of Net Profits	56	49	38	35	178
City's 91% Share of Net Profits	567	608	553	525	2,253
Parcel "A" Natural Gas Liquid Production	7	7	7	7	28
6% Admin. Overhead on Parcel "A"	40	40	40	40	160
City Tax Credit	15	15	14	14	58
Chapter 138 Oil Revenue to be Shared by City of Long Beach and State of California	<u>\$ 629</u>	<u>\$ 670</u>	<u>\$ 614</u>	<u>\$ 586</u>	<u>\$ 2,499</u>

The oil production rate estimated by the Division is at the current rate for the balance of the year, which is in sharp contrast to the recent decline trend. This is based on the Division's conclusion that such a change in the oil rate decline must be accomplished in view of the increased expenditures proposed in the Parcel "A" Contractor's budget approved by the City. These estimated costs for 1973-1974 are \$4,294,000 compared to actual expenditures of \$3,231,000 in 1972-1973.

As a result of these increased costs Chapter 138 oil revenue from Parcel "A" is estimated to be \$756,000 less than 1972-1973, a reduction of 21% in spite of the crude oil price increase of 25 cents per barrel in May, 1973, and a current increase of 35¢ per barrel.